**Securities Investors Association (Singapore)**
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UEN No: S99SS0111B
GST Reg No: M90367530Y

**Issuer:** Hu An Cable Holdings Ltd

**Stock code:** KI3

**Meeting details:**
Date: 30 June 2021
Time: 3.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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**Q1**. At the annual general meeting to be held on 30 June 2021, shareholders are asked to receive and adopt the Directors' Report and the Audited Accounts of the company for the financial year ended 31 December **2015** [emphasis added] together with the Auditors' Report thereon.

This is the first AGM to be held by the company since 30 April 2015.

As noted in the chairman's statement, the company has gone through several tumultuous and difficult years. A summary of the account of events and irregularities has been set out in the company's announcements via SGXNet dated 13 May 2020 titled "Update to Shareholders"[1].

All three of the company's former China subsidiaries have been liquidated. 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"). The Chinese court has found that the former CEO, Mr Dai Zhixian ("Dai"), fabricated accounting records and falsified accounts at the PRC subsidiaries' level.

The present directors do not believe that the consolidated financial statements of the group prepared on the aforesaid basis give a true and fair view of the financial performances nor are they in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards save for the closing balances in the balance sheets of the group and the company and statements of changes in equity of the company.

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.

As at 31 December 2015, the group was in a net liability position of RMB(5.3) million.

(i) **Would the board help shareholders understand the current financial position of the group (i.e. 2021)?**

(ii) **When will the consolidated financial statements and annual reports for FY2016 to FY2020 be published?**

(iii) **Can management elaborate further on the financial and operating status of the two Singapore subsidiaries, Hu An Electric (Singapore) Pte Ltd and General Pacific Power Pte Ltd (f.k.a Shenhuan Cable (Singapore) Pte Ltd)?**

[1] https://links.sgx.com/FileOpen/20200513%20HAC%20Announcement%201%20-%20Update%20to%20Shareholders%20-For%20Release.ashx?App=Announcement&FileID=610627

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(iv) **Is the group still in negotiation with Gold Peak International Industrial Limited to sell Hu An Electric (Singapore) Pte Ltd?**

It was also disclosed that the group had received funding from a director amounting to $2.5 million in 2018 based on the loan agreement and supplemental loan agreement dated 7 July 2018 and 27 December 2018 respectively.

(v) **Please identify the director who had provided the $2.5 million loan.**

(vi) **Please update shareholders on the terms of the loan agreement and the supplement loan agreement and publish the agreements on SGXNet.**

(vii) **What is the current burn-rate of the group? How much of the $2.5 million remains?**

**Q2.** On 5 May 2021, the company was issued a final notice from Singapore Exchange Regulation (SGX Regco) to comply with the applicable listing rules[2]. Trading in the company's shares has been suspended since 10 December 2018 pursuant to Listing Rule 1303(3). The issuer was unable to demonstrate to the Exchange and its shareholders that it is able to continue as a going concern and it was unable to reasonably assess its financial position and inform the market accordingly.

SGX Regco stated that the company has not made efforts to rectify its non-compliance nor submitted any resumption proposal to the Exchange for the acquisition of a business that satisfies the requirements for a new listing despite repeated reminders to the company.

To maintain the listing status of the company on SGX, the company must, inter alia, hold the AGM for FY2015 and enter into a definitive agreement for the acquisition of a business that satisfies the requirements for a new listing by ***30 June 2021*** [emphasis added].

(i) **Is Da Hang Trading Pte. Ltd. ("DH") a business that satisfies the requirements for a new listing?** In April 2020, the company had proposed to acquire 51% of DH for a consideration of $1.785 million. The principal activities of DH are wholesale trade of a variety of goods. DH has historically been profitable and is expected to contribute positively to the results and cash flows of the group.

(ii) **If not, what are the efforts by the board to acquire a new business that satisfies SGX's requirements for a new listing by 30 June 2021?**

[2] https://links.sgx.com/FileOpen/SGX%20050521.ashx?App=Announcement&FileID=665749

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(iii) **Did the company inform shareholders of the proposed acquisition of DH or any other targets? Please provide shareholders with greater clarity on the profile of the target(s), the rationale to acquire the proposed target(s), the vendor(s) and the progress made in entering into definitive agreements with the vendor(s)?**

(iv) In addition, SGX Regco has clearly stated the conditions to be met for the company to maintain its listing status on SGX. The conditions and the timeline can be found on page 2 of the announcement dated 5 May 2021 (reproduced below).

**Conditions to maintain listing status of the Company on SGX-ST**

The Exchange requires the Company to strictly adhere to the timelines below for compliance with the Listing Rules.

| | Requirements | Final Deadline |
|---|---|---|
| 1 | Announce audited financial statements for FY2015 | 14 May 2021 |
| 2 | Issue annual report for FY2015 | 16 June 2021 |
| 3 | Hold AGM for FY2015 | 30 June 2021 |
| 4 | Entry into a definitive agreement for the acquisition of a business that satisfies the requirements for a new listing | 30 June 2021 |
| 5 | Announce audited financial statements for FY2016, FY2017, FY2018, FY2019 and FY2020 | By 30 November 2021 |
| 6 | Issue annual report for FY2016, FY2017, FY2018, FY2019 and FY2020 | By 17 December 2021 |
| 7 | Hold AGM for FY2016, FY2017, FY2018, FY2019 and FY2020 | By 31 December 2021 |
| 8 | Complete the acquisition of a business that satisfies the requirements for a new listing | By 31 December 2021 |

(Source: company's announcement)

(v) **What are the efforts by the executive directors and the independent director to comply with all the requirements in the Listing Rules (shown above)?**

**Q3.** The board currently comprises three directors, two of whom are executive directors. Mr Gao Hong, executive chairman, and Mr Fang Hua Sheng, executive director, were appointed to the board on 18 June 2017 and 12 October 2018 respectively. Mr Kong Hoi Shuen, the only independent director on the board, was appointed on 27 November 2019.

The biographies of the directors can be found on pages 3 and 4 of the annual report. All three directors do not appear to have experience as director of a company listed on the SGX.

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(i) **Can the board help shareholders understand if they are familiar with the listing rules and with the relevant regulations in Sinagpore?**

(ii) **What is the board's experience in accounting (especially forensic accounting), due diligence, restructuring and risk management?**

(iii) **Can the company/executive directors clarify if the two executive directors are residing in China and that the independent director is a resident of Hong Kong? If so, how effective is the board in carrying out its duties, especially in overseeing the financial reporting of the group?**

(iv) **Has the board consulted legal professionals to explore the options available to the company to claim against the former executive chairman and CEO 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? Please update shareholders of the findings.**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

**Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website**

**Join our mailing list here to receive latest news and upcoming events.**

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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