



HU AN CABLE HOLDINGS LTD.

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Corporate Profile

Hu An Cable Holdings Ltd (the “Company”) and its subsidiaries (collectively, the “Group”) is currently in the restructuring and transformation process of its businesses. The Company is seeking diversification into new businesses out of its current trading activities of electrical wires and cables that are conducted by its 2 subsidiaries in Singapore. The company envisions the exploration of new business opportunities, business strategies and directions and endeavours to build growth platforms for a sustainable future.

Chairman's Statement

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 2015 ("FY2015").

THE COMPANY

The Company had, since 2015, undergone a few tumultuous and difficult years and many changes, brought about by the conduct of certain members of the Board, a summary of which has been set out in the Company's announcement via SGXNet dated 13 May 2020 titled "Update to Shareholders", Appendix 1 of the Company's announcement via SGXNet on 7 May 2021 titled "Announcement Pursuant to Rule 704(5) of the SGX-ST Listing Manual - Disclaimer of Opinion by the Independent Auditors on the Group's Financial Statements for the Financial Year Ended 31 December 2015", and the audited consolidated financial statements for FY2015 dated 6 May 2021 and which was released via SGXNet on 7 May 2021 ("Consolidated Financial Statements for FY2015").

The Board had, since 2015, been completely reconstituted, and a new Board and management is now at the helm of the Company.

In preparing the annual report for FY2015 and in setting out the financial statements for our shareholders, and as set out in the Board's opinion in the Consolidated Financial Statements for FY2015, the Board is of the opinion that uncertainties exist in whether the consolidated financial statements of the Group prepared on the basis of records and data left behind by the management and finance personnel who were employed by the Group at the material time in FY2015 ("Previous Management") gives a true and fair view of the financial performances, changes in equity and cash flows of the Group

for FY2015. We have, however, been unable to restate the accounts for prior years or to prepare the accounts for FY2015 independent from the records and data left behind by the Previous Management due to the destruction of servers hosting the necessary financial data, the relevant subsidiaries being wound up. The ex-CEO of the Company, Mr Dai Zhi Xiang was unavailable to be interviewed by the auditors of the Company as he had been sentenced to 15 years' jail on 31 August 2018.

At present, the current Board and management of the Company are working with the relevant parties on resolving historical issues of the Company, and concurrently, exploring new business opportunities and business strategies and directions for the Company that will generate recurring and sustainable income streams for the Company, which will in turn generate value for Shareholders of the Company ("Shareholders").

We shall be making the relevant announcements to the Shareholders in due course.

APPRECIATION

Finally, on behalf of the Board, and my fellow Board members, Mr Fang Huasheng and Mr Kong Hoi Shuen, I would like to extend my utmost appreciation to our management and staff, Shareholders, business partners and customers for their continued support in these difficult times. We will continue to put in our best efforts to deliver value to all our stakeholders.

Yours faithfully,

Gao Hong
Executive Chairman

Board of Directors

GAO HONG

Executive Chairman

Mr Gao Hong was appointed as our Executive Director on 18 June 2017 and was designated as Executive Chairman on 22 June 2017.

Mr Gao is the founder of Veivo Technology Ltd (Hong Kong) and is currently the director of Delta Investment Group Ltd. He has many years of experience in fund management whereby he was director of Delta International Capital (DeTai Fund), from 2003 to 2017. Mr Gao has also held directorship positions in various companies listed on the Stock Exchange of Hong Kong in the past few years.

Mr Gao graduated with Master of Finance from HEC University of Lausanne, Switzerland.

Present directorships in other listed companies

- Nil

Past directorships in other listed companies held over the preceding three years

- Champion Technology Holdings Limited, listed on the Stock Exchange of Hong Kong
- On Real International Holdings Limited, listed on the Stock Exchange of Hong Kong

FANG HUA SHENG (Professor)

Executive Director

Mr Fang Hua Sheng was appointed as our Executive Director on 12 October 2018.

Mr Fang is currently the Chairman of Beijing Han Chu Da Investment Consultants Limited. He previously was the law professor with Zhongnan University of Economics and Law (a reputable university in the People's Republic of China (the "PRC") for political science and law) for more than 16 years, and also participated in the founding of one of the PRC's largest law firm, Grandall Law Firm. Mr Fang is also the founder of Shengang Securities Co, (the first fully licensed company under the Qualified Foreign Institutional Investor program launched by the PRC central government) and continues to be a director to-date. Mr Fang also co-founded Changsha Sanji together with Mr Wang Xinmeng, prior to its acquisition by Boai NKY Medical Holdings Ltd.

Present directorships in other listed companies

- Nil

Past directorships in other listed companies held over the preceding three years

- NKY Medical Holdings Ltd, Listed on Shenzhen Stock Exchange

Board of Directors

KONG HOI SHUEN **Independent Director**

Mr Kong Hoi Shuen was appointed as our Independent Director on 27 November 2019.

Mr Kong is currently Senior Vice President of FuLiXin Financial Group, Hong Kong. He was previously the Chairman of UG2M Limited, Hong Kong. He had served as Vice president of Sun Hung Kai Financial Group, Hong Kong, from 2014 to 2018. From 2011 to 2014, Mr. Kong was Director and CFO of CENO Energy, Calgary, Canada. From 2008 to 2013, Mr. Kong was Senior Vice President of the China Hand Fund, Beijing, China. He was the Chief Representative, and Director of Buisness Development China, for Orange Business Services, Beijing, China from 2006-2008. Prior to this, he served as Managing Director of SITA Greater China from 1993 to 2005.

Mr Kong is currently an Executive Committee member of Da Shun Foundation, a public organization in Hong Kong. He is also an Executive Committee Member of the Association of Engineering Professionals in Society, Hong Kong.

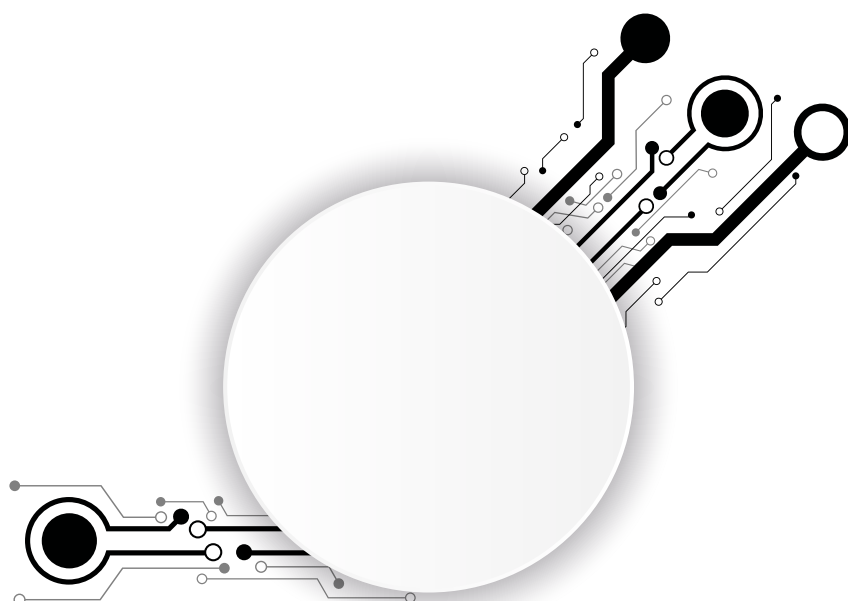
Mr Kong holds a Bachelor of Science (Honours) and a Master of Business Administration from the University of Manchester, UK. He is also certified Chartered Management Accountant. He also holds a Diploma in Financial Engineering from the Stanford University, USA.

Present directorships in other listed companies

- Nil

Past directorships in other listed companies held over the preceding three years

- Nil



Group Structure as of now



Financial Review

FINANCIAL PERFORMANCE

The Group's overall sales slumped 92.8% year-on-year from RMB2,163.7 million for FY2014 to RMB155.2 million for FY2015. The decrease in revenue was mainly attributed to lower sales volume for all products due to the shrinkage in market demand, deferment in some government-led infrastructure projects and also affected by removal from the approved vendor list by certain customers and lower selling prices for most of products as a result of increased market competition and lower raw material prices.

The Group's gross profit decreased 114.5% from RMB204.1 million to negative RMB29.5 million in FY2015 as the Group suffered a gross loss. The decrease was mainly due to the lower sales and lower gross profit margin for all products. The selling price had fallen following the decreased copper price and increased competition for lower number of government projects. The revenue generated could not fully absorb fixed production overhead due to the low production level. As a result, the gross margin of cable and wire segment and other product segment turned to negative. The overall gross margin decreased from 9.4% for FY2014 to negative for FY2015.

Other income increased from RMB19.3 million in FY2014 to RMB281.6 million in FY2015. This was mainly due to the RMB274.7 million gain from deemed disposal of the Group's China subsidiaries.

Selling and distribution expenses decreased 72.7% to RMB15.5 million for FY2015 from RMB56.9 million for FY2014 largely due to decrease in sale staff salaries, lower marketing and advertising fee, freight and transportation charges and sales office expense in tandem with lower sales volume and activities in FY2015.

Administrative expenses increased by 395.1% from RMB270.8 million in FY2014 to RMB1,340.8 million in FY2015. The increase was primarily due to higher impairment loss on doubtful trade and other receivables of RMB1,153.8 million in FY2015 as compared to impairment loss of RMB141.9 million in FY2014. Due to economic slowdown and government initiatives to tighten operations of state-owned enterprises especially in power generation and transmission sector in China, debt collection has slowed down. In addition, there was higher impairment loss on property, plant and equipment of RMB93.1 million as compared to impairment loss of RMB10.8 million in FY2014. Impairment charge on machinery and equipment of RMB93.1 million was made after assessment of the machinery and equipment in use.

Finance expenses decreased by 39.5% to RMB48.9 million for FY2015 from RMB80.7 million for FY2014. The decrease was mainly due to lower usage of short-term bank notes for FY2015 as compared to FY2014.

As a result of the above factors, the Group reported a massive net loss of RMB1,153.1 million for FY2015.

Financial Review

CASH FLOW MANAGEMENT

The Group's operating cashflows before changes in working capital was negative RMB60.4million for FY2015 as compared to positive RMB84.2 million for FY2014. Net cash of RMB461.8 million was used in operating activities in FY2015 as compared to RMB157.7 million in FY2014. The higher negative operating cash flow in FY2015 was mainly due to the higher operating loss and higher decrease in trade and other payables in FY2015.

Net cash of RMB32.8 million was used in investing activities in FY2015 as compared to RMB16.3 million in FY2014. It was mainly due to the loss of RMB42.1 million from deemed disposal of the Group's China subsidiaries.

Net financing cash flow of RMB470.4 million was generated in FY2015. During the year, the Group obtained net proceeds of RMB279.9 million from bank loans. Short-term deposits pledged to banks, amounting to RMB191.4 million were released in FY2015.

FINANCIAL POSITION

During the year, the businesses of the Group's China subsidiaries, Shenhuan Cable Technology Co., Ltd ("SCTC"), Wuxi Hu An Wire and Cable Co., Ltd ("WHAWC") and Wuxi Shenhuan Electric Co., Ltd ("WSEC") were liquidated on inabilities to settle their outstanding debts. As such, the Group's consolidated financial statements for the financial year ended at 31 December 2015 was prepared on the basis that these entities have been deemed liquidated as at 31 December 2015. Accordingly, the Group's China subsidiaries were deemed disposed, with their respective assets and liabilities deconsolidated from the Group's consolidated balance sheet. As at 31 December 2015, the Group was in net liabilities position of RMB5.3 million.

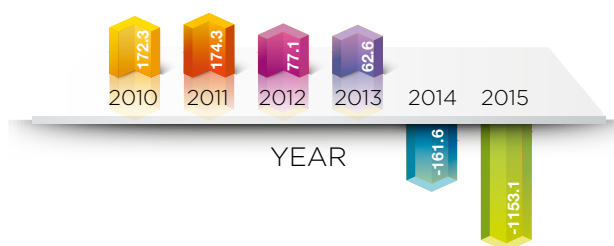


Financial Highlights

REVENUE (RMB Million)



NET PROFIT/(LOSS) (RMB Million)



RMB'000	2015	2014
Consolidated Statement of Comprehensive Income		
Revenue	155,226	2,163,740
Gross profit	(29,493)	204,043
Total comprehensive (loss)/Income attributable to owners of the Company	(1,153,220)	(162,007)
Balance Sheets		
Cash and bank balances	704	216,446
Total assets	10,427	2,611,100
Total liabilities	15,696	1,463,149
Equity attributable to owners of the Company	(5,269)	1,147,951
Consolidated Cash Flow Statement		
Net cash used in operating activities	(461,809)	(157,678)
Net cash used in investment activities	(32,850)	(16,325)
Net cash generated from /(used in) financing activities	470,422	(73,683)
Key ratios		
Gross Profit Margin	(19.0%)	9.4%
Net Loss Margin	(742.9%)	(7.5%)
Diluted Earnings Per Share (RMB)	(1.14)	(0.16)
Diluted Earnings Per Share (NTD)*	(7.20)	(0.97)
Return on Equity (loss after tax/average owners' equity)	(201.8%)	(14.0%)
Return on Assets (loss after tax/average total assets)	(88.0%)	(6.1%)
Net Gearing Ratio**	12.6%	39.7%

- It was based on the average exchange rate for FY2015 (RMB:NTD = 1:5.051) and FY2014 (RMB:NTD = 1:4.8709 respectively). Every TDR represents 1.25 ordinary shares.

** Please refer to page 102 of this annual report for further explanation.

Report of Corporate Governance

The Board of Directors (the “Board”) of Hu An Cable Holdings Ltd. (the “Company” and together with its subsidiaries, the “Group”) sets out herein the corporate governance report (“CG Report”) of the Company for FY2015. By way of background, the Company had, since 2015, undergone many changes, brought about by the conduct of certain members of the Board of the Company at the material time in 2015.

It should be noted that the entire Board of the Company for FY2015 has resigned, and the current members of the Board of the Company (“Current Board”) as at the date of this Annual Report has been appointed since 2017. Accordingly, the contents of this CG Report have been compiled to the best of the knowledge of the Current Board, based on the available records of the Company including inter alia, past meeting minutes, and announcements of the Company.

This report sets out the Company’s corporate governance processes and structures that were, to the best of the knowledge of the Current Board, in place throughout the financial year ended 31 December 2015 (“FY2015”), procedures with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (“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. Based on available records, the Company is aware that it was not compliant with, or might not have been compliant with the Code. Where information is available to the Current Board, such non compliance has been set out below. The Current Board and the management of the Company undertakes 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:

Report of Corporate Governance

- (a) Audit Committee;
- (b) Nominating Committee;
- (c) Remuneration Committee; and
- (d) Risk Management Committee.

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.

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 Constitution provide for meetings by means of tele-conference and video-conference.

The number of meetings held in FY2015 and the attendance by each member of the Board and Board Committees are, to the best of the knowledge of the Current Board, as set out below. It does not include attendance of directors appointed after FY2015.

	Board	Audit Committee	Remuneration Committee	Nominating Committee	Risk Management Committee
No. of meetings held	7*	4^	1*	1#	1
Name of Members	Attendance	Attendance	Attendance	Attendance	Attendance
Dai Zhi Xiang ¹ *	4	N.A	N.A	1	1
Wee Liang Hiam ² *	3	3	1	1	1
Chen Timothy Teck Leng	1	1	1	1	-
@ Chen Teck Leng ³ *					
Chan Cheng Hai ⁴ *	-	-	-	N.A	-.
Chen Hsin Yuan ⁵ *	3	3	1	1	1
Xue Ru ⁶	N.A	N.A	N.A	N.A	1
Soh Yeow Hwa ⁷ *	3	3	-	N.A	1

Report of Corporate Governance

Notes

- ¹ Mr Dai Zhi Xiang resigned on 19 January 2017.
- ² Mr Wee Liang Hiam resigned on 20 October 2015, and accordingly, did not attend any Board and Board committee meetings after this date.
- ³ Mr Chen Timothy Teck Leng @ Chen Teck Leng resigned on 31 March 2015, and accordingly, did not attend any Board and Board committee meetings after this date.
- ⁴ Mr Chan Cheng Hai resigned on 28 January 2015, and accordingly, did not attend any Board and Board committee meetings after this date.
- ⁵ Mr Chen Hsin Yuan resigned on 20 October 2015, and accordingly, did not attend any Board and Board committee meetings after this date.
- ⁶ Ms Xue Ru resigned on 30 September 2015.
- ⁷ Mr Soh Yeow Hwa was appointed as an Independent Director of the Company, and a member of the Audit Committee, Remuneration Committee and Risk Management Committee on 4 May 2015 and resigned on 18 September 2019.

* Based on the "Statement of Board Resolutions and Minutes of Meetings" for the financial year ended 31 December 2015, 7 Board meetings were held in FY2015, on 12 January 2015, 28 January 2015, 26 March 2015, 10 May 2015, 5 August 2015, 29 August 2015 and 13 November 2015. Of these meetings, based on information available to the Current Board, there were no attendance records for the Board meetings held on 12 January 2015, 28 January 2015, and 5 August 2015. Accordingly, notwithstanding that there had been 7 Board meetings, the attendance of only 4 Board meetings have been tabulated above.

^ Based on the "Statement of Board Resolutions and Minutes of Meetings" for the financial year ended 31 December 2015, 4 Audit Committee meetings were held in FY2015, on 26 March 2015, 10 May 2015, 29 August 2015 and 13 November 2015.

+ Based on the "Statement of Board Resolutions and Minutes of Meetings" for the financial year ended 31 December 2015, 1 Remuneration Committee meeting was held in FY2015, on 26 March 2015.

Based on the "Statement of Board Resolutions and Minutes of Meetings" for the financial year ended 31 December 2015, 1 Nominating Committee meeting was held in FY2015, on 26 March 2015.

"N.A." denotes that the relevant person named above is not a member of the Board/ relevant committee.

"-" denotes that the relevant person named above did not attend the relevant meeting.

Report of Corporate Governance

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.

As at 31 December 2015, the Board, comprised 2 Directors, including 1 Executive Director and 1 Independent Director, and as at the date of this Annual Report, comprises 3 Directors, including 2 Executive Directors and 1 Independent Director, as set out below.

For FY2015, the Board comprised the following Directors:

Executive Director

Mr Dai Zhi Xiang

(CEO and Executive Chairman)
(Member of the Board as at 31 December 2015,
resigned on 19 January 2017)

Independent Directors

Mr Soh Yeow Hwa

(Independent Director)
(Member of the Board as at 31 December 2015,
resigned on 24 September 2019)

Mr Wee Liang Hiam

(Lead Independent Director)
(resigned on 20 October 2015)

Mr Chen Hsin Yuan

(Independent Director)
(resigned on 20 October 2015)

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)

For completeness, as at the date of this Annual Report, the Current Board comprises the following Directors:

Executive Directors

Mr Gao Hong

(Executive Chairman)

Mr Fang Huasheng

(Executive Director)

Independent Director

Mr Kong Hoi Shuen

(Independent Director)

Report of Corporate Governance

Non-compliance with the Code's requirement

The Current Board is aware that for FY2015, the composition of the Board had not been compliant with the following guidelines of Principle 2 of the Code.

The Current Board is in the process of selecting suitable candidates to be appointed as Independent Directors of the Board, and shall be putting forth these candidates for election at the next Annual General Meeting of the Company.

Guideline	Description	Non-compliance by the Company as at 31 December 2015
2.1	There should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board.	1 Independent Director and 1 CEO and Executive Chairman
2.2	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.	1 Independent Director and 1 CEO and Executive Chairman
2.3	The Board and its board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.	1 Independent Director and 1 CEO and Executive Chairman Mr Soh Yeow Hwa as the sole Independent Director was a member of the Audit Committee, Remuneration Committee and the Risk Management Committee of the Company.

Report of Corporate Governance

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.

As at 31 December 2015, the roles of the Chairman and CEO were both held by Mr Dai Zhi Xiang. As the Chairman and CEO, Mr Dai exercised control over the quality, quantity and timeliness of the flow of information between management and the Board. In addition, Mr Dai had full executive responsibilities of the overall business directions and operational decisions of the Group.

Non-compliance with the Code's requirement

The Current Board is aware that for FY2015, the Company had not been compliant with the Code, and in particular the following guidelines of Principle 3 of the Code, as below.

Guideline	Description	Non-compliance by the Company as at 31 December 2015
3.1	The Chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the Board. In addition, the Board should disclose the relationship between the Chairman and the CEO if they are immediate family members.	The roles of the Chairman and CEO were both held by Mr Dai Zhi Xiang.
3.3	Every company should appoint an Independent Director to be the lead Independent Director where: <ul style="list-style-type: none"> (a) the Chairman and the 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. <p>The lead Independent Director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the chief financial officer (or equivalent) (the "CFO") has failed to resolve or is inappropriate.</p>	Mr Soh Yeow Hwa was the sole Independent Director of the Company. No lead Independent Director had been appointed.

Report of Corporate Governance

Guideline	Description	Non-compliance by the Company as at 31 December 2015
3.4	Led by the lead Independent Director, the Independent Directors should meet periodically without the presence of the other directors, and the lead Independent Director should provide feedback to the Chairman after such meetings.	Mr Soh Yeow Hwa was the sole Independent Director of the Company. No lead Independent Director had been appointed.

Board Membership

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

The main role of the Nominating Committee ("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 3 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.

Report of Corporate Governance

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 Constitution, 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 following key information regarding the Directors is set out herein:

(A) ACADEMIC AND PROFESSIONAL QUALIFICATIONS (AS AT 31 DECEMBER 2015)

DAI ZHI XIANG (CEO and Executive Chairman)

As at 31 December 2015, Mr Dai Zhi Xiang was the CEO and Executive Chairman of the Group and was appointed as Director on 31 December 2008. He was last re-elected as Director on 24 April 2013.

Mr Dai was responsible for the overall management and strategic direction of our Group. He had 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 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.

Report of Corporate Governance

SOH YEOW HWA (Independent Director)

As at 31 December 2015, Mr Soh Yeow Hwa was the Independent Director of the Group. He was appointed to the Board on 4 May 2015, and was a member of the Audit Committee, Remuneration Committee and Risk Management Committee. He is a Certified Practising Accountant of CPA Australia, and a Chartered Accountant and member of the Institute of Singapore Chartered Accountants. He graduated with a Bachelor of Commerce from Griffith University, Australia in 1992. He has more than 20 years of experience in the fields of accounting, auditing as well as business and financial advisory.

(B) PARTICULARS OF DIRECTORS PURSUANT TO THE CODE (AS AT 31 DECEMBER 2015)

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	49	CEO, Executive Chairman, RMC Chairman, NC Member.	31 December 2008	30 April 2015	Nil	Nil
Soh Yeow Hwa	48	Independent Director, AC, RC & RMC Member.	4 May 2015	Nil	Rea Power Pte. Ltd.	<ul style="list-style-type: none"> • Origins of Nature Fengshui International Pte Ltd • Environmental Instructure Resources Pte Ltd • Renewable Energy Asia Power Pte Ltd • HQ Environment Pte Ltd.

Non-compliance with the Code's requirement

The NC comprised Mr Dai Zhi Xiang as the sole member as at 31 December 2015.

Bearing in mind that the NC should comprise at least 3 Directors, the Current Board is aware that for FY2015, the Company had not been compliant with the Code, and in particular the following guidelines of Principle 4 of the Code, as below. The Current Board is currently in the process of selecting suitable candidates to be appointed as Independent Directors who would be members of the NC, and shall be putting forth these candidates for election at the next AGM.

Report of Corporate Governance

Guideline	Description	Non-compliance by the Company as at 31 December 2015
4.1	<p>The Board should establish a NC to make recommendations to the Board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least 3 Directors, the majority of whom, including the NC Chairman, should be independent. The lead Independent Director, if any, should be a member of the NC. The Board should disclose in the company's Annual Report the 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.</p>	The NC comprised Mr Dai Zhi Xiang as the sole member as at 31 December 2015.
4.2	<p>The NC should make recommendations to the Board on relevant matters relating to:</p> <ul style="list-style-type: none"> (a) the review of board succession plans for Directors, in particular, the Chairman and for the CEO; (b) the development of a process for evaluation of the performance of the Board, its board committees and Directors; (c) the review of training and professional development programs for the Board; and (d) the appointment and re-appointment of Directors (including alternate Directors, if applicable). <p>Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. All Directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every 3 years.</p>	The NC comprised Mr Dai Zhi Xiang as the sole member as at 31 December 2015.

Report of Corporate Governance

Guideline	Description	Non-compliance by the Company as at 31 December 2015
4.3	The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a Director is independent, bearing in mind the circumstances set forth in Guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a Director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a Director is not independent even if he does not fall under the circumstances set forth in Guideline 2.3 or Guideline 2.4, and should similarly provide its views to the Board for the Board's consideration.	The NC comprised Mr Dai Zhi Xiang as the sole member as at 31 December 2015.

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 performed and 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.

The 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).

Non-compliance with the Code's requirement

The NC comprised Mr Dai Zhi Xiang as the sole member as at 31 December 2015.

Bearing in mind that the NC should comprise at least 3 Directors, the Current Board is aware that for FY2015, the Company had not been compliant with the Code, and in particular the following guidelines of Principle 5 of the Code, as below. The Current Board is currently in the process of selecting suitable candidates to be appointed as Independent Directors who would be members of the NC, and shall be putting forth these candidates for election at the next AGM.

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Guideline	Description	Non-compliance by the Company as at 31 December 2015
5.1	Every Board should implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its board committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board. The Board should state in the company's Annual Report how the 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.	The NC comprised Mr Dai Zhi Xiang as the sole member as at 31 December 2015.
5.2	The NC should decide how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the Board and address how the Board has enhanced long-term shareholder value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.	The NC comprised Mr Dai Zhi Xiang as the sole member as at 31 December 2015.
5.3	Individual evaluation should aim to assess whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and board committees, and any other duties). The Chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.	The NC comprised Mr Dai Zhi Xiang as the sole member as at 31 December 2015.

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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.

The Current Board is unable to confirm, whether, as at 31 December 2015, the Directors of the Company at the material time have been 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, in compliance with the guidelines of Principal 6 of the Code.

(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") comprised Mr Soh Yeow Hwa (appointed on 4 May 2015) as the sole Independent Director as at 31 December 2015.

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.

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Non-compliance with the Code's requirement

Mr Soh Yeow Hwa was the sole member of the Company's RC as at 31 December 2015.

Bearing in mind that the RC should comprise at least 3 Directors, the Current Board is aware that for FY2015, the Company had not been compliant with the Code, and in particular the following guidelines of Principle 7 of the Code, as below. The Current Board is currently in the process of selecting suitable candidates to be appointed as Independent Directors who would be members of the RC, and shall be putting forth these candidates for election at the next AGM.

Guideline	Description	Non-compliance by the Company as at 31 December 2015
7.1	The Board should establish a RC with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three Directors, the majority of whom, including the RC Chairman, should be independent. All of the members of the RC should be non-executive Directors. This is to minimise the risk of any potential conflict of interest. The Board should disclose in the company's Annual Report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.	The RC comprised the single Independent Director Mr Soh Yeow Hwa.
7.2	The RC should review and recommend to the Board a general framework of remuneration for the Board and key management personnel. The RC should also review and recommend to the Board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire Board. The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.	The RC comprised the single Independent Director Mr Soh Yeow Hwa.

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Guideline	Description	Non-compliance by the Company as at 31 December 2015
7.3	If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company.	The RC comprised the single Independent Director Mr Soh Yeow Hwa.

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

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The remuneration of key executives comprised fixed salary and other benefits. Mr Dai Zhi Xiang, the CEO and Executive Chairman, was paid based on his service agreement with the Company. The agreement was for an initial period of 3 years commencing from 8 February 2010. Mr. Dai's agreement was automatically renewed for another 3 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 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 6 months' notice or part thereof, an amount equivalent to 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 for FY2015.

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 2015, is as follows:

	Fees	Salary	Other Benefits**	Total
Directors Below \$250,000	(%)	(%)	(%)	(%)
Dai Zhi Xiang ¹	-	-	-	-
Wee Liang Hiam ²	100.0	-	-	100.0
Chen Timothy Teck Leng @ Chen Teck Leng ³	100.0	-	-	100.0
Chan Cheng Hai ⁴	100.0	-	-	100.0
Chen Hsin Yuan ⁵	100.0	-	-	100.0
Soh Yeow Hwa ⁶	100.0	-	-	100.0

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Notes:

- ¹ Mr Dai Zhi Xiang resigned on 19 January 2017. Based on the records and data left behind by the management and finance personnel who were with the Group in FY2015, the Company was unable to determine the remuneration paid to Mr Dai due to the lack of information available. Insofar, the records did not indicate any remuneration paid to Mr Dai and the Company was unable to seek confirmation from Mr Dai.
- ² Mr Wee Liang Hiam resigned on 20 October 2015.
- ³ Mr Chen Timothy Teck Leng @ Chen Teck Leng resigned on 31 March 2015.
- ⁴ Mr Chan Cheng Hai resigned on 28 January 2015.
- ⁵ Mr Chen Hsin Yuan resigned on 20 October 2015.
- ⁶ Mr Soh Yeow Hwa was appointed as an Independent Director of the Company, and a member of the Audit Committee, Remuneration Committee and Risk Management Committee on 4 May 2015 and resigned on 18 September 2019.
- ** 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 2015:

Executive Director	Amount S\$
Dai Zhi Xiang ¹	S\$ -
	S\$ -
Independent Directors	
Wee Liang Hiam ²	S\$70,000
Chen Timothy Teck Leng @ Chen Teck Leng ³	S\$12,500
Chan Cheng Hai ⁴	S\$3,333
Chen Hsin Yuan ⁵	S\$45,833
Soh Yeow Hwa ⁶	S\$26,667
Total	S\$158,333

Notes:

- ¹ Mr Dai Zhi Xiang resigned on 19 January 2017. Based on the records and data left behind by the management and finance personnel who were with the Group in FY2015, the Company was unable to determine the remuneration paid to Mr Dai due to the lack of information available. Insofar, the records did not indicate any payment to Mr Dai and the Company was unable to seek confirmation from Mr Dai.
- ² Mr Wee Liang Hiam resigned on 20 October 2015.
- ³ Mr Chen Timothy Teck Leng @ Chen Teck Leng resigned on 31 March 2015.
- ⁴ Mr Chan Cheng Hai resigned on 28 January 2015.
- ⁵ Mr Chen Hsin Yuan resigned on 20 October 2015.
- ⁶ Mr Soh Yeow Hwa was appointed as an Independent Director of the Company, and a member of the Audit Committee, Remuneration Committee and Risk Management Committee on 4 May 2015 and resigned on 18 September 2019.

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The Company had 4 key executives as at 31 December 2015. The total remuneration payable to the 4 key executives (who are not Directors of the Company) is S\$533.353. The breakdown of remuneration of the 4 key executives in percentage terms for the financial year ended 31 December 2015 is as follows:

Key Executives	Fees	Salary	Other Benefits*	Total
	(%)	(%)	(%)	(%)
Above S\$250,000				
Xu Guochen	-	96.3	3.7	100
Below S\$250,000				
Xue Ru	-	88.0	12.0	100
Zhou Jianjun	-	95.5	4.5	100
Huang Chaoze	-	96.0	4.0	100

* 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 2015.

(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.

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Non-compliance with the Code's requirement

The Current Board is aware that for FY2015, the Company had not been compliant with the Code, and in particular the following guidelines of Principle 10 of the Code, as below.

Guideline	Description	Non-compliance by the Company as at 31 December 2015
10.2	The Board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.	No Annual Report had been issued for FY2015 at the material time.

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.

The Board established the Risk Management Committee ("RMC") in November 2012. The RMC comprised the 2 Directors as at 31 December 2015.

Directors

Mr Dai Zhi Xiang	(Chairman)
Mr Soh Yeow Hwa	(Member)

The financial risk management objectives and policies are outlined under "financial risk management objectives and policies" per note 27 to the Consolidated Financial Statements for FY2015.

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.

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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"). The AC also reported to the Board on the effectiveness of the Company's Internal Controls.

For FY2015, internal audit was conducted on Hu An Electric (Singapore) Pte Ltd by an independent third party accounting firm, Messrs. One e-Risk Services Pte Ltd (the "IA"). The Company outsourced its internal audit function to the IA and the IA meets the professional standards set out in the Code and reported directly to the AC.

For FY2015, no internal audit was conducted on the Group's China subsidiaries for FY2015, as during the year, the businesses of the Group's China subsidiaries, Shenhuan Cable Technology Co., Ltd, Wuxi Hu An Wire and Cable Co., Ltd and Wuxi Shenhuan Electric Co., Ltd ceased and liquidation proceedings commenced on 12 November 2015. Wuxi Hu An Cable Research Centre Co., Ltd in China and Shenhuan Wire & Cable Co., Ltd. in Taiwan were dormant during FY2015 and subsequent to FY2015, their businesses ceased and liquidated too.

The Current Board is unable to confirm, whether, as at 31 December 2015, the Directors of the Company at the material time had ensured that the management of the Company maintained a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and whether they have determined the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives, in compliance with the guidelines of Principal 11 of the Code.

In particular, for the year ended 31 December 2015, the Current Board and the AC are unable to provide an opinion on whether Group's Internal Controls were adequate. The Company does not have a Chief Financial Officer or its equivalent. The Current Board had received a letter signed by the Executive Chairman of the Company as the sole signatory indicating that the management of the Company and the Group do not believe that as at 31 December 2015,

- (a) the financial records had 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 were 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 comprised Mr Soh Yeow Hwa (appointed on 4 May 2015) as the sole Independent Director as at 31 December 2015.

The AC holds periodic meetings and undertakes the following functions:

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

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- (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.

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 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.

For FY2015, the Current Board (in lieu of 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 Current Board's opinion would not affect the independence of the external auditors. Ernst & Young LLP, the external auditors of the Company for FY2015, had in a letter dated 26 April 2021, given notice to the Company that it shall not be seeking re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The Current Board shall be seeking the approval of the shareholders of the Company for the appointment of new auditors within 3 months of the effective date of cessation of Ernst & Young LLP

The aggregate amount of fees paid to the external auditors for audit and non-audit services for FY2015 are set as follows:

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Ernst & Young Singapore

Audit fee	S\$150,000
Non-audit fees comprising of tax advisory fees	S\$10,000
Total fees	S\$160,000
Non-audit fees as a % of total fees	6.25%

For FY2015, 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 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.

Non-compliance with the Code's requirement

Mr Soh Yeow Hwa was the sole member of the Company's AC as at 31 December 2015.

Bearing in mind that the AC should comprise at least 3 Directors, the Current Board is aware that for FY2015, the Company had not been compliant with the Code, and in particular the following guidelines of Principle 12 of the Code, as below. The Current Board is currently in the process of selecting suitable candidates to be appointed as Independent Directors who would be members of the AC and shall be putting forth these candidates for election at the next AGM.

Guideline	Description	Non-compliance by the Company as at 31 December 2015
12.1	The AC should comprise at least three directors, the majority of whom, including the AC Chairman, should be independent. All of the members of the AC should be non-executive directors. The Board should disclose in the company's Annual Report the 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.	The AC comprised the single Independent Director Mr Soh Yeow Hwa.
12.2	The Board should ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the AC Chairman, should have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.	The AC comprised the single Independent Director Mr Soh Yeow Hwa.

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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 FY2015, the Company 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 reported directly to the AC. To the best of the knowledge of the Current Board, based on information presently available, the IA was carried out on Hu An Electric (Singapore) Pte Ltd for FY2015.

No internal audit was conducted on the Group's China subsidiaries for FY2015, as during the year, the businesses of the Group's China subsidiaries, Shenhuan Cable Technology Co., Ltd, Wuxi Hu An Wire and Cable Co., Ltd and Wuxi Shenhuan Electric Co., Ltd ceased and liquidation proceedings commenced on 12 November 2015. Wuxi Hu An Cable Research Centre Co., Ltd in China and Shenhuan Wire & Cable Co., Ltd. in Taiwan were dormant during FY2015 and subsequent to FY2015, their businesses ceased and liquidated too.

Non-compliance with the Code's requirement

The Current Board is aware that for FY2015, the Company had not been compliant with the Code, and in particular the following guidelines of Principle 13 of the Code, as below.

Guideline	Description	Non-compliance by the Company as at 31 December 2015
13.1	The Internal Auditor's primary line of reporting should be to the AC Chairman although the Internal Auditor would also report administratively to the CEO. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced. The Internal Auditor should have unfettered access to all the company's documents, records, properties and personnel, including access to the AC.	<p>No internal audit was conducted on the Group's China subsidiaries for FY2015.</p> <p>During the year, the Group's China subsidiaries, Shenhuan Cable Technology Co., Ltd, Wuxi Hu An Wire and Cable Co., Ltd and Wuxi Shenhuan Electric Co., Ltd ceased and liquidation proceedings commenced on 12 November 2015.</p>

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Guideline	Description	Non-compliance by the Company as at 31 December 2015
13.2	The AC should ensure that the internal audit function is adequately resourced and has appropriate standing within the company. For the avoidance of doubt, the internal audit function can be in-house, outsourced to a reputable accounting/auditing firm or corporation, or performed by a major shareholder, holding company or controlling enterprise with an internal audit staff.	<p>No internal audit was conducted on the Group's China subsidiaries for FY2015.</p> <p>During the year, the Group's China subsidiaries, Shenhuan Cable Technology Co., Ltd, Wuxi Hu An Wire and Cable Co., Ltd and Wuxi Shenhuan Electric Co., Ltd ceased and liquidation proceedings commenced on 12 November 2015.</p>
13.3	The internal audit function should be staffed with persons with the relevant qualifications and experience.	<p>No internal audit was conducted on the Group's China subsidiaries for FY2015.</p> <p>During the year, the Group's China subsidiaries, Shenhuan Cable Technology Co., Ltd, Wuxi Hu An Wire and Cable Co., Ltd and Wuxi Shenhuan Electric Co., Ltd ceased and liquidation proceedings commenced on 12 November 2015.</p>
13.4	The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	<p>No internal audit was conducted on the Group's China subsidiaries for FY2015.</p> <p>During the year, the Group's China subsidiaries, Shenhuan Cable Technology Co., Ltd, Wuxi Hu An Wire and Cable Co., Ltd and Wuxi Shenhuan Electric Co., Ltd ceased and liquidation proceedings commenced on 12 November 2015.</p>

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Guideline	Description	Non-compliance by the Company as at 31 December 2015
13.5	The AC should, at least annually, review the adequacy and effectiveness of the internal audit function	<p>No internal audit was conducted on the Group's China subsidiaries for FY2015.</p> <p>During the year, the Group's China subsidiaries, Shenhuan Cable Technology Co., Ltd, Wuxi Hu An Wire and Cable Co., Ltd and Wuxi Shenhuan Electric Co., Ltd ceased and liquidation proceedings commenced on 12 November 2015.</p>

(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.

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 practice 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 have been 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).

Non-compliance with the Code's requirement

The Current Board is aware that for FY2015, the Company had not been compliant with the Code, and in particular the following guidelines of Principle 14 of the Code, as below.

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Guideline	Description	Non-compliance by the Company as at 31 December 2015
14.1	Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	No Annual Report had been issued for FY2015 at the material time.
14.2	Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	No Annual General Meeting had been held for FY2015 at the material time.
14.3	Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	The Company's Constitution 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 does not have an investor relations policy in place at the material time. However, the Board ensures that shareholders are fully informed of all major developments that impact the Group. All shareholders are informed on a timely basis of every significant development that has an impact on the Group, in accordance with the requirements of the SGX-ST and the Companies Act, Chapter 50 of Singapore through inter alia, SGXNet.

No dividends have been paid out to shareholders for FY2015, to preserve its cash holdings for the working capital requirements of the Company.

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.

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Non-compliance with the Code's requirement

The Current Board is aware that for FY2015, the Company had not been compliant with the Code, and in particular the following guidelines of Principle 16 of the Code, as below.

Guideline	Description	Non-compliance by the Company as at 31 December 2015
16.1	Shareholders should have the opportunity to participate effectively in and to vote at general meetings of shareholders. Companies should make the appropriate provisions in their Articles of Association (or other constitutive documents) to allow for absentia voting at general meetings of shareholders.	No Annual General Meeting had been held for FY2015 at the material time,
16.2	There should be separate resolutions at general meetings on each substantially separate issue. Companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.	No Annual General Meeting had been held for FY2015 at the material time,
16.3	All directors should attend general meetings of shareholders. In particular, the Chairman of the Board and the respective Chairman of the AC, NC and RC should be present and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.	No Annual General Meeting had been held for FY2015 at the material time,
16.4	Companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request.	No Annual General Meeting had been held for FY2015 at the material time,
16.5	Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling.	No Annual General Meeting had been held for FY2015 at the material time,

Report of Corporate Governance

(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 2015.

(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 2015.

Directors' Statement

The directors are pleased to present their statement 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 2015.

Opinion of the directors

In the opinion of the directors,

- (a) With reference to Note 2.1 of the consolidated financial statements, the consolidated financial statements of the Group were drawn up based on records and data left behind by the management and finance personnel who were with the Group in FY2015 (collectively the "Previous Management") but due to certain findings, in particular certain findings by a PRC court in the trial of the ex-CEO, Mr Dai Zhixian ("Dai"), coming to light that Dai has fabricated accounting records and falsified accounts at the PRC subsidiaries' level, the present Directors, who are the incumbent Directors at the date of issuance of this report, do not believe that the consolidated financial statements of the Group prepared on the aforesaid basis gives a true and fair view of the financial performances, changes in equity and cash flows of the Group for FY2015 save that the closing balances in the balance sheets of the Group and the Company and statements of changes in equity of the Group and the Company were drawn up so as to give a true and fair view of the financial positions of the Group and the Company as at 31 December 2015 due to the deemed disposal and de-recognition of the PRC subsidiaries. The present Directors are unable to restate the accounts for prior years or to prepare the accounts for FY2015 independent from the records and data left behind by the Previous Management as
- (i) the PRC court has also found that Dai has instigated and directed the destruction of the servers hosting the necessary financial data;
 - (ii) the PRC subsidiaries have been wound up; and
 - (iii) Dai has been sentenced to 15 years' jail on 31 August 2018.

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

- (b) 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.

Directors' Statement

Board of Directors

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

Gao Hong	- Executive Chairman and Chief Executive Officer
Fang Huasheng	- Executive Officer
Kong Hoi Shuen	- Independent Director

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 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, Chapter 50, an interest in shares and share options of the Company and related corporations as stated below:

Name of directors	Direct interest		Deemed interest	
	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⁾	107,489,000	107,489,000	70,666,000	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 Shun Mei.

There were no changes in the Directors' interest in the Company between the end of the financial year and 21 January 2016.

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.

Directors' Statement

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 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.

On behalf of the board of directors:

Gao Hong
Director

Fang Huasheng
Director

6 May 2021

Independent Auditor's Report

for the financial year ended 31 December 2015

Report on the Financial Statements

We were engaged to audit the financial statements of Hu An Cable Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 7 to 77, which comprise the balance sheets of the Group and Company as at 31 December 2015, statements of changes in equity of the Group and Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis of Disclaimer of Opinion

Basis for preparation of financial statements and significant events

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

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

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

Going concern

The Group incurred a net loss of RMB\$1,153,147,000 for the financial year ended 31 December 2015 and as at that date, the Group is in a net current liabilities and net liabilities position of RMB\$5,706,000 and RMB\$5,269,000 respectively. The Company is in a net current liabilities and net liabilities position of RMB\$2,919,000 and RMB\$12,624,000 respectively. These factors indicate the existence of material uncertainties which may cast significant doubt about the Group and Company's ability to continue as a going concern.

Independent Auditor's Report

As disclosed in note 2.1 to the financial statements, the directors have prepared the financial statements on a going concern basis as the directors believe that the Group and the Company's business operations would be able to generate sufficient cash flows to meet its short-term obligations as and when they fall due. However, based on information available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves on the appropriateness of the use of the going concern assumption in the preparation of these financial statements.

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

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 or loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility for the audit of the financial statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (the "ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matters described in the Basis for Disclaimer Opinion paragraph, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
6 May 2021

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Revenue	4	155,226	2,163,740
Cost of sales		(184,719)	(1,959,697)
Gross (loss)/profit		(29,493)	204,043
Other income		281,569	19,313
Selling and distribution expenses		(15,519)	(56,870)
Administrative expenses		(1,340,829)	(270,841)
Finance expenses		(48,875)	(80,740)
Loss before taxation	5	(1,153,147)	(185,095)
Taxation	6	–	23,490
Loss for the year attributable to owners		(1,153,147)	(161,605)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	21	(73)	(402)
Other comprehensive income for the year, net of tax		(73)	(402)
Total comprehensive income attributable to owners of the Company		(1,153,220)	(162,007)
Earnings per share			
Basic (RMB)	7	(1.14)	(0.16)
Diluted (RMB)	7	(1.14)	(0.16)

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

Balance Sheets

As at 31 December 2015

		Group		Company	
	Note	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Non-current assets					
Property, plant and equipment	8	506	546,048	–	12
Intangible assets	9	25	3,093	–	–
Land use rights	10	–	116,474	–	–
Investments in subsidiaries	11	–	–	–	678,281
Deferred tax assets	12	–	37,658	–	–
Prepayments	13	–	1,399	–	–
Trade and other receivables	14	–	6,547	–	–
		531	711,219	–	678,293
Current assets					
Inventories	15	3,727	72,504	–	–
Prepayments	13	102	83,142	74	65
Trade and other receivables	14	5,363	1,524,829	–	62,395
Tax recoverable		–	2,960	–	–
Cash and bank balances	16	704	216,446	255	54
		9,896	1,899,881	329	62,514
Current liabilities					
Trade and other payables	17	13,461	798,483	3,248	3,981
Accrued operating expenses	17	2,103	29,353	–	–
Loans and borrowings	18	38	512,782	–	–
Corporate bonds	19	–	66,660	–	–
		15,602	1,407,278	3,248	3,981
Net current (liabilities)/assets		(5,706)	492,603	(2,919)	58,533
Non-current liabilities					
Deferred tax liabilities	12	94	117	–	–
Trade and other payables	17	–	–	9,705	7,538
Loans and borrowings	18	–	55,754	–	–
		94	55,871	9,705	7,538
Net (liabilities)/assets		(5,269)	1,147,951	(12,624)	729,288
Equity attributable to owners of the Company					
Share capital	20	746,266	746,266	746,266	746,266
(Accumulated loss)/Retained earnings		(749,406)	394,150	(758,890)	(16,978)
Other reserves	21	(2,129)	7,535	–	–
Total equity		(5,269)	1,147,951	(12,624)	729,288

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 2015

Group 2015	Attributable to owners of the Company			
	Share capital (Note 20) RMB'000	(Accumulated loss)/Retained earnings RMB'000	Other reserves (Note 21) RMB'000	Total equity RMB'000
Balance at 1 January 2015	746,266	394,150	7,535	1,147,951
Loss for the year	–	(1,153,147)	–	(1,153,147)
Other comprehensive income				
Foreign currency translation	–	–	(73)	(73)
Total comprehensive income for the year, net of tax	–	(1,153,147)	(73)	(1,153,220)
Deemed disposal of subsidiaries	–	9,591	(9,591)	–
Balance at 31 December 2015	746,266	(749,406)	(2,129)	(5,269)
2014				
Balance at 1 January 2014	746,266	547,884	15,808	1,309,958
Loss for the year	–	(161,605)	–	(161,605)
Other comprehensive income				
Foreign currency translation	–	–	(402)	(402)
Total comprehensive income for the year, net of tax	–	(161,605)	(402)	(162,007)
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

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

Statements of Changes in Equity

Company 2015	Attributable to owners of the Company			
	Share capital (Note 20) RMB'000	(Accumulated loss)/Retained earnings RMB'000	Other reserves (Note 21) RMB'000	Total equity RMB'000
Balance at 1 January 2015	746,266	(16,978)	-	729,288
Loss for the year, representing total comprehensive loss for the year	-	(741,912)	-	(741,912)
Balance at 31 December 2015	746,266	(758,890)	-	(12,624)
2014				
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

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 2015

	2015 RMB'000	2014 RMB'000
Operating cash flows before changes in working capital (Note 16 (c))	(60,424)	84,220
(Increase)/decrease in inventories	(9,291)	524,609
Increase in prepayments	(22,411)	(13,592)
Increase in trade and other receivables	(14,330)	(580,609)
Decrease in trade and other payables	(310,477)	(74,181)
Decrease in accrued operating expenses	(10,718)	(18,616)
Currency realignment	(32)	(3)
Cash used in operations	(427,683)	(78,172)
Interest income received	2,286	8,068
Interest expense paid	(36,412)	(78,915)
Income tax paid	–	(8,659)
Net cash used in operating activities	(461,809)	(157,678)
Cash flows from investing activities		
Purchase of intangible assets	–	(533)
Purchase of property, plant and equipment	(6,747)	(18,594)
Proceeds from disposal of property, plant and equipment	16,025	2,802
Loss from deemed disposal of subsidiaries (Note A)	(42,128)	–
Net cash used in investing activities	(32,850)	(16,325)
Cash flows from financing activities		
Proceeds from loans and borrowings	387,360	652,424
Repayment of loans and borrowings	(107,423)	(765,389)
Repayment of obligations under financial leases	(79)	(15,953)
(Repayment of)/withdrawn of loan from a director	(868)	4,943
Repayment of corporate bonds	–	(13,340)
Decrease in short-term deposits pledged to banks	191,432	63,632
Net cash generated/(used in) from financing activities	470,422	(73,683)
Net decrease in cash and cash equivalents	(24,237)	(247,686)
Cash and cash equivalents at beginning of year	25,014	273,102
Effect of exchange rate changes on cash and cash equivalents	(73)	(402)
Cash and cash equivalents at end of year (Note 16(b))	704	25,014

Consolidated Cash Flow Statement

Note A

The Court in the People's of Republic China has accepted the creditor's application to liquidate the 3 China subsidiaries and liquidation proceedings commenced on 12 November 2015. Accordingly, the 3 China subsidiaries were deemed disposed during the year.

The carrying value of assets disposed of and liabilities discharged are as follows:

	2015 RMB'000	2014 RMB'000
Assets		
Property, plant and equipment	441,710	—
Intangible assets	2,618	—
Land use rights	114,729	—
Deferred tax assets	37,634	—
Inventories	74,616	—
Prepayments	77,696	—
Trade and other receivables	386,503	—
Tax recoverable	2,960	—
Cash and bank balances	42,128	—
Liabilities		
Trade and other payables	(473,677)	—
Accrued operating expenses	(27,118)	—
Loans and borrowings	(850,188)	—
Corporate bonds	(66,660)	—
Net liabilities discharged	(237,049)	—
Gain on disposal	237,049	—
Proceeds received	—	—
Less:		
Cash balances in the deemed disposed subsidiaries	(42,128)	—
Net cash outflow from deemed disposal	(42,128)	—

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 2015

1. CORPORATE INFORMATION

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

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

Significant events

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

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

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

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION (CONTINUED)

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

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

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

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

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

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

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

Notes to the Consolidated 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.

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

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

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

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

- (i) the PRC court has also found that Dai has instigated and directed the destruction of the servers hosting the necessary financial data;
- (ii) the PRC subsidiaries have been wound up; and
- (iii) Dai has been sentenced to 15 years' jail on 31 August 2018.

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

Going concern assumption

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

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

- (a) The Group had received funding from the director amounting to S\$2.5 million in 2018 based on the loan agreement and supplemental loan agreement dated 7 July 2018 and 27 December 2018 respectively.
- (b) On 7 October 2020, the Company signed the Memorandum of Understanding ("MOU") with Gold Peak International Industrial Limited ("GPI") to dispose its 100% owned subsidiary Hu An Electric (Singapore) Pte Ltd ("HAE"). The consideration to be received for the disposal is still in the negotiation stage. Upon disposal, this entity will be deconsolidated and will substantially reduce the Group's outstanding payables and operational costs.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(c) In April 2020, the Company proposed to acquire 51% of the fully paid-up ordinary shares of Da Hang Trading Pte. Ltd. (“DH”) for a consideration of \$1,785,000, by way of issuing 198,333,333 new ordinary shares at an issue price of \$0.009. The principal activities of DH are wholesale trade of a variety of goods without a dominant product. DH has historically been profitable and is expected to contribute positively to the results and cash flows of the Group.

(d) The Group is in discussions with various parties to seek investments and is also exploring alternative fund raising to address its cash flow and continuing business growth.

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

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 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

The Group has not adopted the following standards that have been issued but 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)	
(a) Amendments to FRS 102 Share Based Payment	1 July 2014
(b) Amendments to FRS 103 Business Combinations	1 July 2014
(c) Amendments to FRS 108 Operating Segments	1 July 2014
(d) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets	1 July 2014
(e) Amendments to FRS 24 Related Party Disclosures	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 Business Combinations	1 July 2014
(b) Amendments to FRS 113 Fair Value Measurement	1 July 2014
(c) Amendments to FRS 40 Investment Property	1 July 2014

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 112 Classifications of the Scope of the Standard	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40 Transfers of Investment Property	1 January 2018
Amendments to FRS 28 Measuring an Associate or Joint Venture at fair value	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 104 Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 109 Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
Improvements to FRRs (March 2018)	1 January 2019
Amendments to FRS 103 Business Combinations	1 January 2019
Amendments to FRS 111 Joint Arrangements	1 January 2019
Amendments to FRS 12 Income Taxes	1 January 2019
Amendments to FRS 23 Borrowing Costs	1 January 2019

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 103: Definitions of a Business	1 January 2020
Amendments to FRS 1 and FRS 8: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 109, FRS 39 and FRS 107 Interest Rate Benchmark Reform	1 January 2020
Amendments to FRS 116 Leases: Covid-19-Related Rent Concessions	1 June 2020
FRS 104 Insurance Contracts	1 January 2021
Amendments to FRS 1 Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to FRS 103 Business Combinations: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts—Cost of fulfilling a Contract	1 January 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for FRS 115, FRS 109 and FRS 116, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of FRS 115.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirement in FRS109 is based on an expected credit loss model and replace the FRS39 incurred loss model.

FRS 109 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Company will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Company plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Company expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation and business combinations (continued)

(b) Business combinations and goodwill (continued)

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.

2.4 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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.

(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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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 2.17. 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:

	Years
Buildings	20
Machinery and equipment	5 to 10
Motor vehicles	5
Office equipment	5

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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 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.

2.8 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.

2.9 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (continued)

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.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

2.11 Financial instruments

(a) 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (continued)

(a) Financial assets (continued)

(i) 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.

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, such assets are carried 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.

De-recognition

A financial asset is de-recognised 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.

(b) 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (continued)

(b) Financial liabilities (continued)

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 de-recognised 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 the profit or loss.

2.12 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

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 value 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 had 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Cash and bank balances

Cash and bank balances comprise cash at bank and on hand that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

2.14 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.

2.15 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 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.

2.17 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits

(b) Employee share-based payment (continued)

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.

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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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 Group has concluded that it is acting as a principal in all of its revenue arrangements.

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..

2.19 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Taxes (continued)

(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.

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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Taxes (continued)

(b) Deferred tax (continued)

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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

2.21 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.

2.22 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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).

Notes to the Consolidated Financial Statements

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 2015 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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 RMB 25,000,000 (2014: increase by RMB 24,000,000).

4. REVENUE

	2015 RMB'000	Group 2014 RMB'000
Sale of goods	155,226	2,163,740

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

Notes to the Consolidated Financial Statements

5. LOSS BEFORE TAXATION

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

	2015 RMB'000	Group 2014 RMB'000
Audit fees:		
- Auditors of the Company	689	1,248
- Other auditors	219	412
Non-audit fees:		
- Auditors of the Company	-	25
- Other auditors	46	102
Total audit and non-audit fees	954	1,787
Other income:		
- government subsidy	(370)	(737)
- interest income	(2,286)	(8,068)
- sale of scraps	-	(1,348)
- processing of raw materials	(659)	(8,446)
- gain from disposal of property, plant and equipment	(760)	(153)
- gain from deemed disposal of subsidiaries	(274,683)	-
Finance expense:		
- interest expense	48,787	78,037
- bank charges	87	1,882
Amortisation for:		
- intangible asset (Note 9)	452	639
- land use rights (Note 10)	1,745	2,645
Depreciation of property, plant and equipment (Note 8)	31,392	35,616
Impairment loss on doubtful trade and other receivables	1,153,840	141,864
Inventories written down (Note 15)	3,452	7,707
Impairment loss on property, plant and equipment (Note 8)	93,108	10,759
Provision for employee benefits	42	16
Property, plant and equipment written off	-	253
Professional fees	703	2,743
Employee benefits expense (Note 22)	34,739	71,854
Consultancy fees	895	1,918
Freight charges	3,622	10,483
Regulatory fees	392	470
Travelling expenses	1,245	3,860
Advertising expenses	772	1,534
Entertainment expenses	985	10,068
Repair and maintenance expenses	277	10,533

Notes to the Consolidated Financial Statements

6. TAXATION

(a) Major components of income tax expense

	2015 RMB'000	Group 2014 RMB'000
Current tax		
- Current year	-	350
- Under provision in the previous year	-	1,922
Deferred tax		
- Origination and reversal of temporary differences	-	(25,762)
	-	(23,490)

(b) Relationship between tax expense and accounting loss

The reconciliation of the tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 December 2015 and 2014 is as follows:

	2015 RMB'000	Group 2014 RMB'000
Loss before taxation	(1,115,513)	(185,095)
Tax at domestic rates applicable to results in the countries where the Group operates	(362,539)	(30,255)
Income not subject to tax	-	(1)
Non-deductible expenses	362,622	-
Under provision in the previous year	-	1,922
Deferred tax assets not recognised	-	5,440
Effect of tax relief	(381)	(1,883)
Effect of expenses not deductible for tax purposes	323	1,770
Others	(25)	(483)
Income tax expense recognised in the profit and loss account	-	(23,490)

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.

Notes to the Consolidated Financial Statements

6. TAXATION (CONTINUED)

(b) Relationship between tax expense and accounting loss (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 2014 and 31 December 2015, 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 2015 (2014: 25%).

Singapore income tax

The corporate income tax rate applicable to Singapore companies of the Group was 17% for the year ended 31 December 2015 (2014: 17%).

Taiwan income tax

The corporate income tax rate applicable to Taiwan company of the Group was 17% for the year ended 31 December 2015 (2014: 25%).

7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the Group's net loss 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:

	2015	Group 2014
Loss net of tax attributable to ordinary owners of the Company used in the computation of basic and diluted earnings per share (RMB' 000)	(1,153,147)	(161,605)
	No. of shares	
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,011,570	1,011,570

There were no potentially dilutive ordinary shares in 31 December 2015 and 2014.

Notes to the Consolidated Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RMB'000	Machinery & equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction -in-progress RMB'000	Total RMB'000
Cost						
At 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 and 1 January 2015	89,262	321,188	14,252	12,044	271,316	708,062
Additions	7,684	145	-	106	27,966	35,901
Transfers	294,411	-	-	-	(294,411)	-
Disposals	-	(19,794)	-	-	-	(19,794)
Deemed disposal of subsidiaries	(391,357)	(301,539)	(14,025)	(11,274)	(4,871)	(723,066)
Currency realignment	-	-	14	48	-	62
At 31 December 2015	-	-	241	924	-	1,165
Accumulated depreciation						
At 1 January 2014	25,061	80,843	5,695	6,163	-	-
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
At 31 December 2014 and 1 January 2015	29,271	117,412	7,683	7,648	-	162,014
Charge for the year	12,065	16,709	1,440	1,178	-	31,392
Disposals	-	(4,529)	-	-	-	(4,529)
Impairment losses	-	93,108	-	-	-	93,108
Deemed disposal of subsidiaries	(41,336)	(222,700)	(9,041)	(8,279)	-	(281,356)
Currency realignment	-	-	3	27	-	30
At 31 December 2015	-	-	85	574	-	659
Net carrying amount						
At 31 December 2014	59,991	203,776	6,569	4,396	271,316	546,048
At 31 December 2015	-	-	156	350	-	506

Notes to the Consolidated Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets pledged as security

There are no buildings and certain machinery and equipment are pledged to secure bank loans during the year. In prior year, the buildings and certain machinery and equipment are pledged to secure bank loans amounting to RMB 59,991,000 and RMB 116,580,000 respectively. Information regarding bank loans is disclosed in Note 18 (loans and borrowings).

Assets held under finance leases

The carrying amount of machinery and equipment and motor vehicles held under finance leases at the end of the reporting period were nil (2014: RMB 38,074,000) and RMB 156,000 (2014: RMB 190,000) respectively. Leased assets are pledged as security for the related finance lease liabilities.

During the financial year, there were acquisitions of property, plant and equipment amounting to RMB 35,901,000 (2014: RMB 24,885,000), in which RMB 29,154,000 (2014: RMB 6,066,000) was transferred from advances to suppliers and nil (2014: RMB 225,000) was purchased under finance lease. Cash outflows on acquisition of property, plant and equipment amounting to RMB 6,747,000 (2014: RMB 18,594,000).

During the financial year, all three (2014: one) PRC subsidiaries of the Group carried out a review of the recoverable amount of its machinery and equipment because the Group has suspended production. An impairment loss of RMB 93,108,000 (2014: RMB 10,759,000), representing the write-down of these machinery and equipment to its recoverable amount was recognised (Note 5) for the financial year ended 31 December 2015.

Company	Office Equipment RMB'000
Cost	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	64
Accumulated depreciation	
At 1 January 2014	40
Charge for the year	12
At 31 December 2014 and 1 January 2015	52
Charge for the year	12
At 31 December 2015	64
Net carrying amount	
At 31 December 2014	12
At 31 December 2015	-

Notes to the Consolidated Financial Statements

9. INTANGIBLE ASSETS

Group	Software RMB'000	License RMB'000	Total RMB'000
Cost			
At 1 January 2014	3,987	2,100	6,087
Additions	273	–	273
At 31 December 2014 and 1 January 2015	4,260	2,100	6,360
Deemed disposal of subsidiaries	(4,151)	(2,100)	(6,251)
Currency realignment	7	–	7
At 31 December 2015	116	–	116
Accumulated amortisation			
At 1 January 2014	2,383	245	2,628
Charge for the year	429	210	639
At 31 December 2014 and 1 January 2015	2,812	455	3,267
Charge for the year	312	140	452
Deemed disposal of subsidiaries	(3,038)	(595)	(3,633)
Currency realignment	5	–	5
At 31 December 2015	91	–	91
Net carrying amount			
At 31 December 2014	1,448	1,645	3,093
At 31 December 2015	25	–	25

Software

Software has an estimated average remaining amortisation period of 1.5 years (2014: 3 years) as at 31 December 2015.

License

License has an estimated average remaining amortisation period of 8 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

10. LAND USE RIGHTS

	Group	
	2015 RMB'000	2014 RMB'000
Cost		
At 1 January	131,452	131,192
Additions	-	260
Deemed disposal of subsidiaries	(131,452)	-
At 31 December	-	131,452
Accumulated amortisation		
At 1 January	14,978	12,333
Amortisation for the year	1,745	2,645
Deemed disposal of subsidiaries	(16,723)	-
At 31 December	-	14,978
Net carrying amount	-	116,474
Amount to be amortised		
Not later than one year	-	2,645
Later than one year but not later than five years	-	10,580
Later than five years	-	103,249
	-	116,474

The Group has land use rights over six 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 as at 31 December 2014.

In prior year, the Group's land use rights with a carrying amount of RMB 116,474,000 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

	Group	
	2015 RMB'000	2014 RMB'000
Unquoted equity shares, at cost	-	678,281

Notes to the Consolidated Financial Statements

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 & place of business	Proportion (%) of ownership interest	
			2015	2014
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
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
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
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. ⁽⁴⁾	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
Wuxi Hu An Cable Research Centre Co., Ltd. ⁽³⁾	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. ⁽⁴⁾	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

⁽¹⁾ The Court in the People's of Republic China has accepted the creditor's application to liquidate the 3 China subsidiaries and liquidation proceedings commenced on 12 November 2015. Accordingly, the 3 China subsidiaries were deemed disposed during the year.

⁽²⁾ Dormant and voluntarily liquidated subsequent to the financial year

⁽³⁾ Dormant and voluntarily liquidated subsequent to the financial year

⁽⁴⁾ Audited by Ernst & Young LLP, Singapore

Notes to the Consolidated Financial Statements

12. DEFERRED TAX

Deferred tax as at 31 December 2015 and 2014 relates to the following:

	Consolidated balance sheet		Group Consolidated statement of comprehensive income	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Deferred tax liabilities:				
Differences in depreciation for tax purposes	94	117	(24)	19
Deferred tax assets:				
Allowance for doubtful debts	–	(33,213)	–	(22,086)
Allowance for inventories written down	–	(1,249)	–	(1,080)
Unutilised tax losses	–	(3,196)	–	(2,615)
Total deferred tax assets	–	(37,658)		
Deferred tax credit			–	(25,781)

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 2015 and 31 December 2014, 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 assets has been recognised aggregate to approximately nil (2014: RMB 431,833,000) and the deferred tax liability is estimated at approximately nil (2014: RMB 21,592,000).

Notes to the Consolidated Financial Statements

13. PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments (current)				
Advances to suppliers	–	82,907	–	–
Prepaid expenses	102	235	74	65
	102	83,142	74	65
Prepayment (non-current)				
Prepaid expenses	–	1,399	–	–
	102	84,541	74	65

In prior year, advances to suppliers relate to advance payments made to suppliers for the purchase of raw materials and property, plant and equipment amounting to RMB 46,858,000 and RMB 36,049,000 respectively.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other receivables (current):				
Trade receivables (billed)	5,178	679,087	–	–
Unbilled revenue	–	715,646	–	–
Bills of exchange and promissory notes	–	1,383	–	–
Refundable deposits	156	15,307	–	–
Other receivables	29	113,406	–	–
Amounts due from subsidiaries	–	–	–	62,395
	5,363	1,524,829	–	62,395
Trade receivables (non-current)	–	547	–	–
Refundable deposits (non-current)	–	6,000	–	–
	–	6,547	–	–
Total trade and other receivables (current and non-current)	5,363	1,531,376	–	62,395
Cash and bank balances (Note 16)	704	216,446	255	54
	6,067	1,747,822	255	62,449
Total loans and receivables	6,067	1,747,822	255	62,449

Notes to the Consolidated Financial Statements

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 2015, there is no retention sums included in trade receivables (2014: RMB 90,109,000).

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	
	2015 RMB'000	2014 RMB'000
Wires and cables	5,178	1,390,799
Metal rods and plastic cable materials	-	4,481
	5,178	1,395,280

Notes to the Consolidated Financial Statements

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Receivables that are past due but not impaired

The Group has trade receivables amounting to RMB 3,857,000 (2014: RMB 482,380,000) 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	
	2015 RMB'000	2014 RMB'000
Trade receivables past due but not impaired:		
Less than 90 days	2,011	195,652
90 to 180 days	1,846	252,763
181 to 365 days	-	33,965
	3,857	482,380

(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	
	2015 RMB'000	2014 RMB'000
Trade receivables:		
Trade receivables – nominal amounts	-	248,945
Less: Allowance for impairment	-	(214,980)
	-	33,965
Movement in allowance accounts:		
At 1 January	214,980	74,184
Charge for the year	853,584	140,796
Deemed disposal of subsidiaries	(1,068,564)	-
At 31 December	-	214,980

Notes to the Consolidated Financial Statements

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Receivables that are impaired (continued)

	Group	
	2015 RMB'000	2014 RMB'000
Other receivables:		
Trade receivables – nominal amounts	–	1,150
Less: Allowance for impairment	–	(1,068)
	–	82
Movement in allowance accounts:		
At 1 January	1,068	–
Charge for the year	300,256	1,068
Deemed disposal of subsidiaries	(301,324)	–
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.

Notes to the Consolidated Financial Statements

15. INVENTORIES

	Group	
	2015 RMB'000	2014 RMB'000
Balance sheet:		
Raw materials (at cost or net realisable value)	-	22,805
Work-in-progress (at cost or net realisable value)	-	11,874
Finished goods (at cost or net realisable value)	3,727	35,843
Spares and consumables (at cost)	-	1,982
	3,727	72,504
Income statement:		
Inventories recognised as an expense in cost of sales	51,631	1,717,166
Inventories written-down	3,452	7,707

16. CASH AND BANK BALANCES

(a) Cash and short-term deposits

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Cash at banks and on hand				
Short-term deposits	704	25,014	255	54
	-	191,432	-	-
Cash and short-term deposits	704	216,446	255	54

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 2015 for the Group was 1.96% (2014: 2.79%).

In prior year, short-term deposits of the Group amounting to RMB 191,432,000 were pledged as securities for notes payables (Note 17).

Notes to the Consolidated Financial Statements

16. CASH AND BANK BALANCES (CONTINUED)

(b) Cash and cash equivalents

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

	Group 2015 RMB'000	2014 RMB'000
Cash at banks and on hand, representing cash and cash equivalents	704	25,014

(c) Cash flow from operating activities

	Group 2015 RMB'000	2014 RMB'000
Loss before taxation	(1,153,147)	(185,095)
Adjustments for:		
Amortisation of intangible asset and land use rights	2,197	3,284
Depreciation of property, plant and equipment	31,392	35,616
Impairment loss on doubtful trade and other receivables	1,153,840	141,864
Gain from disposal of property, plant and equipment	(760)	(153)
Gain from deemed disposal of subsidiaries	(237,049)	-
Property, plant and equipment written off	-	253
Impairment loss on property, plant and equipment	93,108	10,759
Interest income	(2,286)	(8,068)
Interest expense	48,787	78,037
Inventories written down	3,452	7,707
Provision for employee benefits	42	16
Operating (loss)/profit before changes in working capital	(60,424)	84,220

Notes to the Consolidated Financial Statements

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Trade and other payables:				
Trade payables	10,293	228,195	–	–
Other payables	522	36,896	1,805	1,744
Notes payables	–	460,024	–	–
Advances from customers	571	68,425	–	–
Amount due to a director	2,075	4,943	1,443	2,237
Total trade and other payables	13,461	798,483	3,248	3,981
Add:				
Accrued operating expenses	2,103	29,353	–	–
Corporate bonds (Note 19)	–	66,660	–	–
Loans and borrowings (current) (Note 18)	38	512,782	–	–
	15,602	1,407,278	3,248	3,981
Non-current liabilities				
Amounts due to subsidiaries	–	–	9,705	7,538
Loans and borrowings (non-current) (Note 18)	–	55,754	–	–
Total financial liabilities carried at amortised cost	15,602	1,463,032	12,953	11,519

Trade and other payables

Trade and other payables are unsecured and non-interest bearing. Trade payables are normally settled on 60 days' 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

Notes to the Consolidated Financial Statements

18. LOANS AND BORROWINGS

	Group 2015 RMB'000	2014 RMB'000
Current:		
Obligations under finance leases (Note 24(c))	38	22,533
Fixed rate bank loans	–	107,249
Floating rate bank loans	–	383,000
	38	512,782
Non-current:		
Obligations under finance leases (Note 24(c))	–	11,754
Floating rate bank loans	–	44,000
	–	55,754

(a) Effective interest rate

The effective interest rates of bank loans are as follows:

	Group 2015	2014
Current:		
Fixed rate bank loans	–	5.51% - 7.50%
Floating rate bank loans	–	2.06% - 7.80%
Non-current:		
Floating rate bank loans	–	7.59%

(b) Maturity date

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

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

Notes to the Consolidated Financial Statements

18. LOANS AND BORROWINGS (CONTINUED)

(c) Collaterals

Fixed rate bank loans (current)

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

	Group	
	2015 RMB'000	2014 RMB'000
A director of the Company	–	–
Directors of the Company and subsidiaries	–	13,249
Third parties and a director of the Company	–	35,000
Third parties and directors of the Company and subsidiaries	–	59,000
	–	107,249

Floating rate bank loans (current)

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

	Group	
	2015 RMB'000	2014 RMB'000
A director of the Company	–	93,000
Directors of the Company and subsidiaries	–	–
Third parties and a director of the Company	–	87,000
Third parties and directors of the Company and subsidiaries	–	203,000
	–	383,000

Notes to the Consolidated Financial Statements

18. LOANS AND BORROWINGS (CONTINUED)

(c) Collaterals

Floating rate bank loans (non-current)

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

	Group 2015 RMB'000	2014 RMB'000
A director of the Company	-	12,000
Third parties and a director of the Company	-	32,000
	-	44,000

(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 (2014: 6.7% p.a). These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

19. CORPORATE BONDS

	Group 2015 RMB'000	2014 RMB'000
Secured corporate bonds (non-current)	-	-
Secured corporate bonds (current)	-	66,660

In prior year, a subsidiary of the Group had raised gross proceeds of RMB 80 million through the offering of private corporate bonds on the Shenzhen Stock Exchange to approved investors within the People's Republic of China. The bonds are issued with a maturity period of 3 years and was matured on 29 August 2015.

These bonds are secured by a guarantee from:

	Group 2015 RMB'000	2014 RMB'000
A director of the Company and a subsidiary	-	66,66

Notes to the Consolidated Financial Statements

20. SHARE CAPITAL

	Group and Company			
	2015		2014	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	1,011,570	746,266	1,011,570	746,266

21. OTHER RESERVES

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Statutory reserve ^(a)	–	93,792	–	–
Employee share-based payment reserve ^(b)	–	–	–	–
Merger reserve ^(c)	–	(84,201)	–	–
Translation reserve ^(d)	(2,129)	(2,056)	–	–
	(2,129)	7,535	–	–

(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.

	Group	
	2015	2014
	RMB'000	RMB'000
At beginning of year	93,792	93,792
Deemed disposal of subsidiaries	(93,972)	–
At end of year	–	93,792

Notes to the Consolidated Financial Statements

21. OTHER RESERVES (CONTINUED)

(b) Employee share-based payment reserve

Employee share-based payment reserve represents the equity-settled shares granted to employees. 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	
	2015 RMB'000	2014 RMB'000
At 1 January	-	7,871
Expiry of equity-settled shares	-	(7,871)
At 31 December	-	-

(c) Merger reserve

	Group	
	2015 RMB'000	2014 RMB'000
At beginning of year	(84,201)	(84,201)
Deemed disposal of subsidiaries	84,201	-
At end of year	-	(84,201)

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	
	2015 RMB'000	2014 RMB'000
At 1 January	(2,056)	(1,654)
Net effect of exchange differences arising from translation of financial statements of foreign operations	(73)	(402)
At 31 December	(2,129)	(2,056)

Notes to the Consolidated Financial Statements

22. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015 RMB'000	2014 RMB'000
Short-term employee benefits	29,517	63,772
Contributions to defined contribution plan	5,222	8,082
	34,739	71,854

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.

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.

Notes to the Consolidated Financial Statements

23. SEGMENT REPORTING (CONTINUED)

31 December	Wires and cables		Metal rods and plastic cable materials		Others		Adjustments and eliminations		Note	Total	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000		2015 RMB'000	2014 RMB'000
Revenue:											
External customers	103,017	1,874,130	52,209	289,610	–	–	–	–	A	155,226	2,163,740
Inter-segment	46	84,728	17,517	547,297	–	–	(17,563)	(632,025)		–	–
Total revenue	103,063	1,958,858	69,726	836,907	–	–	(17,563)	(632,025)		155,226	2,163,740
Results:											
Interest income	2,284	6,905	–	1,159	79	66	(77)	(62)		2,286	8,068
Depreciation and amortisation	30,787	34,703	2,790	4,185	12	12	–	–		33,589	38,900
Impairment loss on doubtful trade and other receivables	1,060,843	141,864	94,341	–	64,362	–	(65,706)	–		1,153,840	141,864
Impairment loss on property, plant and equipment	88,523	–	4,585	10,759	–	–	–	–		93,108	10,759
Inventories written down	3,338	7,388	114	319	–	–	–	–		3,452	7,707
Segment loss	(1,107,738)	(143,008)	(163,419)	(16,437)	(741,880)	(6,494)	859,890	4,334		(1,153,147)	(161,605)

The following table presents segment assets and liabilities of the Groups' operating segments as at 31 December 2015 and 31 December 2014:

31 December	Wires and cables		Metal rods and plastic cable materials		Others		Adjustments and eliminations		Note	Total	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000		2015 RMB'000	2014 RMB'000
Assets:											
Additions to non-current assets	35,901	22,398	–	3,020	–	–	–	–	B	35,901	25,418
Segment assets	1,147,174	2,544,696	247,412	412,424	9,157	749,563	(1,393,316)	(1,095,583)	C	10,427	2,611,100
Segment liabilities	1,512,533	1,606,396	175,387	176,980	13,179	11,781	(1,685,403)	(332,008)	D	15,695	1,463,149

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.

Notes to the Consolidated Financial Statements

23. SEGMENT REPORTING (CONTINUED)

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

	Group	
	2015 RMB'000	2014 RMB'000
Deferred tax assets	–	37,658
Inter-segment assets	(250,356)	(1,133,241)
Deemed disposal of subsidiaries	(1,142,960)	–
	(1,393,316)	(1,095,583)

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

	Group	
	2015 RMB'000	2014 RMB'000
Deferred tax liabilities	94	117
Inter-segment liabilities	(267,854)	(332,125)
Deemed disposal of subsidiaries	(1,417,643)	–
	(1,685,403)	(332,008)

Geographical information

The geographical segment reporting format is not presented as the Group mainly operates in one geographical segment. 82.9% (2014: 99.2%) 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 RMB 25,180,000 (2014: RMB 284,174,000) arising from sales by the wires and cables segment.

Notes to the Consolidated Financial Statements

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 (2014: 1 to 2 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 2015 amounted to RMB 2,810,448 (2014: RMB 4,244,733).

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

	2015 RMB'000	Group 2014 RMB'000
Non-cancellable amounts payable:		
- within 1 year	615	356
- within 2 to 5 years	27	4
	642	360

(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:

	2015 RMB'000	Group 2014 RMB'000
Capital commitments in respect of property, plant and equipment	-	34,238

Notes to the Consolidated Financial Statements

24. COMMITMENTS (CONTINUED)

(c) Finance lease commitments

The Group has finance leases for certain items of machinery and equipment and motor vehicle. The average lease term is 3 years (2014: 3 years). Interest rates underlying all obligations under finance leases were fixed at respective contract dates ranging from 6.61% to 6.71% (2014: 6.61% to 6.71%) per annum for the year ended 31 December 2015. 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.

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

	Group 2015 RMB'000	
	Minimum lease payments	Present value of payments (Note 18)
Not later than one year	41	38
Total minimum lease payments	41	38
Less: Amounts representing finance charges	(3)	—
Present value of minimum lease payments	38	38

	Group 2014 RMB'000	
	Minimum lease payments	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

Notes to the Consolidated Financial Statements

25. RELATED PARTY DISCLOSURES

Compensation of directors and key management personnel

	2015 RMB'000	Group 2014 RMB'000
Short-term employee benefits	2,873	5,726
Central Provident Fund contributions	155	137
	3,028	5,863
Comprise amounts payable to:		
Directors of the Company	578	1,108
Other key management personnel	2,450	4,755
	3,028	5,863

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

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 2015 and 2014.

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 owners of the Company less the above mentioned restricted statutory reserve fund.

Notes to the Consolidated Financial Statements

26. CAPITAL MANAGEMENT (CONTINUED)

	2015 RMB'000	Group 2014 RMB'000
Loans and borrowings (Note 18)	38	568,536
Corporate bonds (Note 19)	–	66,660
Less: Cash and bank balances (Note 16)	(704)	(216,446)
Net capital/(debt)	(666)	418,750
Equity attributable to owners of the Company	(5,269)	1,147,951
Less: Statutory reserve (Note 21)	–	(93,792)
Capital and net debt	(5,269)	1,054,159
Gearing ratio	13%	40%

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.

Notes to the Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

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:

	2015		2014	
	RMB'000	% of total	RMB'000	% of total
State-owned companies	-	-	1,130,191	81
Non-state owned companies	5,178	100	265,089	19
	5,178	100	1,395,280	100

During the year, there is no major customer located in the PRC. In prior year, the Group has approximately 32% of trade receivables due from 5 major customers located in the PRC.

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.

Notes to the Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

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:

Group	One year or less RMB'000	2015 One to five years RMB'000	Total RMB'000
Financial assets:			
Trade and other receivables	5,363	–	5,363
Cash and cash equivalents	704	–	704
Total undiscounted financial assets	6,067	–	6,067
Financial liabilities:			
Trade and other payables	13,461	–	13,461
Accrued operating expenses	2,103	–	2,103
Loans and borrowings	41	–	41
Total undiscounted financial liabilities	15,605	–	15,605
Total net undiscounted financial liabilities	(9,538)	–	(9,538)

Notes to the Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Group	One year or less RMB'000	2014 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 liabilities	306,311	(51,365)	254,946

Company	One year or less RMB'000	2015 One to five years RMB'000	Total RMB'000
Financial assets:			
Cash and cash equivalents	255	–	255
Total undiscounted financial assets	255	–	255
Financial liabilities:			
Trade and other payables	3,248	–	3,248
Amounts due to subsidiaries	–	9,705	9,705
Total undiscounted financial liabilities	3,248	9,705	12,953
Total net undiscounted financial liabilities	(2,993)	(9,705)	(12,698)

Notes to the Consolidated Financial Statements

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

(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 loss net of tax would have been RMB 3,576,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. There is no significant interest rate risk exposure as at 31 December 2015.

Notes to the Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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:

Group	2015			
	Singapore Dollar RMB'000	United States Dollar RMB'000	New Taiwan Dollar RMB'000	Total RMB'000
Financial assets:				
Trade and other receivables	2,754	2,580	29	5,363
Cash and cash equivalents	263	217	224	704
Total financial assets	3,017	2,797	253	6,067
Financial liabilities:				
Trade and other payables	1,246	10,117	9	11,378

Group	2014			
	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

Notes to the Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

Company	2015			
	Singapore Dollar RMB'000	United States Dollar RMB'000	New Taiwan Dollar RMB'000	Total RMB'000
Financial assets:				
Cash and cash equivalents	51	16	188	255
Financial liabilities:				
Trade and other payables	1,321	338	146	1,805

Company	2014			
	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

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 is 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 loss 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.

Notes to the Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

		Group Loss before tax	
		2015 RMB'000	2014 RMB'000
SGD/RMB	- strengthened 3% (2014: 5%)	53	179
	- weakened 3% (2014: 5%)	(53)	(179)
USD/RMB	- strengthened 3% (2014: 5%)	(235)	16
	- weakened 3% (2014: 5%)	235	(16)
NTD/RMB	- strengthened 3% (2014: 5%)	9	(2)
	- weakened 3% (2014: 5%)	(9)	2

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), 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.

Notes to the Consolidated Financial Statements

28. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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 2015 and 2014 were as follows:

Company	2015		2014	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Corporate bonds (current)	-	-	66,600	66,600

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

Other than subsequent events as disclosed in Note 2.1 of the financial statements, the following matters occurred subsequent to the reporting period.

- (a) The Board has instructed a Chinese law firm to carry out investigation (the "**PRC Investigation**") of the situation of the Company's subsidiaries in China, i.e. Wuxi Hu An Wire and Cable Co., Ltd., Wuxi Shenhuan Electric Co., Ltd., Shenhuan Cable Technology Co., Ltd. (the "**PRC Subsidiaries**"). Based on the information from the PRC Investigation made available to the Company to-date, the PRC Subsidiaries have been declared insolvent by the Jiangsu Yixing People's Court and liquidation proceedings commenced on 12 November 2015. Based on the aforesaid, the Board believes that the Asset Disposal and the Share Transfer relating to the PRC Subsidiaries as disclosed in Note 1 have not been proceeded with and are to be treated as abortive.
- (b) Based on further online searches carried out by the Board, the Board understood that Dai was convicted of various offences involving criminal breach of trust, securities fraud, falsifying negotiable instruments, cover-up and destruction of accounting records, refusal to carry out judgments from the courts, and was sentenced to 15 years jail, fined RMB420,000 and have assets totaling RMB500,000 confiscated by the Yixing People's Court on 31 August 2018. It appeared from the information published by the Jiangsu Provincial People's Court through the internet that:
 - (i) Dai has been gambling in Macau SAR since 2000 and was collaborating with others to launder gaming chips and was heavily in debts by 2010;
 - (ii) Dai had abused his position as the legal representative and chairman of Wuxi Hu An Wire and Cable Co., Ltd ("Wuxi Hu An"), and had:

Notes to the Consolidated Financial Statements

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

- (a) Directed others to falsify bank statements and misclassify sale proceeds received from customers of approximately RMB170,000,000 and proceeds received from banks from the negotiation of notes/bills of approximately RMB11,800,000 as payments or repayments received from Mai Le operation department, and has also directed the finance department staff to dispose of and destroy the server hosting the actual financial records of such transactions;
- (b) Directed finance department to falsify the accounting records of Wuxi Hu An and created non-existing sales and profits at Wuxi Hu An and also directed others to falsify seals of banks, and using the falsified seals to falsified banking records relating to the PRC Subsidiaries in order to create the non-existing sales and profits, involving sums totaling approximately RMB2.5 billion;
- (c) Misappropriated RMB2,000,000 by drawing out from the finance department which were the proceeds from the negotiation of certain notes/bills;
- (d) Misappropriated a total of RMB61,600,000 of Wuxi Hu An's funds (including funds borrowed from others by Wuxi Hu An), over 7 separate occasions, by diverting the same to repaying his own debts through the accounts of Mai Le operation department, which were under Dai's control; and
- (e) Directed the accountants to falsify Shenhuan Cable's balance sheet as of May 2012 and the profit and loss statement for January 2012 to May 2012 to show a profit when Shenhuan Cable was in fact suffering a loss, and Shenhuan Cable has in September 2012 issued a information memorandum containing material misstatements in connection with its private placement debt securities and successfully raised RMB80,000,000.

The Board will be consulting the relevant legal professionals to explore the options available to the Company to claim against Dai and other responsible persons involved in the misappropriation of funds and assets at the PRC Subsidiaries' level and the falsification of financial records and accounts at the PRC Subsidiaries.

30. AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 6 May 2021.

Statistics of Shareholdings

as at 31 May 2021

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	1	0.05	39	0.00
100 – 1,000	57	3.00	31,464	0.00
1,001 – 10,000	342	17.98	1,586,307	0.16
10,001 – 1,000,000	1,424	74.87	196,859,860	19.46
1,000,001 AND ABOVE	78	4.10	813,092,130	80.38
TOTAL	1,902	100.00	1,011,569,800	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS VICKERS SECURITIES (S) PTE LTD	147,917,700	14.6
2	OCBC SECURITIES PRIVATE LTD	98,911,400	9.8
3	CITIBANK NOMS SPORE PTE LTD	93,222,704	9.2
4	RAFFLES NOMINEES(PTE) LIMITED	55,171,950	5.5
5	PHILLIP SECURITIES PTE LTD	54,444,300	5.4
6	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	42,846,200	4.2
7	UOB KAY HIAN PTE LTD	35,770,966	3.5
8	MAYBANK KIM ENG SECURITIES PTE.LTD	20,417,210	2.0
9	WU TINGHUA	18,703,700	1.8
10	DBS NOMINEES PTE LTD	17,644,300	1.7
11	JIANG NANQING	16,142,000	1.6
12	XU GUOCHEN	14,105,000	1.4
13	CHEN TING	11,000,000	1.1
14	ONG LAY TIN	10,192,200	1.0
15	BRICKSTONE INVESTMENT GROUP PTE LTD	8,507,900	0.8
16	LIM CHAP HUAT	8,000,000	0.8
17	TANG JINGSONG	7,055,400	0.7
18	CHHIA KWANG CHONG (XIE GUANGZONG)	7,000,000	0.7
19	CHEW THYE NOOI @ CHEW AI HWA	6,000,000	0.6
20	CHUA AH KEE	5,500,000	0.5
TOTAL		678,552,930	67.1

Statistics of Shareholdings

as at 31 May 2021

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 92.93% of the Company's shares are held in the hands of public. There are no company's shares listed as Taiwan Depository Receipts ("TDR") on the Taiwan Stock Exchange pursuant to the Company's TDR delisted from the Taiwan Stock Exchange with effect from 26 January 2016. 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)

Name of Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
1. Gao Hong ⁽¹⁾	-	-	71,500,000	7.07

Notes:

- ⁽¹⁾ Gao Hong is the beneficial owner of 71,500,000 ordinary shares which are currently held by OCBC Securities Pte Ltd as nominee.

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 by electronic means on Wednesday, 30 June 2021 at 3.30 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 2015 together with the Auditors’ Report thereon.
(Resolution 1)
2. To approve the payment of Directors’ fees of the independent director of the Company, Mr Soh Yeow Hwa, of S\$40,000 for the financial year ending 31 December 2016. (2015: S\$152,500 and RMB50,000).
(Resolution 2)

[Please see Explanatory Note (i)]

AS SPECIAL BUSINESS

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

3. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 (“Act”) 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

- (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:

Notice of Annual General Meeting

- (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 or any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments for (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;
- (3) in exercising the authority 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), all applicable legal requirements under the Act and the Constitution of the Company for the time being; 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 3)

By Order of the Board

HU AN CABLE HOLDINGS LTD

Gao Hong

Executive Chairman

Singapore, 15 June 2021

Notice of Annual General Meeting

Explanatory Notes:

- (i) Mr Soh Yeow Hwa, the independent director of the Company, was appointed to the Board on 4 May 2015, and his Director's fees incurred for FY2015 was accordingly pro-rated. For FY2016, Mr Soh is the sole Non-Executive Director of the Company.
- (ii) The Ordinary Resolution 3 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 directorships of the Directors of the Company at the material time in other listed companies and other principal commitments are, to the best of the knowledge of the current Board, set out in the Report of Corporate Governance in the Annual Report.

Notes:

Important notice from the Company on COVID-19

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of community spread of COVID-19. **Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNet. Shareholders are advised to check the SGXNet regularly for updates on the AGM.**

The AGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will not be sent to members. Instead, this Notice of AGM will be sent to members by electronic means via publication on the SGXNet.

Notice of Annual General Meeting

1. No attendance at AGM

Alternative arrangements have been put in place to allow members to participate at the AGM by watching the AGM proceedings through a “live” webcast through his/her/its mobile phones, tablets or computers or listening to the AGM proceedings via “live” audio feed via telephone. Members who pre-register to watch the “live” webcast or listen to the “live” audio feed may also submit questions related to the resolution to be tabled for approval at the AGM, and members who wish to exercise their voting rights may do so by voting by proxy at the AGM. Please see the paragraphs below for these alternative arrangements.

2. Registration for Live Webcast to attend AGM remotely

Shareholders will be able to follow the proceedings of the AGM through a live audio-visual webcast or live audio-only stream (collectively, “**Live Webcast**”) via mobile phone, tablet, computer or any such electronic device. In order to do so, Shareholders must follow these steps:

- (i) Shareholders must pre-register by no later than 3.30 p.m. on 28 June 2021 (“**Registration Deadline**”), at the URL <https://conveneagm.com/sg/huanholdings>, for authentication of their status as Shareholders.
- (ii) Shareholders who have been authenticated will receive email instructions to access the Live Webcast of the proceedings of the AGM by 3.30 p.m. on 29 June 2021. Shareholders who have registered by the Registration Deadline but did not receive email instructions by 3.30 p.m. on 29 June 2021 may contact the Company by email at finance@huanholdings.com for assistance.
- (iii) Shareholders must not forward the abovementioned email instructions to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast.
- (iv) Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including SRS Investors, and wish to participate in the AGM should, in addition to pre-registering, approach their respective agents, including SRS Operators, as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

3. Submission of Shareholders’ queries in advance

Shareholders will not be able to speak or ask questions during the Live Webcast, therefore it is important for them to submit their questions in advance of the AGM.

- (i) All questions must be submitted by no later than 3.30 p.m. on 28 June 2021 to the Company:

Notice of Annual General Meeting

- (a) **via the pre-registration website** at the URL <https://conveneagm.com/sg/huanholdings>;
 - (b) in hard copy **by post** to the registered office of the Company at 10 Bukit Batok Crescent #10-04 The Spire, Singapore 658079; or
 - (c) **via email** to finance@huanholdings.com.
- (ii) For verification purposes, when submitting any questions by post or via email, Shareholders **MUST** provide the Company with their particulars (comprising full name (for individuals) / company name (for corporates), email address, contact number, NRIC / passport number / company registration number, shareholding type and number of shares held).
- (iii) The Company will endeavour to address the substantial queries from Shareholders prior to, or at the AGM and upload the Company's responses on the SGXNet. The minutes of the AGM, which include responses to substantial queries from the Shareholders which are addressed during the AGM, shall thereafter be published on SGXNet, within one month from the conclusion of the AGM.
- (iv) Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including SRS Investors, can submit their questions in relation to any resolution set out in the Notice of AGM upon pre-registration, however, they should, in addition to preregistering, approach their respective agents as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, Shareholders are strongly encouraged to submit their questions via the pre-registration website or by email.

4. Proxy Voting

Shareholders will not be able to vote online on the resolution to be tabled for approval at the AGM. Instead, if Shareholders (whether individual or corporate) wish to exercise their voting rights at the AGM, they must each submit an instrument of proxy to appoint the Chairman of the AGM as their proxy to attend, speak and vote on their respective behalves at the AGM:

- (i) Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the instrument of proxy, failing which the appointment will be treated as invalid.
- (ii) The instrument of proxy, together with the letter or power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must be submitted to the Company in the following manner:

Notice of Annual General Meeting

- (a) **via the pre-registration website** at the URL <https://conveneagm.com/sg/huanholdings>;
- (b) If **by post** to the registered office of the Company at 10 Bukit Batok Crescent #10-04 The Spire, Singapore 658079; or
- (c) if sent **via email** to finance@huanholdings.com.

in each case, by 3.30 p.m. at 28 June 2021 not less than **48 hours** before the time for holding the AGM and at any adjournment thereof.

A Shareholder who wishes to submit an instrument of proxy by (b) and (c) must first download the proxy form, which is available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

- (iii) Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including SRS Investors, and wish to appoint the Chairman of the AGM as proxy, should approach their respective agents to submit their votes by 3.30 p.m. at 21 June 2021 (being seven working days before the time fixed for the AGM).

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it 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 instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

The Company apologises for any inconvenience caused and seeks the understanding and cooperation of all members to minimise the risk of community spread of the COVID-19. The Company, Group, officers and employees shall have no liability whatsoever to members, their proxies, corporate representatives or any other attendees arising out of or in connection with any of them being infected or suspected of being infected with COVID-19 or suffering any losses arising out of or in connection with attendance at the AGM of the Company and/or the Company taking precautionary measures at the Company's discretion in response to the COVID-19 situation.

Notice of Annual General Meeting

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 the processing, administration and analysis 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.

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HU AN CABLE HOLDINGS LTD.

(Incorporated in Singapore)

(Company Registration Number: 200810320N)

IMPORTANT:

- Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the Annual General Meeting of the Company will be held by way of electronic means.
- An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and wishes to appoint the Chairman of the Meeting as proxy should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least 7 working days before the Meeting.
- This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We*, _____ (Name), NRIC/Passport number* _____

of _____ (Address) being a member/members* of Hu An Cable Holdings Ltd. (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our* proxy to attend and vote for me/us* on my/our* behalf at the Annual General Meeting (the "**AGM**") of the Company to be held by way of electronic means on 30 June 2021 at 3.30 p.m. and at any adjournment thereof. I/We* direct the Chairman of the Meeting to vote for or against or abstain the Resolutions proposed at the AGM as indicated hereunder.

No.	Resolution relating to:	For	Against	Abstain
1.	Directors' Report and Audited Accounts for the financial year ended 31 December 2015			
2.	Approval of Directors' fees amounting to S\$40,000 for the financial year ending 31 December 2016			
3.	Authority to issue new shares			

* If you wish to exercise all your votes "For", "Against" or to abstain from voting on the Ordinary Resolutions, please indicate with a "✓" in the For or Against box in respect of that resolution. Alternatively, please indicate the number of votes For or Against in the For or Against box in respect of that resolution. If you wish the Chairman of the AGM, as your proxy, to Abstain from voting on a resolution, please tick with a "✓" in the Abstain box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in the Abstain box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2021

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

*Delete where applicable

IMPORTANT: PLEASE READ NOTES OVERLEAF.

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



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 81SF of the Securities and Future Act (Chapter 289) of Singapore), you 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 registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number of shares is inserted, this proxy form will be deemed to relate to all shares held by you.
- (2) A member of the Company ("Member") (including a relevant intermediary*) will not be able to attend the AGM physically in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a Member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- (3) SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by 3.30 p.m. at 21 June 2021 (being seven working days before the time fixed for the AGM in order to allow sufficient time for their respective SRS Operators to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.
- (4) The Chairman of the AGM, as proxy, need not be a Member of the Company.
- (5) The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner: (a) via the pre-registration website at the URL <https://conveneagm.com/sg/huanholdings>; (b) if by post, to the registered office of the Company at 10 Bukit Batok Crescent #10-04 The Spire, Singapore 658079; or (c) if sent by email, to finance@huanholdings.com in either case, not less than 48 hours before the time for holding the AGM and at any adjournment thereof.
- (6) The instrument appointing the Chairman of the AGM as the proxy must be signed by the appointor or his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (7) Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
- (8) The Company shall be entitled to reject the instrument appointing the Chairman of the AGM if it 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 instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointer submits more than one instrument of proxy).
- (9) In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to appoint the Chairman of the AGM as proxy.

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 June 2021**.

* "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

Corporate Information

BOARD OF DIRECTORS

Gao Hong (Executive Chairman)

Fang Huasheng (Executive Director)

Kong Hoi Shuen (Independent Director)

SECRETARIES

Low Wai Cheong

REGISTERED OFFICE

10 Bukit Batok Crescent #10-04 The Spire

Singapore 658079

Telephone : (65) 6592 0140

Facsimile : (65) 6592 0438

AUDITORS

Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583

Partner-in-charge: Ng Boon Heng

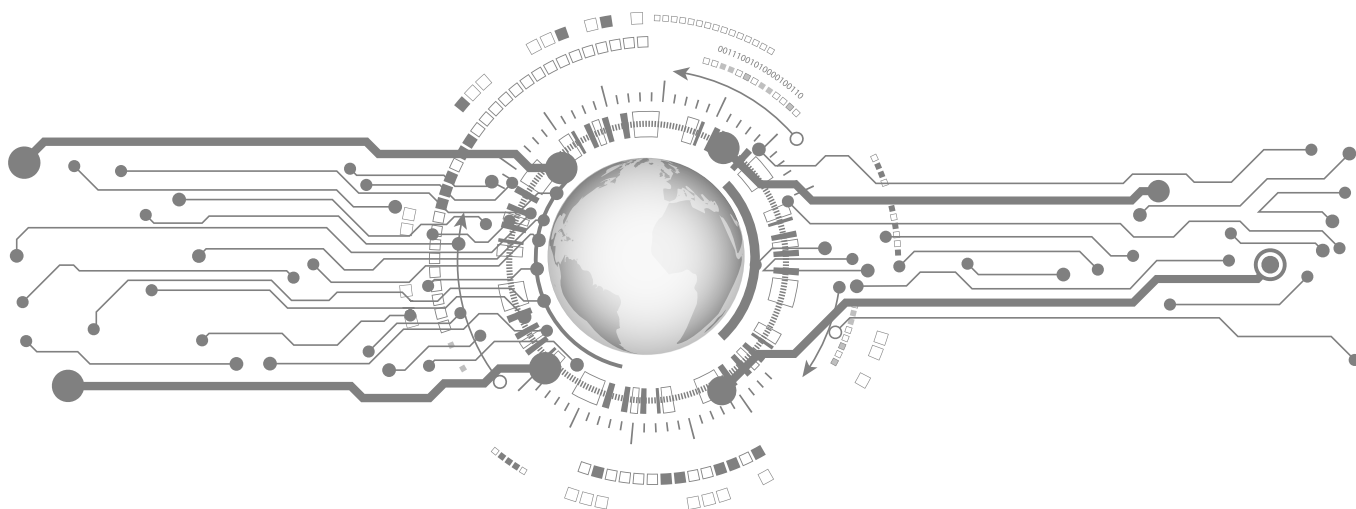
(Effective from financial year commencing from 1 January 2013)

(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





HU AN CABLE HOLDINGS LTD.

Singapore Office:

10 Bukit Batok Crescent,
#10-04 The Spire,
Singapore 658079

Telephone: (65) 6592 0140

Facsimile: (65) 6592 0438