萊富士
RAFFLES

RAFFLES INFRASTRUCTURE HOLDINGS LIMITED

ANNUAL REPORT 2021

CORPORATE PROFILE

Raffles Infrastructure Holdings Limited ("Raffles Infrastructure" or the "Company"), with its head office based in Singapore, focuses predominantly on Public-Private-Partnership-based infrastructure investment projects in Asia. Along with its subsidiary companies (the "Group"), the Group has established a platform providing an integrated suite of services from investments, financing, project management and development since late 2017.

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LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

"It has been over a year and half now since countless businesses, individuals and families struggle to cope with the adverse impact from the COVID-19 pandemic. Although Raffles Infrastructure has fortunately not been affected directly, I would say it is not spared from it either. Several potential collaborations that the Group had painstakingly established before and during the crisis, have gradually fallen into the higher risk categories in the opinion of the Board. The Board and Management recognises that the continuation of prudency during this period is the best way to safeguard the interest of all stakeholders. On behalf of the Board and Management, I am therefore very pleased to present Raffles Infrastructure's Annual Report for FY2021, where we can see a positive performance."

OVERALL PERFORMANCE

In consideration of the economic turmoil in the whole of FY2021, the Group has achieved a net profit of RMB3.9 million after tax. This is despite the revenue being 'discounted temporarily' due from the accounting treatment in accordance with the Singapore Financial Reporting Standards International for any revenue that is collectable over 10 years. This means that the actual revenue is higher than what we can see now. The 'temporary discounted' amount of revenue that is not captured now will be recognised for each successive year until we receive the payments fully. This is certainly on top of the disruptions in construction in relation to manpower and travel restrictions due from COVID-19.

DELIVERING WITH EXTREME CARE

Prior to the emergence of COVID-19, the Company had started negotiating and lining up potential business collaborations, of which some were materialising during this financial period. However, under the tighter control of the Board and Management, every prospective collaboration was meticulously assessed. In the process and as a result, the Group shall hold to materialise some at this stage to protect the Company's current resources. With the stewardship in place, the Group aims to build more long-term stable income streams for shareholders, generating from sustainable business ventures and partnerships.

NOTE OF APPRECIATION

I came on board joining the team in October last year, and in a short span of time, I have seen the team weathering storms after storms. On behalf of the Board and Management of the Group, I would like to thank every employee for their effort and dedication as well as all the shareholders for the continuous support and confidence.

WONG ANN CHAI
Group Chairman, Independent Director

BUSINESS REVIEW

OVERALL

Over the years, the Group is principally engaged in infrastructure investments and developments in Asia. The Group works on projects with participations by state owned enterprises.

In view of the current fluid business environment caused by the ongoing COVID-19 pandemic, the Group expects more challenging business conditions on various fronts in the second half of year 2021. Rising inflation, supply chain shortages, and skilled labor constrains are headwinds that will be more impactful throughout the remaining of the year. However, the team is proactively managing to mitigate the financial impact on its business.

Safeguarding employees' safety and well-being remains as the Group's top priority. In fact, it has activated its Business Continuity Plan as it began to practise the habit of safe distancing measures, in addition to switching to video conferencing for both our local and overseas network in lieu of physical meetings while strictly adhering to government directives and advisories.

The Company's Investment team has deep sector expertise across our key target sectors. We have adopted cost measures to reduce cost and conserve cash as it continues to explore investment opportunities to grow its business.

Moving forward, the Group's strategy is to continuously seek for value added investments, applying public equity discipline to maximise value and drive returns in infrastructure assets to unlock key values for its shareholders.

In FY2021, the Group has recorded revenue of approximately RMB25.2 million, a decrease of 87% as compared with approximately RMB188.0 million for FY2020. The Group recorded a net profit of approximately RMB3.9 million for FY2021 as compared to the net profit of RMB28.7 million for FY2020.

REVIEW OF FINANCIAL PERFORMANCE

REVENUE, GROSS PROFIT AND GROSS PROFIT MARGIN

The Revenue in FY2021 was RMB25.2 million, which was lower compared to the previous Y-O-Y levels. On a more positive note, the committed project value of RMB550 million remains intact. The actual revenue recognition will grow in tandem with each milestone achieved. FY2021was exceptional where the progress was affected by the restrictive operating conditions on the ground.

During FY2021, The Company continues its on-going project in China despite a shortage of manpower and increasing construction material costs under this global COVID-19 pandemic.

The Company is keeping track on the progress to ensure the project meeting its milestones scheduled as timely as possible.

OTHER INCOME

Other income has been increased by RMB1.9 million or 33% from approximately RMB5.9 million in FY2020 to approximately RMB7.8 million in FY2021. This is mainly attributable to the increase in the unwinding of discount in conjunction with non-current trade receivables from RMB 4.3 million for FY2020 to RMB7.3 million for FY2021.

At the same time, there is a significant decrease in bank interest income from RMB1.3 million in FY2020 to RMB0.3 million in FY2021. The lower interest generated in FY2021 is due to the non-renewal of the fixed deposit since it expired in FY2020. The reason for not renewing the fixed deposits was for future potential bank loan repayment. Currently the Company is still negotiating with the bank for bank loan to finance the PPP project in China.

GENERAL AND ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately RMB0.5 million or 5% from approximately RMB9.2 million in FY2020 to approximately RMB9.7 million in FY2021, mainly attributed to additional business development costs of RMB0.4 million and office general expenses of RMB0.1 million during the financial year.

FINANCE COST

There is no finance cost incurred in FY2021 as there is no loan taken during the financial year.

INCOME TAX EXPENSES

The effective tax rate for our operation in China is 25% of the profit.

PROFIT

The Group reported a net profit after tax of RMB3.9 million for FY2021, before minority interest in tandem with the above.

BUSINESS REVIEW

REVIEW OF FINANCIAL POSITION

Non-current trade and other receivables increased by approximately RMB20.9 million or 8% from approximately RMB272.7 million as at 30 June 2020 to approximately RMB251.8 million as at 30 June 2021. During FY2021, total revenue of RMB21.7 million from the infrastructure business, being taken into the effect of time value of money amounting to RMB2.2 million, is recognized upon the acceptance of the client. The credit term with the client is based on a progressive payment schedule for every parcel of completed road accepted and payable over a period of 10 years.

Current trade and other receivables decreased by approximately RMB2.9 million or 5.6% from approximately RMB51.6 million as at 30 June 2020 to approximately RMB48.7 million as at 30 June 2021 as a result of a total receipts amounting to RMB50.3 million from the client for the completed road parcels during FY2021.

Other contract asset increased by RMB23.7 million or more than 100% from RMB5.5 million as at 30 June 2020 to RMB29.2 million as at 30 June 2021 was mainly due to the commencement of construction for another two road parcels in the first quarter of FY2021. These two parcels have been completed approximately 13% and 20% until as of 30 June 2021 and are targetted to be completed by the end of year 2021.

Trade and other payables decreased by approximately RMB11.7 million or 6% from approximately RMB195.3 million as at 30 June 2020 to approximately RMB183.6 million as at 30 June 2021. This was mainly due to the decrease in amount due to a shareholder by a subsidiary of RMB14.8 million or 8.8% as compared to FY2020. 宜宾路桥 is a shareholder of Bo Dao and also the main contractor for the project. Both contractor and the Company had mutually agreed that settlement of their payment will be upon Company's receipt of payment from its client.

REVIEW OF CASHFLOW POSITION

Overall, cash and cash equivalents decreased by approximately RMB6.0 million or 6% from approximately RMB97.2 million in FY2020 to approximately RMB91.2 million in FY2021 was mainly due to the cash of RMB14.8 million used to pay its project contractor - 宜宾路桥 and partially offset by cash generated from operating activities amounting to RMB7.9 million.

BOARD OF DIRECTORS

CHOO HAN KIAT, ERIC, 47

Executive Director and Chief Executive Officer

Academic and professional qualification:
Master's Degree in International Accounting and Finance,

London School of Economics Political Science, United Kingdom

Date of initial appointment as director:
5 October 2017

Date of last re-election as director:
29 March 2019

Length of service:
3 year 8 months (as at 30 June 2021)

Present Directorships in other listed companies:
Nil

Directorships in other listed companies held over the preceding three years:
Nil

Background and experience:
Mr Choo is responsible for the overall planning of the business direction and development of Raffles Infrastructure. He is in charge of key investment and growth strategies, delivering sustainable returns for the Group's new business in infrastructure projects. Mr Choo was first appointed Executive Director to take charge of the overall management of Raffles Infrastructure's precursor, China Fibretech on 5 October 2017 with more than two decades of experience in the finance field with previous positions for global MNCs like Hewlett Packard and Apple Inc.

MA ZHI, 43

Executive Director

Academic and professional qualification:
M.A. major in Television Director, Communication University of China

B.A. major in Radio and Television Literature, Communication University of China

Date of initial appointment as director:
01 April 2020

Date of last re-election as director:
30 October 2020

Length of service:
1 year 3 months (as at 30 June 2021)

Present Directorships in other listed companies:
Nil

Present Principal Commitments:
Hongyuan Yufu Fund Investment - Managing Director

Directorships in other listed companies held over the preceding three years:
Nil

Background and experience:
Mr Ma is currently the Investment Committee Advisor for King Stone Energy Group Limited, the Managing Director of Hong Yuan Fund Investment, the non-Executive Director of China Moutai Tasting Centre (Hong Kong Limited) and a Partner in GSR Capital. Mr. Ma started off his humble career in 2003 with a role as a reporter and producer in CETV Station. With great achievements, he moved to Great United Petroleum Holding Co, Ltd and held the position as the Spokesman and Vice President for nearly 7 years before he joined Co-Prosperity Holdings Limited and Asia Television Limited as the Executive Director.

BOARD OF DIRECTORS

LI JIA CHEN, 50

Non-Executive Non-Independent Director

Academic and professional qualification:
Degree in Economics and Trading,
Zhengzhou University

Master's Degree in Business Administration,
China Renmin University

Date of initial appointment as director:
28 September 2018

Date of last re-election as director:
29 March 2019

Length of service:
2 years 9 months (as at 30 June 2021)

Present Directorships in other listed companies:
Nil

Present Principal Commitments:
China Capital Investment Group -
Vice Chairman and President of Operations

Directorships in other listed companies held over the preceding three years:
Nil

Background and experience:
Mr Li is Vice Chairman and President of Operations for China Capital Investment Group (CCIG), a cornerstone investor in Raffles Infrastructure. He previously spent more than 10 years in the China International Council for the Promotion of Multinational Corporations under the Ministry of Commerce as well as in the China International Material and Equipment Trade Cooperation Centre under the State-owned Assets Supervision and Administration Commission for Financial Asset and Management Committee.

LEOW YONG KIN, 50

Non-Executive Lead Independent Director

Academic and professional qualification:
Honours Degree in BA Accounting,
University of Lincolnshire & Humberside

Chartered Accountant,
Institute of Singapore Chartered Accountants

Chartered Accountant,
Association of Chartered Certified Accountants

Date of initial appointment as director:
5 October 2017

Date of last re-election as director:
31 October 2019

Length of service:
3 years 8 months (as at 30 June 2021)

Served on the following Board Committees:
Audit Committee – Chairman

Remuneration Committee – Member

Nominating Committee – Member

Present Directorships in other listed companies:
Nil

Present Principal Commitments:
AccountsPro Consulting Services Pte Ltd – Director

Singapore Paincare Holdings Ltd – Financial Controller

Directorships in other listed companies held over the preceding three years:
C&G Environmental Protection Holdings Ltd

China Star Food Group Limited

China Sports International Ltd – Independent

Background and experience:
Mr Leow has more than two decades of experience in the field of finance and accounting that include working experience with US and Japan MNCs. He was previously the Chief Financial Officer of China Great Land Holdings Ltd. from July 2014 to March 2017. He is currently a Director of AccountsPro Consulting Services Pte Ltd, providing enterprise solutions such as accounting, payroll and HRM software.

BOARD OF DIRECTORS

TOH TIONG SAN, 55

Non-Executive Independent Director

Academic and professional qualification:
Honours Degree in Electrical Engineering, National University of Singapore

Date of initial appointment as director:
23 October 2017

Date of last re-election as director:
31 October 2019

Length of service:
3 years 8 months (as at 30 June 2021)

Served on the following Board Committees:
Remuneration Committee – Chairman

Nominating Committee – Member

Audit Committee – Member

Present Directorships in other listed companies:
Jackspeed Corporation Limited

Present Principal Commitments:
Nil

Directorships in other listed companies held over the preceding three years:
Nil

Background and experience:
Mr Toh has more than 20 years of experience in private equity, fund management and corporate finance. In 1991, Mr Toh joined DBS Bank Ltd.'s private equity arm and was responsible for deal origination, due diligence, deal structuring, valuation, financial modelling, investment monitoring and divestments. He was also in DBS Bank Ltd.'s capital market services arm where he was involved in merger and acquisition activities, financial engineering and securitisation. In 2000, Mr Toh jointed Temasek Holdings as the Director of Investments, responsible for investment of listed and private companies (including companies that were honoured the Enterprise 50 Awards) in industries spanning food and beverage, services, internet to private education. From 2006 to 2007 and 2009 to 2012, Mr Toh was appointed the Managing Director of Emirates Tarian Asset Management Pte Ltd ("ETAM"), responsible for setting up and running the fund management operations. Mr Toh successfully transformed ETAM into an established boutique fund management outfit before he left in 2012.

WONG ANN CHAI, 54

Non-Executive Independent Director and Chairman

Academic and professional qualification:
BA (Hons) in Engineering Science, University of Oxford UK

Master's in Business Administration, Sloan School of Management

Date of initial appointment as director:
1 October 2020

Date of last re-election as director:
30 October 2020

Length of service:
9 months (as at 30 June 2021)

Served on the following Board Committees:
Nominating Committee – Chairman

Audit Committee – Member

Remuneration Committee – Member

Present Directorships in other listed companies:
Nil

Present Principal Commitments:
Oceanus Limited – Chairman of Remuneration & Nomination Committee

Nanosun Pte Ltd – Managing Director

Directorships in other listed companies held over the preceding three years:
Oceanus Limited

Background and experience:
An investment banker, Mr Wong was the Executive Director in the Investment Banking Division for Southeast Asia, Asia ex-Japan at Nomura. He was Managing Director heading the planning function of DBS Group, directing acquisitions, JVs in the Financial Institutions space, and developing organic growth initiatives with commercial, consumer banking, asset management, treasury business units across the key markets. Within DBS, he started in Equity Capital Market Department, and later oversaw the DBS-Cholamandam Finance company in India with over 200 branches providing corporate loans and SME financing. Mr Wong was Adjunct Professor of Banking & Finance at Nanyang Business School for 7 years.

KEY MANAGEMENT

YANG ZHI, 55

Operations Manager

Academic and professional qualification:
Bachelor Degree in Electronic Engineering,
Changsha Railway College

Background and experience:
Mr Yang joined the Group as Operations Manager on 1 August 2019. He oversees the operations of existing project and works alongside with the CEO for the ones in the pipeline. He has joined the Group with experiences as the Asian-Pacific Region Deputy General Manager at China Railway Construction Corporation International Ltd, General Manager of CRCCI (Bangladesh) Ltd., Head of Overseas Department of the China Railway 23th Bureau Co., Ltd. and the Head of Technology Department of the Zhuzhou Bridge Factory.

JIANG JIAN PENG, 40

Financial Controller (China)

Academic and professional qualification:
Bachelor Degree in Accountancy,
University of Finance and Economics

Background and experience:
Mr Jiang joined the Group as Financial Controller (China) on 1 December 2018 and is in charge of the financial reporting for the subsidiaries in China. With the Finance Manager, he supervises the accounts team of the China subsidiaries. He has more than 15 years of experience in the spectrum of Corporate Finance in commercial organisations and has extensive knowledge in accountancy, corporate finance, mergers and acquisitions.

XIE LI (SHERRY), 42

Finance Manager (Group)

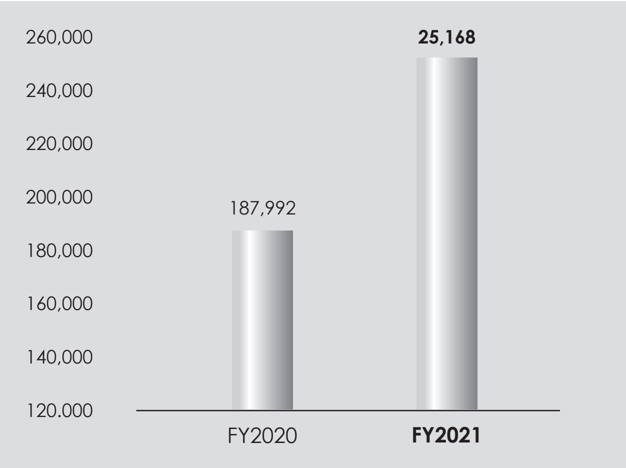
Academic and professional qualification:
Bachelor Degree in Accountancy, Oxford Brookes University, UK
Fellowship, Association of Chartered Certified Accountant (FCCA)
Chartered Accountant (CA) of Singapore

Background and experience:
Ms Xie joined the Group as the Finance Manager in October 2020 and has been in charge of the accounts and financial reporting for the Group. She has over 10 years of experience in the finance and audit industry with deep knowledge in accounting, compliance and corporate finance management, steeling her high competency from top multi-national audit firms as well as local firms in the commercial sector. Ms. Xie was also involved in IPO audit services in several listing companies in her early years of her career in Singapore, Malaysia and United States of America.

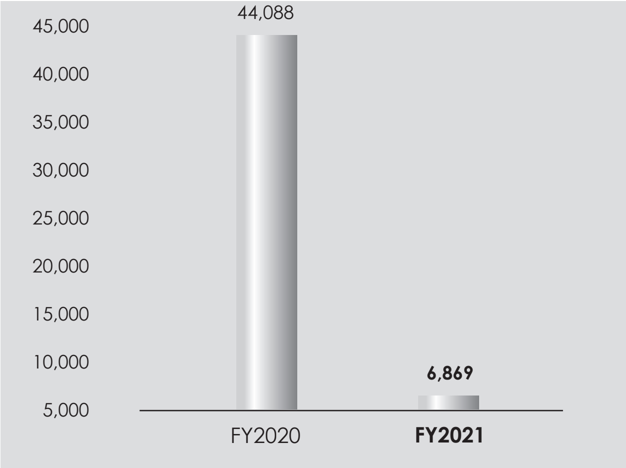
GROUP FINANCIAL HIGHLIGHTS

	FY2020	**FY2021**
Revenue (RMB'000)	187,992	**25,168**
Gross Profit (RMB'000)	44,088	**6,869**
Profit after tax (RMB'000)	28,690	**3,947**
Equity attributable to owners of the company (RMB'000)	209,434	**213,962**

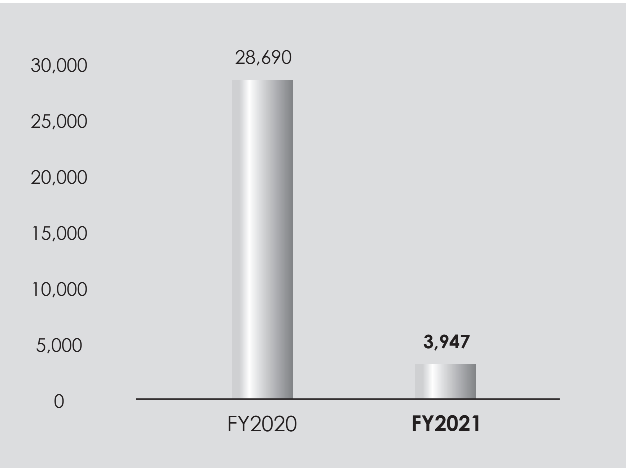
REVENUE (RMB'000)



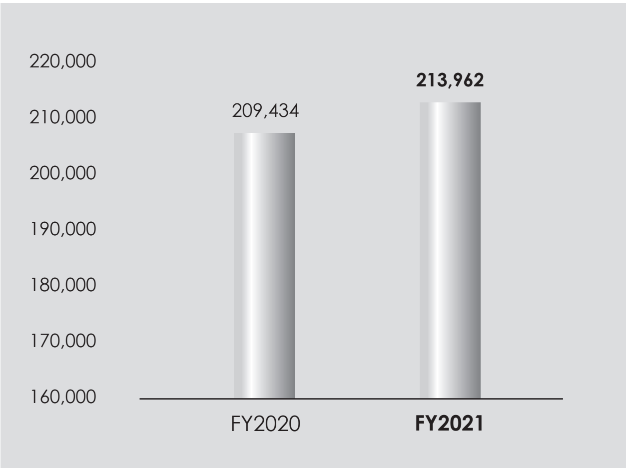
GROSS PROFIT (RMB'000)



PROFIT AFTER TAX (RMB'000)



EQUITY ATTRIBUTE TO OWNERS OF THE COMPANY (RMB'000)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Wong Ann Chai
Non-Executive Independent Director and Chairman

Mr Leow Yong Kin
Non-Executive Lead Independent Director

Mr Toh Tiong San
Non-Executive Independent Director

Mr Li Jia Chen
Non-Executive Non-Independent Director

Mr Eric Choo Han Kiat
Executive Director and Chief Executive Officer

Mr Ma Zhi
Executive Director

AUDIT COMMITTEE

Mr Leow Yong Kin (*Chairman*)
Mr Wong Ann Chai
Mr Toh Tiong San

NOMINATING COMMITTEE

Mr Wong Ann Chai (*Chairman*)
Mr Toh Tiong San
Mr Leow Yong Kin

REMUNERATION COMMITTEE

Mr Toh Tiong San (*Chairman*)
Mr Wong Ann Chai
Mr Leow Yong Kin

COMPANY SECRETARIES

Mr Lee Wei Hsiung
Ms Wang Shin Lin, Adeline

ASSISTANT COMPANY SECRETARY

BM Corporate Services Ltd.

REGISTERED OFFICE

3rd Floor, Sofia House,
48 Church Street,
Hamilton HM 12,
Bermuda

BERMUDA COMPANY REGISTRATION NUMBER

40381

BERMUDA SHARE REGISTRAR

BM Corporate Services Ltd.
3rd Floor, Sofia House, 48 Church Street,
Hamilton HM 12, Bermuda

SINGAPORE SHARE REGISTRAR AND SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
80 Robinson Road, #02-00,
Singapore 068898
Tel: 6236 3333 Fax: 6236 4399

INDEPENDENT AUDITOR

RT LLP
Public Accountants and Chartered Accountants
297 South Bridge Rd, Singapore 058839

Partner-in-charge:
Mr Ravi Arumugam
(Since the financial year ended 31 December 2017)

PRINCIPAL BANKERS

Agricultural Bank of China
Oversea-Chinese Banking Corporation Limited

SUSTAINABILITY REPORT

BOARD STATEMENT

We are pleased to present Raffles Infrastructure Holdings Limited's third Sustainability Report for the financial year ended 30 June 2021 which highlights the progress and achievements of our organisation over the previous 12 months. As with previous years, we are committed to the topic of sustainability and would like to share our progress pertaining to sustainability over the year, as well as our approach, practices and performance around relevant material factors.

Our Board has reviewed and determined that the material economy, environmental and social ("EES") issues identified remained relevant and significant to our organisation and key stakeholders. In FY2021, our Board continued to oversee the management and monitoring of these EES factors as part of its overall responsibility of directing and leading the organisation towards our mission of value creation and building a sustainable business.

In this, our third sustainability report, we greatly believe that building a sustainable business is vital to our continued success and that we must be fully accountable for our impact on the environment, our customers, our people and our community as well as its financial performance.

With the growing expectations and concerns with regards to sustainability from various stakeholders, we believe our business goes beyond simply providing these services and understand that the consideration of sustainability cannot be left out in strategic decisions.

Since the start of the coronavirus ("COVID-19") outbreak, we have continued implementing a series of measures to ensure the well-being of our stakeholders. We are monitoring the pandemic situation and its impacts on our business closely as well as maintaining ongoing communications on COVID-19 updates with our staff, customers and visitors. We have implemented precautionary measures to minimise the risk of spread of COVID-19.

As this is amidst the COVID-19 pandemic, we are exercising higher prudence in our investment activity, particularly in relation to the other projects that were shortlisted with potential to be the Group's next investment project. We strive to continue safeguarding the well-being of our staff and customers and deliver quality services to our valued customers, with minimal disruptions to our operations. Our Board will continue to closely monitor all developments of the pandemic as well as other developments that may affect the long-term sustainability.

Last but not least, we would like to take this opportunity to express our gratitude to all employees, customers, and stakeholders for their continuous support over the years. Building on our strong foundation, we will continue to work together with our stakeholders to steer towards a sustainable future.

SUSTAINABILITY REPORT

ABOUT THE GROUP

Established in 2007, Raffles Infrastructure Holdings Limited (the "Company") together with its subsidiaries (collectively known as the "Group") are mainly engaged in infrastructure investments and projects in Asia via Public-Private Partnership which is a project model for public infrastructure projects jointly owned by the local government and private partners.

Raffles Infrastructure Holdings Limited, incorporated in Bermuda, is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX") with its head office in Singapore.

The operation of the current project is located in the People's Republic of China (the "PRC"). This is a 220 kilometres road construction project valued at RMB 550 millions, collaborated with the local government of Xingwen County under the management of the Company's subsidiary, Bo Dao Road Construction Co., Ltd.. As of period ended 30 June 2021, the construction is approximately 80% completed. This project has created a stable income stream for over a period of 10 years.

As of the financial year ended 30 June 2021 ("FY2021"), the Company has a team of 6, from 8, employees in Singapore managing the key functions of finance and business development. In terms of its economic performance, the Group has achieved RMB188.0 million in the financial year ended 30 June 2020 ("FY2020") and RMB25.2 million in FY2021 with gross profits of RMB44.1 million and RMB6.9 million respectively. Under a gradual controlled situation with the COVID-19 outbreak globally, the Company is not expecting any material financial impact although delay in job deliverances is generally inevitable.

Since 2018, when the Group switched its core business from manufacturing to infrastructure investments in Asia, it has established a new set of vision, mission and core values.

SUSTAINABILITY REPORT

Vision

Its vision is to be a leading enterprise in Asia building world connections as an infrastructure developer through a stable and sustainable growth, which key factors would include innovation, cost efficiency and responsibility in health, safety and environmental matters.

Mission

Its mission is to operate with integrity, ensure quality deliverances to its clients and to maximise the returns of investments for all its shareholders. It has also committed to support all stakeholders in achieving economic and social prosperity, realizing these goals through various activities.

OUR CORE VALUES

Our Core values of “Commitment to the highest quality”, “Responsibility and Integrity” and “Collaboration and Teamwork” provide the foundation for sustainable performance that has helped us foster a collaborative working culture, delivering quality services, as well as maintaining open and transparent relationships with our stakeholders.

GOVERNANCE STRUCTURE

Good corporate governance is integral to achieving sustainable, long-term value creation through our business, particularly in relation to the sustainability fundamentals relating to the economic, environmental, social and governance areas.

Raffles Infrastructure Holdings Limited strives to uphold good corporate governance practices to maintain trust from its stakeholders. The Group has developed a sound system of risk management and internal controls, and a risk governance and internal control framework manual has been put in place by our Board to define the strategic objectives and determine the risk appetite, tolerance, and risk mitigation measures to address potential impediments.

To achieve sustainable business practices, it is vital to execute the established framework of good corporate governance throughout the strategic and operational level instead of merely embracing it as a guiding principle.

Board committees consisting of the Audit Committee, Nominating Committee, and Remuneration Committee were formed to support our Board in executing its responsibilities and ensuring good corporate governance. Each Committee has its own terms of reference and operating procedures, which are reviewed periodically. Reviews and appointments of independent external and internal auditors on top of the key management enhances governance for the Company.

This committee shall be formed in accordance to the relevant projects in the pipeline.

The Board

- Provides strategic direction and specifically considers sustainability issues as part of its strategic formulation
- Determine material ESG factors and ensure that they are monitored and managed

Board Committee

- Assists the Baord in fulfilling its responsibilities for the Group's sustainability initiatives

The Board holds formal meetings quarterly or convenes ad-hoc meetings when circumstances require. Where a physical board meeting is not possible, the Board would communicate through electronic means or via circulation of written resolutions for approval.

ABOUT THIS REPORT

This report covers the sustainability performance of Raffles Infrastructure Holdings Limited for FY2021. The scope of this report will focus on the sustainability performance, activities and initiatives. Material issues and topics described have been selected according to their level of significance within the Group's boundaries, the sustainability context and the stakeholders' expectations, and for comparability of our performance indicators over time.

Reporting Framework

This Sustainability Report focuses on addressing our Group's Economic, Environmental, Social and Governance issues in line with the Singapore Exchange's Listing Rules 711A and 711B for listed companies (in addition to the usual financial reporting). With this information, we aspire to provide stakeholders with an accurate, complete and meaningful overview on how we manage these sustainability issues across our business sectors.

Reporting Standard

We have adhered to the principles set out in SGX Listing Rules for Sustainability Reporting and applied the Global Reporting Initiative ("GRI") Reporting Principles for Defining Report Content and Quality.

We have chosen GRI Standards: Core option, for which it is a globally-recognised sustainability reporting standard. Corresponding GRI disclosures can be found at the GRI Standards Content Index Section of this Report.

SUSTAINABILITY REPORT

The content of this Sustainability Report is identified by the 4 Content Reporting Principles established by GRI Standards, as follows:

For future sustainability reporting, the Group will consider expanding our reporting scope to cover more of our operations in overseas markets in addition to PRC.

Opinion and Feedback

We value and welcome any feedback with regard to our sustainability reporting practices and performance as we strive to continuously improve our sustainability practices in the years to come, please send your comments, suggestions or feedback to Ms Amy Zhang at amyzhang@rafflesinfrastructure.com.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and sustainability aspects. To understand and address their key concerns, we have been maintaining close communication with our stakeholders that have direct and significant impacts on our business, and also those who will be affected by our operations. We will continue to increase our involvement with stakeholders via constructive conversation with a view to charting a course for long term prosperity.

In formulating operational strategies and sustainability measures, the Group has regular interaction with a range of stakeholders based on different kinds of engagement approaches, as seen below:

Key Stakeholder Groups		Engagement Platforms
Internal stakeholders	Employees	• Staff dialogue sessions • Training and development programmes • Appreciation events and festival celebrations • Formal/informal meetings • Remuneration and recognition
External stakeholders	Customer	• Deliver completed parcel on schedule • Good safety record • Satisfactory quality • Formal/informal meetings
	Supplier	• Phone calls • Formal/informal meetings • Fair procurement • Other business practices
	Shareholders and investors	• Annual report and sustainability report • Announcement and circulars • Company's website • Annual General Meeting
	Local communities	• minimise negative EES impact • deserve community efforts • underprivileged groups
	Government and regulators	• Site visits • Formal meeting • Dialogue sessions
	Financiers	• Direct communication, meetings and discussion • Announcements and circulars

MATERIALITY ASSESSMENT

The Group has engaged an external sustainability consultant to work with the management on the sustainability approach and has developed a list of EES topics that the Group considered material and important to the stakeholders.

By focusing resources on the most critical matters of our business, the Group is able to ensure that it adequately addresses the sustainability concerns of our stakeholders. The Group conducted its first materiality assessment in FY2019 and identified four material matters and one reporting matter as summarised as follow. In FY2021, the Group re-examined these matters and found that they were still relevant to the Group. Moving forward, the Group will continue to monitor these material matters to ensure that they remain relevant and material.

FY2019 MATERIALITY ASSESSMENT

Identification
Identify material topics that are important to the Group.

Prioritisation
Prioritise material topics under the respective GRI Topic-Specific Standards and identifies key sustainability topics to be reported upon.

Validation
Validate completeness of the key sustainability topics to finalise report content.

FY2020 REVIEW

Material matters reviewed and all four matters were determined To remain relevant and material to the Group.

FY2021 REVIEW

In FY2021, a review of the material was conducted. It was concluded that all four materials matters remained relevant for reporting.

SUSTAINABILITY REPORT

The management has prioritised the material topics based on the impact to the operations and the inputs received from the various stakeholders whom they have contacted and interacted from the day-to-day business activities. The following EES topics have been identified and the approaches of managing these topics are stated in this report.

The Group has identified the following material EESG factors that are important to the sustainability of our organisation and business:

a) Economic Performance

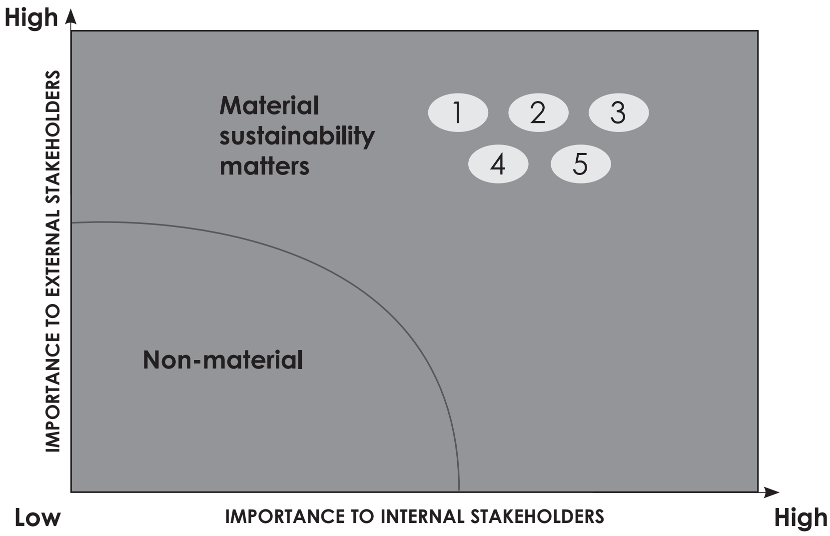
b) Corporate Governance

c) Employees

d) Environment, quality and safety

e) Community

f) Corporate Communication



Substainability Matter	
1	Regulatory Compliance
2	Sustainable Use of Materials
3	Minimising noise pollution
4	Occupational Health & Safety
5	Quality of work & Customer Satisfaction

SUSTAINABILITY REPORT

OUR FOCUS, COMMITMENTS AND TARGETS

To better manage the Group's material EESG issues identified, the Group has set quantifiable targets in FY2020 for FY2021 covering the ESG aspects.

The table below summaries the Group's progress and achievement towards the sustainability targets set for FY2021. In FY2021, we will continue to work for the targets set for the following year ended 30 June 2022 ("FY2022").

Focus Sector	Impact to Stakeholders	Performance in FY2021	Commitments and Targets in FY2022
ECONOMIC PERFORMANCE			
Financial strength Positive economic growth Value generation and distribution	All our internal and external stakeholders look to the Group to deliver on positive financial performance.	Group revenue – RMB25.2 million. Profit attributable to owners of the Company – RMB3.9 million. Net assets value – RMB 214.0 million.	Revenue growth. New business initiatives. To improve operation results. Prudent capital management.
CORPORATE GOVERNANCE			
Socioeconomic laws and regulations Risk management	Compliance with legislation as well as national and international standards of corporate governance, anticorruption, risk management, environmental health and safety.	No breaches of relevant social and economic laws and regulations. Results and necessary reporting requirements complied with and results released on time.	Compliance with relevant social and economic laws and regulations. Commitment to release financial results on time or earlier. Continuous strengthening of the enterprise risk management framework.
EMPLOYEE			
Work environment Staff welfare and retention Compensation, reward and remuneration Annual trainings	Develop fair human capital and retain staff who are important assets to the Group.	No major attrition or loss of key management staff to competitors. To provide training hours of at least 3 hours per annum.	Commitment to retain worthy and high performance staff. Improvise training programme and implement succession planning for key management positions. Non-discrimination in hiring employees of different age groups and ensure gender equality at all times.

Focus Sector	Impact to Stakeholders	Performance in FY2021	Commitments and Targets in FY2022
ENVIRONMENTAL, QUALITY AND SAFETY			
Environmental compliance Safety and quality management. Recycling & reuse of Paper.	Issues ranging from promoting work safety environmental and reduce wastages, efficacy, recycle/reuse and conservation are key aspect impacting all our stakeholders.	No breaches of relevant environmental laws and regulations No incident of fatal accident reported. Reduced reliance on paper.	Compliance with relevant environmental laws and regulations Promote safety and quality management policy. Promote environmentally friendly working place by creating awareness on caring for Green & Healthy Environment via advocating messages on email signatories of staff to remind them to print when necessary.
COMMUNITY INVOLVEMENT			
Employee participation.	Our ability to innovate also translates to how we manage the business continuity and build a strong relationship with our community.	Provide hiring opportunities and growing our employees in-line with our business expansion.	Introduce social programmes for employee participation such as visitation of the disadvantaged and community work.
CORPORATE COMMUNICATION			
Building relationship with stakeholders.	An open, constant flow of communication using available platforms is important in all aspects of our operations, and applies to all our stakeholder groups, in order to build trusted partnerships with all our stakeholders.	Quarterly and full year announcement are made available.	Ensure all communication mediums and platforms are clearly set out and are available. Quarterly and media briefings in conjunction with the release of the Group's quarter and full year financial results.

In FY2021, we are proud to announce that there were no confirmed incidents of corruption within the Group, we have also achieved zero work-related illnesses and fatalities. We aim to continue to have zero confirmed incidents of corruption in the following year as well.

SUSTAINABILITY REPORT

ECONOMIC PERFORMANCE

FY2021 Performance Results ● The Group's revenue is RMB25.2 million
FY2022 Targets ● To continually improve our business model to enhance stakeholders' value

The Group recorded revenue of RMB25.2 million for FY2021. More details about the Group's economic performance and data can be obtained from the financial statements on pages 47 to 60 of our Annual Report 2021.

Positive economic growth is the cornerstone of our business. The Group strives to enhance its financial performance through sound financial management process and seek opportunities for business growth.

The Group sees economic performance as a material factor as we believe our business' economic viability is important to our stakeholders. This can be achieved by delivering strong and sustained economic performance that results in having positive impact towards all stakeholders. Ongoing efforts have been contributed in our high quality products and innovative projects to ensure increasing returns for our shareholders and investors annually.

Population growth statistics paint a rosy future for the infrastructure industry. The demand for infrastructure has never been greater. Worldwide, construction is already one of the largest industry sectors but focusing on this strong demand obscures a more precarious reality. Underlying challenges in projects' profitability, performance, labour, and sustainability could derail the industry's growth.

The unprecedented COVID-19 pandemic has disrupted global supply chains and resulted in a highly uncertain business environment. While many countries have started to gradually loosen their containment measures and pockets of demand, the situation is still evolving. The Group also remains cautious and will continue to exercise cost discipline and be vigilant in responding to changes.

The Group will also continue to step up its efforts to improve its operational efficiency and cost control, and to prepare the Group for future opportunities.

CORPORATE GOVERNANCE

Our comprehensive corporate governance structure shapes who we are and how we are seen by the world.

The Group embraces strong corporate governance in order to gain the trust of our stakeholders and to move towards long term sustainability. We also believe that a robust corporate governance can help in delivering exceptional service to our customers and facilitating interaction with our stakeholders.

We advocate good corporate governance practice and strict compliance with laws and regulations, which aimed at promoting better performance across different business segments of the Group. All employees shall abide by and comply with the rules and guidelines set out in the Group's Employee Handbook.

SUSTAINABILITY REPORT

Being a listed company in the Singapore Stock Exchange, we are managed to the highest standards of corporate governance as required in the listing rules. We strictly conform to the local and international best practices. Our corporate governance framework covers ethics and compliance through a Code of Conduct as well as action guidelines which are to be adhered by the officers and employees across the organization. Every new employee is introduced to our Code of Conduct and our policies on ethics and compliances which include areas such as anti-corruption, prevailing laws and regulations.

The results of both internal and external audits concluded yielded that there were no nonconformities regarding operations, systems or management responsibilities. All observations raised from the audit process were acted upon and closed as at end of FY2021.

Our Board continues to oversee and monitor the Group's corporate governance standards and policies. A firm foundation for building financial integrity, organisational credibility and investor confidence is formed by a hybrid of an effective board and robust corporate governance practices.

For the scope on our corporate governance practices, please refer to our Annual Report 2021.

EMPLOYEES

Employees define our organisation here at the Group. It is our policy to uphold fair employment practices in our hiring process and maintain zero tolerance of any form of discrimination. We believe in providing equal opportunities for all our employees to help them realise their fullest potential.

Our staff are our key assets. Continuous training to address high staff turnover rate for experienced employees. Staff motivation and ensuring safety standards are constantly maintained is part of our concerns too. Ensuring safety awareness and practices at all times and fair remuneration and recognition to all employees.

Without our employees, we are unable to provide top-notch services to our customers. Hence, having in place adequate training programs, competitive remuneration packages and good working conditions will help to keep our people motivated at work. In FY2021, training were targeted and conducted externally which mainly on digital solutions and real estate.

We are also committed to put in place good employment practices that are in line with the applicable employment laws and regulations. We employ the best people for the job, recruiting people from a range of backgrounds and criteria such as diversity in qualifications, gender and age group. We also ensure that there is a healthy mix of men and women in the workplace.

The Group adopts a fair and holistic hiring approach by taking into consideration of external factors such as experience and special skillset, apart from qualifications. The Group believes that the diverse background of each individual is an asset to the Company's growth in the future.

We will continue to improve the working environment and create more value for our employees through different initiatives, such as trainings or job rotation to expose our employees to different skillsets and areas of expertise. We seek to achieve effective communication across the organisation by gathering valuable feedback from our employees to ensure continuous improvement of the workplace environment. We will continue to practice non-discrimination in hiring employees of different age groups and ensure gender equality at all times.

Our Group's commitment to offer equal opportunities for career progression is underscored by the belief that building the capabilities of our employees allows them to enhance their competitiveness and thus benefiting the organisation. In FY2021, we have conducted training to our employees to improve and enhance their skills to prosper in the fast-paced industry. To ensure equality and non-discrimination, we assess objectively for recruitment, remuneration, promotion and benefits regardless of gender, race, marital status or age. We believe all candidates and employees should be respected and treated fairly.

To achieve this:-

(a) We conduct regular reviews to ensure that our remuneration package is in line with industry standard and commensurate with the job.

(b) We offer a sustainable performance bonus based on the Group's and the employee's performance.

(c) We identify and promote deserving staff with potential to develop their career in the organisation.

(d) We align our HR policies to comply with labour laws and regulations in respect of minimum wage requirements, social security contribution requirements and work hours etc.

ENVIRONMENT, QUALITY AND SAFETY

We take pride in our services delivered. We aim to minimise the impact that our activities have on the environment, quality and safety and proactively seek alternative means for more effective and sustainable use of resources and to promote safety working environment. Maintaining the quality of services rendered remain as one of the key fundamentals in our business. We place great emphasis on quality control to ensure consistent quality standards that meet the requirements of our customers.

The Group believes that environmentally-friendly practices complement business efficiency and advocates corporate social responsibility towards the environment by incorporating these processes into its daily operations. The Group strictly complies with related environmental regulations and has adopted and incorporated various environmental measures and procedures in its daily operations to demonstrate its commitment to being a socially responsible corporation.

The Group remains strongly committed to our customers. We have been providing competent professionals and expertise to execute our operations safely and we believe that a systematic Operational Health & Safety (OHS) system will help uphold the company brand reputation with our employee and customers.

The onset of the global pandemic has placed health and safety in the workplace as a central concern for all businesses. As an employer, we recognise that we have a responsibility to provide a safe and healthy environment for all our employees. Whether it is through implementing safe distancing measures in the office, we have taken every step to ensure that our employees are protected from the risks of the virus.

SUSTAINABILITY REPORT

Safety Management Principles

Safety Policy

Establishes senior management's commitment to continually improve safety; defines the methids, processes and organisational structure needed to meet safety goals

Safety Assurance

Evaluates the continued effectiveness of implemental risk control strategies; supports the identification of new hazards

Safety Risk Management

Determines the need for and adequacy of, new or revised risk controls based on the assessment of acceptable risk

Safety Promotion

Include training, communication and other actions to create a positive safety culture within all levels of the workforce

SUSTAINABILITY REPORT

Our Group mission is to adopt and implement above quality and safety mission as well as promote environmentally green solutions in our business and we expect our business partners and service providers to commit and adhere to the same standards.

We have no fatal accident report in FY2021 and we have also implemented systematic cuts to paper usage and waste volumes and promote proactive environmental communication, within and outside the Group.

COMMUNITY

The Group has long been committed to acting for the betterment of the community and has always been sensitive to the needs of the society. We bear the social responsibility to serve and is devoted to being a socially responsible corporate citizen.

The Group is committed to making a positive impact in the communities where our employees live and work. We believe that when we support our local communities around the world, we support our employees, customers and other stakeholders. We aim to actively play a role in fostering healthier, successful communities for all our stakeholders. Philanthropy and community involvement are a foundational part of our corporate culture and remains very important to our employees and their well-being.

We will continue to uphold our commitment to community participation and will continue to seek for more opportunities to give back to the society through different channels for the forthcoming years.

CORPORATE COMMUNICATION

The Group is committed to creating long-term value for all its stakeholders and will continue to maintain ongoing communication and engagement with its stakeholders. Details of this communication and engagement are set out in the section on "Shareholders Rights and Engagements" of the Corporate Governance Report on pages 42 to 44 of our Annual Report 2021.

SUSTAINABILITY REPORT

GLOBAL INITIATIVE INDEX ("GRI") CONTENT INDEX

GRI Standard	Disclosure	Page Number(s) and/or URL
102-1	Name of the organisation	11
102-2	Activities, brands, products, and services	11
102-3	Location of headquarters	11
102-4	Location of operations	11
102-5	Ownership and legal form	Not applicable
102-6	Markets served	22
102-7	Scale of the organisation	Not applicable
102-8	Information on employees and other workers	20
102-10	Significant changes to the organisation	11
102-14	Statement from the most senior decision-maker	Not applicable
102-16	Values, principles, standards, and norms of behaviour	12
102-18	Governance structure	12
102-40	List of stakeholder groups	15
102-41	Collective bargaining agreements	Not applicable
102-42	Identifying and selecting stakeholders	15
102-43	Approach to stakeholder engagement	15
102-44	Key topics and concerns raised	16
102-45	Entities included in the consolidated financial statements	11
102-46	Defining report content and topic boundaries	13
102-47	List of material topics	18
102-48	Restatement of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	13
102-51	Date of most recent report	Not applicable
102-52	Reporting cycle	Not applicable
102-53	Contact point for questions regarding the report	13
102-54	Claims of reporting in accordance with the GRI Standards	13
102-55	GRI content index	25
102-56	External assurance	Not applicable
103-1	Explanation of the material topic and its boundary	18
103-2	The management approach and its components	15
103-3	Evaluation of the management approach	15
302-1	Energy consumption within the organisation	Not applicable
404-1	Average hours training per year per employee	21
409-1	Operations and suppliers at significant risk for incidents of child labour	19
413-1	Operations with local community engagement, impact assessments and development programs	22
416-2	Incidents of non-compliance concerning the health and safety impacts of services	22

CORPORATE GOVERNANCE REPORT

Raffles Infrastructure Holdings Limited (the "Company") recognises the importance of good corporate governance and the offering of high standards of accountability to shareholders.

This report sets out the Company's corporate governance framework and practices in compliance with the principles and guidelines of the Code of Corporate Governance 2018 (the "Code"). Where there have been deviations from the Code, appropriate explanations are provided. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time, to ensure compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Statement of Compliance

The Board confirms that, for the financial year ended 30 June 2021 ("FY2021"), the Company has adhered to the principles and guidelines set out in the Code save as otherwise highlighted in the report in relation to certain provisions of the Code.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1

The Board assumes responsibility for stewardship of the Company as well as its subsidiaries. Its primary role is to protect and enhance long-term shareholders' value and hold management accountable for performance. Apart from its fiduciary duties, the Board provides strategic guidance for the Group and supervises executive management. The Board sets the tone for the Group in respect of ethics, values and desired organizational culture and ensures proper accountability within the Group. The Board also establishes policies on matters such as financial control, financial performance and risk management procedures and establishes goals for Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group. All directors make decisions objectively in the best interests of the Company and have exercised due diligence and independent judgment in so doing. Any Director who faces a conflict of interest or a possible conflict of interest, in relation to matter, must promptly declare his interest at a meeting of Directors or send a written notice to the Company containing details of his interest and the conflict and recuses himself from discussions and decisions on the matter.

Provision 1.2

A formal letter setting out the Directors' duties and responsibilities under various regulations is issued to new Directors upon their appointment. Newly appointed Directors will be briefed by the Management on the business activities of the Group, governance policies, the regulatory environment in which the Group operates and governance practices, key business risks, policies on disclosure of interests in securities, the rules relating to disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information. Any newly-appointed Director who has no prior experience as a Director of a listed company will undergo training in the roles and responsibilities of a listed company Director.

The Directors are provided with regular updates on relevant new laws and regulations, and evolving commercial risks and business conditions from the Company's relevant advisors. The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors update the Audit Committee and management on the new or revised financial reporting standards on an annual basis.

Provision 1.3

The Board has adopted internal guidelines setting forth matters that require Board's approval. Matters which are specifically reserved to the Board for decision are those involving a conflict of interest of a substantial shareholder or a Director, material acquisitions, disposal of assets, operating budgets and capital expenditure, corporate or financial restructuring, shares issuance, declaration of dividends and other returns to shareholders and matters which require Board's approval as specified under the Company's internal control policies, for example, the Interested Person Transaction ("IPT") policy.

Provision 1.4

To assist in the execution of its responsibilities, the Board has established several board committees namely, an Audit Committee ("AC"), a Nominating Committee ("NC") and a Remuneration Committee ("RC") (collectively, "Board Committees"). These Board Committees function within clearly defined terms of reference, which are reviewed on a regular basis. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions and a summary of each committee's activities, are disclosed in this Annual Report.

Provision 1.5

The Board meets on a regular basis and as and when necessary to address any specific significant matters that may arise. The Board and its committees may also decide on matters by way of circular resolutions. The frequency of meetings and attendance of each Director at every Board and Board Committee meeting are disclosed in this report. The Bye-laws of the Company allow for participation in Board meetings via audio or video conferencing.

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his knowledge. Where a Director has multiple board representations, and in considering the nomination of Directors for appointment, the NC will evaluate whether or not the Director is able and has been adequately carrying out his duties as a Director, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The number of Board, Board Committee and General Meetings held in FY2021 and each Director's attendances at such meetings are set out below:

	Board	AC	NC	RC	AGM
No. of meetings held	4	4	1	1	1
No. of meetings attended by respective Directors					
Executive Directors:					
Choo Han Kiat Eric	4	N.A.	N.A.	N.A.	1
Ma Zhi	0	N.A.	N.A.	N.A.	0
Non-Executive Director:					
Li Jia Chen	0	N.A.	N.A.	N.A.	1
Independent Directors:					
Leow Yong Kin	4	4	1	1	1
Toh Tiong San	4	4	1	1	1
Wong Ann Chai[1]	3	3	0	0	1
Toh Hai Joo[2]	1	1	1	1	0

Notes:

N.A. Not a member
1 Appointed as Independent Director on 1 October 2020.
2 Retired as Independent Director on 30 October 2020.

Provision 1.6

To keep pace with regulatory changes, the Director's own initiatives are supplemented from time-to-time with information, updates and sponsored seminars conducted by external professionals, including any changes in legislation and financial reporting standards, government policies, and regulations and guidelines from SGX-ST that affect the Company and/or the Directors in discharging their duties. The Directors are informed of developments relevant to the Group, including changes in laws, regulations and risks that may impact the Group. Directors can apply to the Company for funding for any such courses, conferences and seminars which they may apply to attend. Directors are at liberty to request further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from management.

As a general rule, notices are sent to the Directors at least one week in advance of Board and Board Committees meetings, followed by the Board papers, in order for the Directors to be adequately prepared for the meetings.

For FY2021, the Directors have been updated with the relevant accounting standard by the Institute of Singapore Chartered Accountants ("ISCA") such as IFRS 15/FRS115 Revenue from Contracts with Customer, auditors reliance on the work of other parties, ethical and legal considerations in protecting Company secrets and customer database and accounting for changes in equity.

Provision 1.7

The Board has separate and independent access to Senior Management and the Company Secretary and is informed of material events and transactions as and when they occur. Directors are entitled to request from Management and would under normal circumstances be provided, in a timely manner, with such additional information as needed to make informed decisions. The Company Secretary coordinates, attends and prepares minutes of board meetings and advises on relevant rules and regulations as well as corporate governance practices.

If the Directors, whether individually or as a group, in furtherance of their duties, need independent professional advice, the Company will, upon the direction of the Board, appoint a professional adviser to render such advice at the Company's expense.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provisions 2.1, 2.2 and 2.3

The Board currently comprises 6 Directors, majority of whom are Non-Executive Directors.
The Directors of the Company as at the date of this report are:

Wong Ann Chai	(Independent Non-Executive Chairman)
Leow Yong Kin	(Lead Independent Non-Executive Director)
Toh Tiong San	(Independent Non-Executive Director)
Li Jia Chen	(Non-Independent Non-Executive Director)
Eric Choo Han Kiat	(Executive Director and Chief Executive Officer)
Ma Zhi	(Executive Director)

There is presently a strong independent element on the Board and independence of each Director is reviewed by the NC. The NC adopts the definition in the Code as to what constitutes an Independent Director in its review. The NC considers an "Independent" Director to be one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. The Board, taking into account the NC's views, considers each of the abovenamed Independent Directors to be independent. The Company does not have any Independent Director who has served on the Board beyond nine years from the date of his first appointment.

Provision 2.4

The NC will, at least once every year, review and thereafter, make recommendations to the Board regarding the Board structure, size, composition and core competencies.

The Board considers that the present board size and number of committees facilitate effective decision-making and are appropriate for the nature and scope of the Company's operations. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process. The Board will continue reviewing the size and composition of the Board and the independent status of its directors on an ongoing basis.

The Directors appointed are qualified professionals who, as a group, possess a diverse range of experience to provide core competencies such as accounting, finance, business, management experience, industry knowledge and strategic planning experience.

The Board adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board. The main objective of the policy is to have the appropriate balance of skills, experience, knowledge and other aspects of diversity (e.g. gender, age and nationality) on the Board to support the long-term success of the Group. Under the policy, the NC is responsible for recommending to the Board the relevant practices to promote and achieve diversity on the Board. The Board is making progress on the implementation of the Board Diversity Policy. For instance, the Board is placing more emphasis on diversity when identifying persons for appointment to the Board.

Profiles of the Directors are set out in “Board of Directors” section of this Annual Report.

Provision 2.5

Where necessary or appropriate and at least once a year, the Non-Executive Directors and Independent Directors, led by the Lead Independent Director, will meet without the presence of the Management. The Non-Executive Directors and Independent Directors communicate regularly to discuss matters related to the Group, including the performance of the Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions 3.1, 3.2 and 3.3

The positions of Non-Executive Chairman and Chief Executive Officer are held by separate individuals to ensure appropriate balance of power, increased accountability and greater capacity of the Board for objective decision-making.

Mr Wong Ann Chai is the Non-Executive Chairman and oversees the overall strategic directions and expansion plans for the growth and development of the Group. With the assistance of the Company Secretary, he also ensures that Board Meetings are held as and when required, sets agenda for the Board Meetings and ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and the stakeholders.

Mr Choo Han Kiat, Eric is the Chief Executive Officer (“CEO”) of the Company whose functions include the overall management, strategic direction and the day-to-day operations of the Group, and for ensuring that the organisational objectives of the Group were achieved. He also ensures the Company maintains high standards of corporate governance and social responsibility wherever it does business and integrity of all its public disclosures.

Mr Leow Yong Kin, the Lead Independent Director of the Company, is also available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

As such, the Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on collective decision-making without any individual being able to exercise considerable concentration of power or influence.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills to enable the Board to make effective decisions collectively.

The primary function of the NC is to determine the criteria for identifying candidates and to review nominations for the appointment of Directors to the Board, to consider how the Board's performance may be evaluated.

The NC's duties and functions are outlined as follows:

1. review the succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and Key Management Personnel;

2. review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board, taking into account the candidate's track record, age, experience, capabilities and other relevant factors;

3. identify and make recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each Annual General Meeting of the Company, having regard to the Directors' contribution and performance (such as their attendance, preparedness, participation and candour), including, if applicable, as Independent Directors;

4. determine annually whether or not a Director is independent, in accordance with the guidelines contained in the Code and other salient factors;

5. to review whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations; and

6. to consider how the Board's performance may be evaluated and to propose for the Board's approval, objective performance criteria (that allows comparison with the Company's industry peers) to evaluate the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board; and

7. to review the training and professional development programmes for the Board and its Directors.

Provision 4.2

The NC comprises three members, all of whom, including the chairman, are independent. The members of the NC are as follows:

Wong Ann Chai	(Chairman)
Leow Yong Kin	(Member)
Toh Tiong San	(Member)

Provision 4.3

The NC may identify candidates for appointment as new Directors through the business network of Board members or through external independent professional advisors to assist in the search for suitable candidates. The NC will generally identify suitable candidates skilled in core competencies such as strategic planning, accounting or finance, business or management expertise. Board appointments are made by way of a board resolution after the NC has, upon reviewing the resume of the proposed Director(s), conducting interviews and having regard to the Board Diversity Policy, recommended the proposed appointment(s) to the Board.

Provision 4.4

The NC conducts an annual review of Directors' independence based on the definition of independence set out in the Code. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The NC is of the view that Mr Wong Ann Chai, Mr Leow Yong Kin and Mr Toh Tiong San have satisfied the criteria for independence.

The NC considered the performance and contribution of each of the retiring Directors, having regard not only to their attendance and participation at Board and Board Committee meetings but also the time and effort devoted to the Group's business and affairs.

In accordance with the Bye-laws of the Company, each Director shall retire at least once every three (3) years and all Directors appointed by the Board will have to retire at the next Annual General Meeting ("AGM") following their appointments (such Director shall then be eligible for re-election at that AGM). In making the recommendation, the NC had considered the Directors' overall contributions and performance. The Board recommends to the shareholders to approve the re-election of the aforesaid Directors. The details of the proposed resolutions are stipulated in the Notice of AGM.

Mr Choo Han Kiat, Eric and Mr Li Jia Chen are retiring as Directors at the forthcoming AGM of the Company pursuant to the Bye-laws of the Company. The NC and the Board have nominated Mr Choo Han Kiat, Eric and Mr Li Jia Chen for re-election as Directors.

The Directors, who have offered themselves for re-election, have confirmed that they do not have any relationship (including immediate family relationships) with other Directors, the Company, its related corporations, or its substantial shareholders.

The list of current directorships in other listed companies held by the respective Directors are set out in the table below:

Director	Current directorship in other listed companies
Wong Ann Chai	Nil
Leow Yong Kin	Nil
Toh Tiong San	Jackspeed Corporation Limited
Li Jia Chen	Nil
Choo Han Kiat, Eric	Nil
Ma Zhi	Nil

The additional information on directors seeking re-election and/or continued re-appointment as independent directors are set out on pages 118 to 123 of this Annual Report.

Provision 4.5

The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his duties as a director of the company. The Company has a policy to require that a Director should not hold more than 5 listed company board representations. During the financial year under review, the NC has ascertained that all Directors, including those who have multiple board representations, have devoted sufficient time and attention to the Group's affairs and have discharged their duties and responsibilities adequately.

Currently, the Board does not have any alternate Directors.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2

The Board has implemented a formal process for assessing the effectiveness of the Board as a whole. Each Board member is required to complete a Board performance evaluation form adopted by the NC on a yearly basis. The Chairman of the NC will then prepare a consolidated report and presents the same to the Board for discussion on the changes or actions to be taken in order for the Board to discharge its duties more effectively. The performance criteria for the Board evaluation are in respect of Board size, composition and independence, conduct of meetings, Board procedures, Board accountability, corporate strategy and planning, risk management and internal control. Assessment results are analysed and key areas for follow-up actions are highlighted and discussed at the Board meeting.

The Board has taken the view that the financial indicators, may not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to Directors.

The NC has also reviewed the contribution by each Individual Director to the effectiveness of the Board as a whole and to its Board Committees in FY2021 and is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Group.

(B) REMUNERATION MATTERS

PROCEDURES FOR DELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2

The RC comprises three members, all of whom, including the Chairman, are independent. The members of the RC are as follows:

Toh Tiong San	(Chairman)
Leow Yong Kin	(Member)
Wong Ann Chai	(Member)

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors and Senior Management. The RC's review will cover all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind and termination terms to ensure they are fair. In structuring a compensation framework for executive Directors and Key Executives, the RC seeks to link a proportion of executive compensation to the Group's performance. The RC's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board.

Provision 6.3

In carrying out its duties, the RC considers all aspects of remuneration, including termination terms, to ensure they are fair. No Director or member of the RC is involved in deciding his or her own remuneration.

The recommendations for approval of the remuneration of the Executive Directors are forwarded to the Board. The RC also reviews and approves the remuneration of senior management. Directors' fees are recommended by the RC and are submitted for endorsement by the Board. Directors' fees are subjected to approval by shareholders at the AGM.

The RC meets at least once a year to discuss the performance assessment of the Executive Directors as well as to discuss the level of emoluments to pay.

Provision 6.4

The RC has full authority to engage external professional to advise on remuneration matters as and when the need arises. The expenses of such services shall be borne by the Company. No remuneration consultants were engaged by the Company in FY2021.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company

Provision 7.1 and 7.3

The remuneration policy of the Company is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate Directors and Senior Management.

In setting the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration their responsibilities, effort, time spent, skills, expertise and contribution, industry practices and norms in compensation.

In reviewing the remuneration packages of the Executive Directors, the RC takes into account the respective performance of the Group and the individual. In its deliberation, the RC takes into consideration, remuneration packages and employment conditions within the industry and benchmarked against comparable companies. The RC ensures the level and structure of remuneration of the key management personnel aligned with the long-term interest and risk policies of the Company as well as attract, retain and motivate them to provide good stewardship and management the operations to the meet the desired objectives of the Company.

The Executive Director does not receive Director's fees. The remuneration packages of Executive Director and Key Senior Management are based on their service contracts and are determined by the performance of the individuals, as well as the Group and industry benchmark. The remuneration packages for the Executive Directors and staff are made up of both fixed and variable components. The variable components are determined based on the performance of the individual employees as well as the Group's performance. The service contract for CEO is a fixed appointment period and can be terminated by either party, giving not less than three (3) months' notice in writing.

Provision 7.2

Non-executive and Independent Directors are paid Directors' fees of an agreed amount, taking into account factors such as effort and time spent, their contributions, and the respective responsibilities of the Directors. Directors' fees are recommended by the Board for shareholders' approval at the Company's AGMs.

DISCLOSURE OF REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

The breakdown of the total remuneration of the Directors for FY2021 is set out below:

Name of Directors	Directors' Fees	Salary	Bonus	Share-based incentives and awards	Other benefits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Non-Executive Directors:						
Li Jia Chen	40	–	–	–	–	40
Independent Directors:						
Leow Yong Kin	60	–	–	–	–	60
Toh Tiong San	50	–	–	–	–	50
Toh Hai Joo[1]	17	–	–	–	–	17
Wong Ann Chai[2]	45	–	–	–	–	45
Executive Director:						
Eric Choo Han Kiat	–	240	–	–	–	240
Ma Zhi	–	–	–	–	–	–

1 Retired on 30 October 2020
2 Appointed on 1 October 2020

The breakdown of the total remuneration of the key executives for FY2021 is as follows:-

Name of Key Executive	Salary	Bonus	Share-based incentives and awards	Other benefits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Jiang Jian Peng	45	–	–	–	45
Yang Zhi	102	–	–	–	102
Xie Li	28	–	–	–	28

The total remuneration paid to the top three (3) key executives (who are not Directors or CEO) for FY2021 was approximately S$175,000.

Provision 8.2

None of the employees of the Company who is substantial shareholder of the Company, or an immediate family member of a Director, the CEO, or a substantial shareholder of the Company whose remuneration exceeds S$100,000 during FY2021.

Provision 8.3

The Company does not have any employee share/stock options scheme or any other long-term incentive scheme during the financial year ended 30 June 2021. The Company has been considering long-term incentive schemes for Directors and Key Management Personnel taking into account various factors but has yet to find a suitable model. The Company will continue to look into the matter.

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders

Provision 9.1

The Board recognises its responsibilities over the governance of risks and regularly reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls (collectively, "Internal Controls"), with the assistance of the Management, the external auditors and the internal auditors appointed by the Company.

The Board has set in place management procedures for ensuring a sound system of Risk Management and Internal Controls. These procedures include, since FY2013, a structured Enterprise Risk Management ("ERM") system, management reviews of key transactions, and the assistance of independent consultants such as the Group's external and internal auditors to review financial statements and Internal Controls covering key risk areas in safeguarding shareholders' interests and the Group's assets.

The ERM programme established by the Company which covers the following areas:

ERM policies and procedures

An overall framework for Risk Management has been documented in a manual to be disseminated to personnel responsible for oversight of risks and operations of risk countermeasures. This ERM manual includes the Terms of Reference of the various personnel and committees responsible for monitoring and managing risks in the Group. The ERM process will also require ongoing identification of key risks to the Company and reporting these risks to the Board to better determine whether appropriate measures have been taken to address relevant risks. Risk workshops, attended by Key Management Personnel, are conducted annually to provide a structured approach to identify and assess of risks of the Group.

A Risk Management Committee ("RMC") was previously set up on 21 February 2013 but has since been dissolved. The Board will consider to re-establish the RMC if necessary with the progressive refreshing of the Board in place.

Risk Appetite of the Company

Generally, the Board will rely on Management to monitor day-to-day operations while subjecting key corporate decisions, such as investments or acquisitions of businesses to Board approval. Management frequently reviews the Group's business and operational activities to identify and highlight to the Board and AC any areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Company's performance is monitored closely by the Board periodically and any significant matters that might have an impact on the operating results are required to be brought to the immediate attention of the Board.

The Company has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group. Active efforts are also in place to manage risks within impact such as transferring them to third party insurers or having internal control procedures to better mitigate the likelihood of their occurrence. Internal audits will be regularly conducted to assess the ongoing compliance with the established controls to address key risk areas where applicable.

Risk assessment and monitoring

Based on the ERM framework, the nature and extent of risks to the Company will be assessed regularly and risk reports covering top risks to the Group will be submitted to the Board at least on a half-yearly basis. A set of risk registers to document risks arising from this ERM exercise has been also been established to document all key risks and the corresponding countermeasures to the Company. These registers will be updated whenever new risks emerge.

The Company has started their first Control Self-Assessment ("CSA") exercise covering key operating areas in the Group. This exercise comprises internal control questionnaires to be completed by staff to assess level of effectiveness of internal controls and risk countermeasures. The CSA exercise will cover all the key business processes of the Group and results of the exercise will be included in the periodic risk reports to the Board and Audit Committee.

The Management has put in place the systems of Internal Controls within the Group to identify risks and document countermeasures to address risks in the Group's business, and to safeguard the shareholders' interests and the Group's assets.

Top ten risks and their respective countermeasures are identified by key management and documented in the Group's risk register and discussed with the Board regularly. The abovementioned systems are 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.

Management will review and adjusts its business and operational activities, if necessary, where it identifies areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures on a continuous basis and highlights all significant matters to the Board.

Management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Group can make more informed decisions and benefit from a better balance between risk and reward. This will help protect and also create shareholders' value.

Management is then expected to ensure that appropriate controls are in place to manage those risks, and such risks and controls are monitored by the Board on a regular basis.

The Company's external auditors also highlight internal control issues that came to their notice during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing their opinion on the financial statements and these issues and their recommendations are reported to the AC.

Provision 9.2

The Board has received assurance from the CEO that:

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

(b) the Company's risk management and Internal Control systems are effective.

The Board is unable to receive assurance from the Chief Financial Officer ("CFO") as it is still in the search for a suitable candidate to fill the vacancy.

The Board has also received assurance from the Key Management Personnel that the Company's Risk Management and Internal Control systems are adequate and effective.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The Board is accountable to shareholders for the management of the Group. The Board updates shareholders on the operations and financial position of Company on a quarterly basis when it releases its results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. The Management is accountable to the Board by providing the Board with the detailed financial information whenever necessary for the discharge of its duties to the shareholders.

Provisions 10.1 and 10.2

The AC comprises entirely of non-executive Directors, all of whom, including the Chairman, are independent. The members of the AC are as follows:-

Leow Yong Kin	(Chairman)
Toh Tiong San	(Member)
Wong Ann Chai	(Member)

The Board is satisfied with the composition of the AC and the AC members are appropriately qualified to discharge their responsibilities. All members of the ARMC have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgment.

By briefings given by the external auditors, the AC and Management are always kept abreast of changes to accounting standards and issues which have a direct impact on financial statements. AC members will also attend trainings regarding the new accounting standards as and when such need arises.

The duties and responsibilities of the AC in accordance with its Terms of Reference, which include the following:

1. assists the Board in discharging its statutory responsibilities on financial and accounting matters;

2. reviews the financial and operating results and accounting policies of the Group;

3. reviews significant financial reporting issues and judgements relating to financial statements for each financial year, interim and annual results announcement before submission to the Board for approval;

4. reviews the assurance from the CEO and the Finance Manager (Group) on the financial records and financial statements;

5. reviews the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

6. reviews the adequacy of the Company's internal controls and risk management policies;

7. reviews the audit plans and reports of the external and internal auditors and consider the effectiveness of the actions taken by Management on the auditors' recommendations;

8. appraises and report to the Board on the audits undertaken by the external and internal auditors, the adequacy of the disclosure of information, and the appropriateness and quality of the system of management and internal controls;

9. reviews the independence of external auditors annually and nominate external auditors for appointment or re-appointment of and consider matters relating to the resignation or removal of the auditors and approve the remuneration and terms of engagement of the external auditors; and

10. reviews IPTs, as defined in the Listing Manual of the SGX-ST.

Provision 10.3

The AC does not comprise former Partner or Director of the Company' existing auditing firm or auditing corporation.

Provision 10.4

INTERNAL AUDIT

During the financial year under review, the internal audit function is outsourced to Crowe Horwath First Trust Risk Advisory Pte Ltd ("Crowe" or "Crowe Singapore") who reports primarily to the AC.

Crowe Singapore, a member of Crowe Global – the ninth largest accounting network in the world, is an award-winning firm that leverages its core strengths in audit, tax and accounting to provide a full suite of professional services, serving the needs of public-listed entities, multinational corporations and financial institutions.

During the year, Crowe Singapore conducted on internal control review on Bo Dao Road Construction Co., Ltd, which is our PPP Project on road construction, management and maintenance in China, with a focus on the following:

Review of general control environment (for revenue, billings and collections)

- Standard operating procedures
- Delegation of authority and limits
- Segregation of duties
- System access and controls
- Conflict of interest declaration

Revenue

- Sales pricing and quotations
- Sales contract formation and management (including variations)
- Customer assessment and acceptance procedures
- Customer master file maintenance
- Revenue recognition

Billings and collections

- Sales order processing and monitoring
- Sales invoicing
- Account receivable and receipt monitoring (including bad debts and write-off)
- Receivables reconciliation
- Credit notes and discounts management

This involved evaluation and limited testing of the relevant internal control areas in accordance with Crowe's Internal Controls Review methodologies. Crowe conducted interviews with relevant process owners, reviewed existing policies and procedures, and leveraged the previous external audit reports to help align our procedures to best practices. Crowe also tailored specific internal controls review programs to perform limited test of controls, on a sample basis, to assess operating effectiveness of the processes.

The Board reviews and approves the internal audit plan. Implementation of internal audit recommendation is further reviewed by the AC based on dates agreed with the Management. The AC have unfettered access to the Company's documents, records, properties and personnel.

The AC reviews the adequacy and effectiveness of the internal audit function annually. The AC is satisfied that the internal audit function is adequately resourced and that the internal auditors are independent and have the appropriate standing to perform their functions effectively. Based on its latest review, the AC is satisfied that the internal audit function then in place is adequate and effective bearing in mind that improvement to such function is an on-going process taking into account the prevailing scope of the Group's operations and business environment.

The Board is of the view that the present level of internal control is appropriate and will continue to review such internal control systems at least on an annual basis.

The Board notes that any system of internal controls can only provide reasonable, but not absolute, assurance that the Group would not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. Therefore, the Board recognizes the limitations that are inherent in any system as this control system is designed to manage rather than eliminate risk of failure to achieve corporate objectives. The Board is also of the view that given the above limitations to internal controls system, there is no absolute assurance against occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Based on the work performed by the internal and external auditors, the Board, with the concurrence of AC, is of the opinion that, the system of internal controls maintained by the Group's Management throughout the financial year ended 30 June 2021 is adequate and effective to address the financial, operational, compliance and information technology risks within the Group's business operations.

In the overall internal control assessment for FY2021, the AC and the Board noted that no material control deficiencies were identified.

Provision 10.5

The AC assists the Board to maintain a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The members of the AC, collectively, are appropriately qualified to discharge the AC's responsibilities. Leow Yong Kin, Toh Tiong San and Wong Ann Chai all possess the requisite accounting and related financial management expertise and experience.

The AC will convene at least four (4) meetings after the end of each quarter of every financial year. The external auditor will also be present at the relevant junctures. In its review of the audited financial statements for FY2021, the AC discussed with the Management and external auditors the audit work performed and accounting principles applied.

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 plan and the audit report to the AC.

The AC has explicit authority to investigate any matter within its Terms of Reference. It also has the discretion to invite any Director or Management to attend its meetings.

The AC also meets with the external auditors and internal auditors without the presence of the Management at least once a year. The Company is in compliance with Rules 712, 715 and 716 of the Listing Manual of SGX-ST whereby the Company appoints a suitable auditing firm to meet its audit obligations in respect of its own accounts and for its subsidiaries.

The AC has reviewed and is satisfied with the independence of the external auditors, and has recommended to the Board that RT LLP be nominated for re-appointment as auditors of the Company at the forthcoming AGM.

The aggregate amount of fees paid to RT LLP for audit services for FY2021 is S$100,000.

The AC has reviewed the services performed by RT LLP and the aggregate amount of fees paid for non-audit services for FY2021 is S$3,000.

Whistle-blowing Policy

The Company has put in place a Whistle-blowing Policy and arrangements where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters, and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. The procedures for reporting such matters and the contact details of the AC have been made available to the employees on the subsidiaries' general notice board. On a public approach, any person who wishes to raise such concerns or matters to the AC's members may do so in confidence by way of email to leow.yongkin@rafflesinfrastructure.com.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects

Provision 11.1

The Company is committed to maintaining and improving its level of corporate transparency, providing timely, fair and adequate disclosure of relevant information to shareholders so that they will be apprised of the developments that may have a material impact on the Company's securities. The Company does not practice selective disclosure. Such information is published through the SGXNET. The Company is open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure. All half-yearly and full year results announcements, annual reports, dividend declaration and notice of book closure are announced via SGXNet or issued within the prescribed period under Listing Manual.

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.

The Company's Bye-laws 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.

The Bye-laws of the Company allows shareholders to vote at general meetings in person or by proxy and equal effect is given to such votes. Separate resolutions are tabled at general meetings on each distinct issue. Management, Directors and, where necessary, the external auditors and legal advisors are present and available to address questions at general meetings.

All resolutions of the Company will be put to vote by poll and the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced.

Provision 11.2

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable shareholders to understand the nature and effect of the proposed resolutions. Where the resolutions are "bundled", the Company would explain the reasons and material implication in the notice of meeting.

All resolutions of the Company will be put to vote by poll and the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced.

Provision 11.3

The Board members and chairpersons of the Audit, Nominating, Remuneration Committees are present and available to address shareholders' questions at general meetings. The external auditors are also present to address shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' report.

Directors' attendance at the AGM held on 30 October 2020 is disclosed on Page 28 in this Annual Report.

Provision 11.4

As the present, the Company's Bye-Laws do not have a provision to allow shareholders to vote in absentia, via methods such as e-mail, fax, etc., and the legal and regulatory environment is not entirely conducive for voting in absentia, the Company does not allow a shareholder to vote in absentia at general meetings. The introduction of absentia voting methods will be deferred until an appropriate time.

The Board may from time to time review the provisions of the existing Bye-laws of the Company to ensure they are in line with the good corporate governance practices as recommended by the 2018 Code. If the Board deems fit, it may propose any necessary amendment to the same to the shareholders for approval.

Provision 11.5

The Company publishes minutes of general meetings of shareholders, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management, on its corporate website as soon as practicable.

Due to the COVID-19 restriction orders in Singapore, the Company held its AGM on 30 October 2020 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. Alternative arrangements were arranged such as attendance at the AGM by way of electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM. Minutes of the AGM was published in the SGXNET.

In view of the current COVID-19 and restrictions orders in Singapore, the forthcoming AGM to be held on 29 October 2021 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. Please refer to the Notice of AGM of the Annual Report.

Provision 11.6

The Company does not have a specific dividend policy. Nonetheless, the Management after reviewing the performance of the Company in the relevant financial period will make appropriate recommendation to the Board. Any dividend declaration will be communicated to shareholders via announcement through SGXNet.

In view of the current performance of the Group, the Company had decided not to declare any dividends for FY2021 to preserve cash for any future investment plans.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1, 12.2 and 12.3

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Manual, the Board has devised an effective Investor Relations Policy to regularly convey pertinent information to shareholders in a timely manner, of material events and all major developments that impact the Group.

Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

- Annual Reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the Annual Reports include all relevant information about the Group, including future developments and other disclosures required by the Listing Manual and the relevant accounting standards;

- Quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;

- Notices of and explanatory memoranda for annual general meetings and extraordinary general meetings;

- Disclosures to the SGX-ST; and

- The Group's websites at https://rafflesinfrastructure.com at which shareholders can access information of the Group. The website provides, inter alia, products information and profile of the Group.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1, 13.2 and 13.3

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationship with such groups. These arrangements as well as strategies and key areas of focus in relation to the management of stakeholder relationships are set out in the Company's Sustainability Report on Pages 10 to 25 of this Annual Report.

(F) DEALING IN SECURITIES
(Listing Manual Rule 1207(9))

The Company has adopted its own internal compliance code pursuant to the SGX-ST's best practices on dealings in securities and these are applicable to all its officers in relation to their dealings in the Company's securities. The Company and its officers are prohibited from dealing in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's quarterly financial results and one (1) month before the announcement of the Company's full-year financial results, or if they are in possession of unpublished price-sensitive information of the Company. In compliance with Rule 1207(19)(b), the Company also prohibits its officers from dealing in the Company's securities on short-term considerations. In addition, Directors and officers are expected to observe insider-trading laws at all times even when dealing in securities within the permitted trading period.

(G) MATERIAL CONTRACTS
(Listing Manual Rule 1207(8))

There are no material contracts of the Company or its subsidiaries involving the interests of the CEO, any Director or controlling shareholders, either still subsisting at the end of the financial year.

(H) INTERESTED PERSON TRANSACTION ("IPT")
(Listing Manual Rule 907)

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC, if any, and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

There were no IPT with an aggregate value of more than S$100,000 in FY2021.

(I) USE OF PROCEEDS
(Listing Manual Rule 1207(20))

As at the date of this report, that status of the utilisation of the proceeds raised from the Company's initial public offerings ("IPO") and placement are as follows:

Use of IPO proceeds	Amount allocated S$'000	Amount utilized S$'000	Balance S$'000
To construct initial new facilities and acquire new machinery	14,000	13,231	769
To expand initial research and development capabilities	1,000	1,000	–
For initial working capital purpose	2,182	2,182	–
	17,182	16,413	769

Use of Placement proceeds	Amount allocated S$'000	Amount utilized S$'000	Balance S$'000
From 28 September 2018			
For project investment	22,900	7,048	15,852
For working capital purpose	7,000	4,843	2,157
	29,900	11,891	18,009
	47,082	28,304	18,778

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Raffles Infrastructure Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2021.

1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; 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.

2. Directors

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

Executive directors

Eric Choo Han Kiat
Ma Zhi

Independent non-executive directors

Leow Yong Kin
Toh Tiong San
Wong Ann Chai (Appointed on 1 October 2020)

Non-independent non-executive director

Li Jia Chen

3. 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 was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 4 below.

4. Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had an interest in the shares or debentures of the Company and its related corporations.

The directors' interests in the ordinary shares of the Company as at 21 July 2021 were the same as those as at 30 June 2021.

5. Share options

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

There were no shares 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 as at the end of the financial year.

6. Audit committee

The Audit Committee of the Company comprises three non-executive directors and at the date of this report, they are:

Leow Yong Kin
Toh Tiong San
Wong Ann Chai

The Audit Committee (AC) will convene at least four (4) meetings after the end of each quarter of every financial year. The external auditor will also be present at the relevant junctures. In its review of the audited financial statements for FY2021, the AC has convened 4 meetings with key management and 2 meetings with the external auditors of the Company to discuss the audit work performed and accounting principles applied.

The Audit Committee carried out its duties which included the following:

(i) the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls.

(ii) Group's quarterly and annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors.

(iii) the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company.

(iv) interested person transactions in accordance with SGX listing rules;

(v) nomination of external auditors and approval of their compensation; and

(vi) submission of report of actions and minutes of the Audit Committee to the board of directors with any recommendations as the Audit Committee deems appropriate.

6. Audit committee (Continued)

In FY 2021, the independent director(s) in Audit Committee has received co-operation from the management and has been given resources required for it to discharge its function.

(i) the audit plan and results of the external audit and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group.

(ii) the adequacy of the Group's risk management processes.

(iii) the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

(iv) Group's quarterly and annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors.

(v) the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company; and

(vi) interested person transactions in accordance with SGX listing rules.

The Audit Committee has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of RT LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

On behalf of the Board of Directors

Eric Choo Han Kiat
Director

Leow Yong Kin
Director

12 October 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Raffles Infrastructure Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 4 to the financial statements, with respect to the Group's current and planned funding arrangements to fulfil a sales contract and to complete its performance obligations. The said contract is the main income source of the Group at the present moment. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in the audit
Revenue recognition i) *Revenue (refer to Note 4 to the financial statements relating to the revenue from infrastructure projects)* ii) *Discounting of non-current trade receivables (refer to Note 3.2(iv) to the financial statements)* The principal activity of the key operating subsidiary of the Group, Bo Dao Road Construction Co. Ltd ("Bo Dao") is the provision of infrastructure and construction projects. Bo Dao has entered into a public-private partnership ("PPP") agreement/contract with a government authority in the People's Republic of China ("PRC") in relation to road constructions in the PRC. Up to now, the Group has only one contract comprising 26 projects. Under the terms of the contract, the completed sections of the road ("projects") are required to undergo quality checks by the contracted parties before the single performance obligation of each project is deemed to be satisfied. Upon completion of the satisfied performance obligation of each project, Bo Dao will be paid by the abovementioned government authority in the PRC on a straight-line method over a 10 years period. In the current financial year ended 30 June 2021, Bo Dao had undiscounted revenue of RMB 23,888,000 from 1 project upon satisfying the identified single performance obligation. As there is a significant financing component, in determining the transaction price, Bo Dao had adjusted the above agreed amount of consideration of RMB 23,888,000 for the effects of the time value of money. The carrying amount of non-current trade receivables as at initial recognition had been reduced accordingly by the same amount. The amount of the significant financing component amounted to RMB 2,207,000 for the current financial year ended 30 June 2021. Accordingly, the revenue recognised for the current financial year ended 30 June 2021 was RMB 21,681,000.	We reviewed the application of the Group's revenue recognition policy and challenged management's assessment on whether the accounting treatment complies with SFRS(I) 15. In particular, we challenged management's assumptions on the identification of a single performance obligation for each project and on whether the revenue is recognised at a point in time or over time. We tested on a full basis whether valid contractual agreements or other documentation were in place to support the terms of the contract as represented by management. We also performed checking on whether the applicable terms of the contract had been followed, including but not limited to performing re-computation of revenue according to proper contract terms. We considered external evidence, especially the interim payment certificates stamped and verified by all independent parties to ascertain whether the single performance obligation relating to the only project completed during the current financial year had been satisfied and that the revenue has been recognised appropriately in the current financial year. We challenged the appropriateness of management's use of the prevailing China Government Bond rate as the discount rate to determine the amount of the significant financing component and the corresponding fair value of the non-current trade receivables at initial recognition.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in the audit
Revenue recognition (Continued) Management had used the prevailing 1, 2, 3, 5, 7 and 10-years' China Government Bond Yield rate as the discount rate to determine the amount of the significant financing component and the corresponding fair value of the non-current trade receivables at initial recognition, as this is the normal rate at which other entities would provide secured or unsecured lending to the debtor.	

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information listed below that is included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

- Corporate Profile;
- Letter to Shareholders;
- Business Review;
- Board of Directors;
- Key Management;
- Group Financial Highlights;
- Corporate Information;
- Sustainability Report;
- Corporate Governance Report;
- Directors' Statement;
- Statistics of Shareholdings;
- Notice of Annual General Meeting; and
- Disclosure of Information on Directors Seeking Re-Election

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements (Continued)

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities including overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ravinthran Arumugam.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
12 October 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group 2021 RMB'000	Group 2020 RMB'000
Revenue	4	25,168	187,992
Cost of sales		(18,299)	(143,904)
Gross profit		6,869	44,088
Other income	5	7,783	5,867
Administrative expenses		(9,695)	(9,159)
Profit before income tax	6	4,957	40,796
Income tax expense	8	(1,010)	(12,106)
Profit for the year		3,947	28,690
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		233	21
Other comprehensive income for the year, net of tax:		4,180	28,711
Profit attributable to:			
Equity holders of the parent Company		3,031	25,389
Non-controlling interests		916	3,301
		3,947	28,690
Total comprehensive income attributable to:			
Equity holders of the parent Company		3,270	25,410
Non-controlling interests		910	3,301
		4,180	28,711

Earnings per share attributable to owners of the Company (RMB)

	Note	2021	2020
- Basic and diluted	9	0.04	0.37

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		Group		Company	
	Note	2021	2020	2021	2020
		RMB'000	RMB'000	RMB'000	RMB'000
<u>ASSETS</u>					
Non-curent assets					
Trade and other receivables	14	251,830	272,700	–	–
Property, plant and equipment	11	174	219	–	–
Investments in subsidiaries	12	–	–	510	510
Total non-current assets		252,004	272,919	510	510
Current assets					
Other current asset	10	29,160	5,531	–	–
Amount due from subsidiaries	13	–	–	131,809	141,073
Trade and other receivables	14	48,682	51,572	–	–
Prepayments	15	106	101	98	96
Cash and cash equivalents	16	91,243	97,221	39	3
Total current assets		169,191	154,425	131,946	141,172
Total assets		421,195	427,344	132,456	141,682
<u>LIABILITIES AND EQUITY</u>					
Equity					
Share capital	17	192,187	192,187	192,187	192,187
Treasury shares	18	(24)	(24)	(24)	(24)
Reserves	19	(11,352)	(11,585)	93,087	93,087
Retained earnings/ (Accumulated losses)		12,570	9,539	(155,700)	(147,687)
Non-controlling interests		20,581	19,317	–	–
Equity attributable to owners of the Company		213,962	209,434	129,550	137,563
Current liabilities					
Trade and other payables	20	183,594	195,281	2,906	4,119
Non-current liabilities					
Deferred tax liabilities	21	23,639	22,629	–	–
Total liabilities		207,233	217,910	2,906	4,119
Total liabilities and equity		421,195	427,344	132,456	141,682

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Attributable to owners of the Company								
			← Reserves →						
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Merger reserve RMB'000	Currency translation reserve RMB'000	(Accumulated losses)/ Retained earnings RMB'000	Controlling interest RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Group									
Balance at 1 July 2019	192,187	(24)	93,087	(102,287)	(797)	(17,459)	164,707	16,016	180,723
Total comprehensive income for the year	–	–	–	–	–	25,389	25,389	3,301	28,690
Exchange differences arising on translation of foreign operation	–	–	–	–	21	–	21	–	21
Transfer to retained earnings – change in functional currency of the Company from SGD to RMB	–	–	–	–	(1,609)	1,609	–	–	–
Balance at 30 June 2020	192,187	(24)	93,087	(102,287)	(2,385)	9,539	190,117	19,317	209,434
Balance at 1 July 2020	192,187	(24)	93,087	(102,287)	(2,385)	9,539	190,117	19,317	209,434
Total comprehensive income for the year	–	–	–	–	–	3,031	3,031	916	3,947
Exchange differences arising on translation of foreign operation	–	–	–	–	233	–	233	–	233
Non-controlling interest's capital contribution arising from incorporation of a subsidiary (Note 27(b))	–	–	–	–	–	–	–	348	348
Balance at 30 June 2021	192,187	(24)	93,087	(102,287)	(2,152)	12,570	193,381	20,581	213,962

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Company						
Balance at 1 July 2019	192,187	(24)	93,087	1,609	(145,801)	141,058
Total comprehensive loss for the year	–	–	–	–	(3,495)	(3,495)
Transfer to accumulated losses – change in functional currency of Company from SGD to RMB	–	–	–	(1,609)	1,609	–
Balance at 30 June 2020	192,187	(24)	93,087	–	(147,687)	137,563
Balance at 1 July 2020	192,187	(24)	93,087	–	(147,687)	137,563
Total comprehensive loss for the year	–	–	–	–	(8,013)	(8,013)
Balance at 30 June 2021	192,187	(24)	93,087	–	(155,700)	129,550

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group 2021 RMB'000	Group 2020 RMB'000
Operating activities			
Profit before income tax		4,957	40,796
Adjustments for:			
Depreciation of property, plant and equipment	11	45	45
Interest income	5	(286)	(4,903)
Operating cash flows before changes in working capital		4,716	35,938
Changes in working capital:			
Other current assets		(23,629)	82,798
Trade and other receivables		23,754	(147,019)
Trade and other payables		2,752	7,751
Cash generated from/(used in) operations		7,593	(20,532)
Interest received		286	1,334
Net cash generated from/(used in) operating activities		7,879	(19,198)
Investing activity			
Acquisition of property, plant and equipment	11	–	(12)
Net cash used in investing activity		–	(12)
Financing activities			
Amount due to directors		379	(52)
Amount due to non-controlling interest of a subsidiary – Bo Dao		(14,817)	11,856
Share capital contribution from non-controlling interest on incorporation of a subsidiary -Raffles Infrastructure Development Bangladesh Ltd		348	–
Net cash (used in)/generated from financing activities		(14,090)	11,804
Net decrease in cash and cash equivalents		(6,211)	(7,406)
Cash and cash equivalents at beginning of financial year		97,221	104,606
Effect of currency translation		233	21
Cash and cash equivalents at end of financial year	16	91,243	97,221

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Reconciliation of liabilities arising from financing activities

	1 July 2020 RMB'000	Cash inflows/ (outflows) RMB'000	Non-cash movements: Other RMB'000	30 June 2021 RMB'000
Amount due to directors	806	379	–	1,185
Amount due to non-controlling interest of a subsidiary – Bo Dao	163,908	(14,817)	–	149,091

	1 July 2019 RMB'000	Cash inflows/ (outflows) RMB'000	Non-cash movements: Other RMB'000	30 June 2020 RMB'000
Amount due to directors	858	(52)	–	806
Amount due to non-controlling interest of a subsidiary – Bo Dao	152,052	11,856	–	163,908

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

1. General information

1.1 Corporate information

Raffles Infrastructure Holdings Limited (the "Company") (Registration Number 40381) is incorporated in Bermuda with its registered office located at 3rd Floor, Sofia House, 48 Church Street, Hamilton HM 12, Bermuda. The principal place of business of the Group is located at Xingwen County, Yibin, Sichuan, The People's Republic of China ("the PRC").

The principal activity of the Company is investment holding.

The principal activities of the respective subsidiaries are disclosed in Note 12 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 30 June 2021 were authorised for issue by the Board of Directors on 12 October 2021.

The Company's has no immediate and ultimate holding company as no shareholder holds more than 50% of the shareholding of the Company.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I)s ("INT SFRS(I)s") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Functional currency

The individual financial statements of each Group entity are measured in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Renminbi ("RMB"), and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

The statement of financial position and statement of changes in equity of the Company are presented in RMB to be in line with the functional currency of the key operating subsidiary of the Group (namely Bo Dao Road Construction Co. Ltd) which is RMB, and the presentation currency of the Group's financial statements which is also RMB.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Interpretations and amendments to published standards effective in the current financial year

On 1 July 2020, the Group has adopted the new or amended SFRS(I)s and INT SFRS(I)s that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s and INT SFRS(I)s.

The adoption of these new or amended SFRS(I)s and INT SFRS(I)s did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Standards issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I)s pronouncements relevant to the Group and Company were issued but not effective:

Description	Effective for annual periods beginning on or after
Annual improvements to SFRS(I)s 2018 – 2020	1 January 2022
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023

The new or The Board of Directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2. Summary of significant accounting policies (Continued)

2.3 Basis of consolidation (Continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

2.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (Continued)

2.3 Basis of consolidation (Continued)

2.3.1 Changes in the Group's ownership interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture. During the third quarter of financial year 2019, the Company deconsolidated three previous subsidiaries due to the loss of control.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2. Summary of significant accounting policies (Continued)

2.4 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and

- Assets (or disposal Groups) that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2.5 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. Summary of significant accounting policies (Continued)

2.5 Financial instruments (Continued)

2.5.1 Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. Summary of significant accounting policies (Continued)

2.5 Financial instruments (Continued)

2.5.1 Financial assets (Continued)

<u>Classification of financial assets</u> (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

<u>Foreign exchange gains and losses</u>

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other gains and losses” line item.

2. Summary of significant accounting policies (Continued)

2.5 Financial instruments (Continued)

2.5.1 Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The Group determines the ECL by using debtor by debtor basis, since the trade receivable of the Company solely comprised of a single third party debtor.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the leisure goods and electronic equipment market, the residential properties construction industry and the IT software business.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

2. Summary of significant accounting policies (Continued)

2.5 Financial instruments (Continued)

2.5.1 Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

2. Summary of significant accounting policies (Continued)

2.5 Financial instruments (Continued)

2.5.1 Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of expected credit losses (Continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are Grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate Group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Grouping is regularly reviewed by management to ensure the constituents of each Group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. Summary of significant accounting policies (Continued)

2.5 Financial instruments (Continued)

2.5.1 Financial assets (Continued)

Impairment of financial assets (Continued)

Derecognition of financial assets (Continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

2. Summary of significant accounting policies (Continued)

2.5 Financial instruments (Continued)

2.5.2 Financial liabilities

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

2. Summary of significant accounting policies (Continued)

2.5 Financial instruments (Continued)

2.5.2 Financial liabilities (Continued)

Financial liabilities (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2. Summary of significant accounting policies (Continued)

2.5 Financial instruments (Continued)

2.5.2 Financial liabilities (Continued)

<u>Financial liabilities</u> (Continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.5.3 Offsetting arrangement

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment (Continued)

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	5 years
Computers	3 - 5 years
Motor Vehicles	9 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

2.7 Leases

When the Group is the lessee.

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Short term leases

  The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.8 Impairment of non-financial assets

As at each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 for which the estimates of future cash flows have not been adjusted.

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.10 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation represents a promise in a contract with customers to transfer a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

2. Summary of significant accounting policies (Continued)

2.10 Revenue recognition (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Rural Road Infrastructure projects

The Group entered into a Public-Private-Partnership ("PPP") arrangement with provincial government authority of China in relation to the construction of rural roads, comprising 26 projects. Revenue is computed based on the direct measurement of the value of goods and services transferred to date per certification of claims and the provision according to the contractual term, including a fixed rate of return at 8.8%. Revenue is recognised over time upon the satisfaction of the customer's acceptance criteria at the completion of each project.

Under the terms of the contracts, the revenue shall be paid to the Group in an equal amount over 10 years period. As such, the Group recognises the significant financing component by adjusting the promised amount of consideration to reflect the time value of money in the arrangement in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*. Once the performance obligation is satisfied, the amounts due from the customer are accounted for in accordance with SFRS(I) 39 *Financial Instruments: Recognition and Measurement as receivables*.

Business advisory service

Revenue from business advisory service refers to a service contract with a third party for a business consultant service in the infrastructure business across Asia countries. Revenue is recognised over time when the Group satisfies the performance obligation upon performing the contractually agreed assignment over the period of time as stated in the service contract.

2.11 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

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2. Summary of significant accounting policies (Continued)

2.11 Income tax (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of 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.

2. Summary of significant accounting policies (Continued)

2.12 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Renminbi using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and cash on hand that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2. Summary of significant accounting policies (Continued)

2.15 Contract assets and assets recognised from costs incurred to fulfil a contract

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. A contract asset is recognised when the Group has the right to consideration in exchange for goods and services that the Group has transferred to a customer when that right is conditional on something other than passage of time (for example, the Group's future performance). A contract asset becomes a trade receivable when receipt of the consideration is unconditional and only the passage of time is required before the consideration is due.

Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

Asset recognised from costs incurred to fulfil a contract refer to costs that i) relate directly to a contract or an anticipated contract which the Group can specifically identify, ii) that these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future and, iii) that these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Asset recognised from costs incurred to fulfil a contract are presented within other current asset in the statement of financial position. They are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in profit or loss to the extent that the carrying amount exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

2.16 Employee benefits

a) Defined contribution plans

The Group makes 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 leave entitlements

No provision has been made for employee leave entitlements as any unconsumed annual leave will be forfeited.

c) Retirement benefit costs

The Group participates in the national pension schemes as defined by the laws of PRC. Subsidiaries incorporated in the PRC are required to provide staff pension benefits to their employees under existing PRC legislation. These subsidiaries are required to contribute a certain percentage of their payroll costs to the pension scheme to fund the benefits. The pension funds are managed by government agencies, which are responsible for paying pensions to the retired employees. Contributions under the pension scheme are charged to the profit or loss as they become payable in accordance with the rules of the pension scheme.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the management made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Revenue recognition relating to infrastructure projects - determining the timing of satisfaction of performance obligation

The Company provides construction services for the provincial government authority of Sichuan, China. As disclosed in Note 2.10, the Group becomes entitled to invoice customers for construction of rural roads based on achieving a series of performance-related milestones.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the construction services, set out in SFRS(I) 15 Revenue from Contracts with Customers and, in particular, whether the Group had transferred to the buyer the control of the goods. Following the detailed assessment, management is satisfied that when a particular milestone is reached, the customer is sent a relevant statement of work, the control has been transferred and that recognition of the revenue in the current year is appropriate.

(ii) Determination of functional currency

The functional currency of the Company before 1 January 2018 was Renminbi ("RMB"). The Company's functional currency for the financial period from 1 January 2018 to 30 June 2019 was changed from RMB to Singapore dollar ("SGD"). During the financial year ended 30 June 2020, the Company changed its functional currency from SGD back to RMB.

Management has determined the Company's functional currency to be RMB because the key operating subsidiary during the current financial year (namely Bo Dao Road Construction Co. Ltd) is operating in PRC and sales are denominated in RMB.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. Where necessary, the Company's assessments are based on the estimation of the value-in-use of the assets defined in SFRS(I) 1-36 Impairment of Assets by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows.

During the year, there is no impairment on investment in subsidiaries of the Company as the recoverable amount for this investments are considered more than the net assets of these subsidiaries. The Company's carrying amount of investments in subsidiaries as at 30 June 2021 was RMB510,000 (2020: RMB510,000) (Note 12).

(ii) Provision for income taxes

The Group has exposure to income taxes in the PRC of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes 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 in the period in which such determination is made. The carrying amounts of the Group's current tax payable and deferred tax liabilities as at 30 June 2021 were RMB Nil (2020: RMB Nil) and RMB23,639,000 (2020: RMB22,629,000) respectively.

(iii) Provision for expected credit losses of trade receivables

The management considers the credit risk on trade receivables to be limited because the counterparty is a provincial government authority of China. According to the latest rating assessment by Moody's, S&P and Fitch, the credit rating of China stood at A1(Stable), A+(Stable) and A+(Stable) respectively. As such the Group does not expect credit loss from trade receivables.

The carrying amount of the Group's trade receivables as at 30 June 2021 was RMB290,643,000 (2020: RMB312,865,000).

(iv) Application of discount factor for non-current trade receivables

The Group has non-current receivables due from the provincial government authority of China. The receivables were initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial. As there is a significant financing component, in determining the transaction price, the subsidiary had adjusted the agreed amount of consideration for the effects of the time value of money.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iv) Application of discount factor for non-current trade receivables (Continued)

In applying discount factor to the non-current trade receivables, management considered that the most appropriate discount rate is the China Government Bond Yield with 1, 2, 3, 5, 7 and 10 maturity years. Management determined that the application of China Government Bond Yield is the most appropriate discount rate as this is the cost of fund the provincial government authority would have been able to borrow at. As a result of the discounting, the Group adjusted the revenue and non-current receivables by RMB2,207,000 (2020: RMB25,562,000) to reflect the effects of the time value of money.

4. Revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines.

Timing of revenue recognition:

	Group	
	2021	**2020**
	RMB'000	**RMB'000**
Over time		
Infrastructure projects	21,681	187,992
Business advisory service	3,487	–
	25,168	187,992

The Group's key operating subsidiary, Bo Dao Road Construction Co. Ltd ("Bo Dao") has entered into a public-private partnership ("PPP") agreement/contract with a government authority in the People's Republic of China ("PRC") in relation to road constructions in the PRC. Bo Dao currently has only one PPP contract comprising 26 projects. Under the terms of the contract, the completed sections of the roads are required to undergo quality checks by the contracted parties before the performance obligation is satisfied.

Upon completion of the satisfied performance obligation of each project, Bo Dao will be paid by the government authority on a straight-line method over a 10 years period. In the current financial year, Bo Dao had undiscounted revenue of RMB23,888,000 (2020: RMB213,554,000) from 1 (2020: 5) project upon satisfying the identified single performance obligation. At the end of the current financial year, the cumulative completed projects were 11 (2020: 10) out of 26 projects.

The undiscounted infrastructure projects revenue includes income from projects upon satisfying the identified single performance obligation and project return of 8.8% earned annually on the unpaid project income portions, which are deemed investments as they are paid over 10 years.

4. Revenue (Continued)

As there is a significant financing component, in determining the transaction price, the Group had adjusted the above agreed amount of consideration for the effects of time value of money. The carrying amount of non-current trade receivables as at initial recognition had been reduced accordingly by the same amount. The amount of significant financing component amounted to RMB2,207,000 (2020: RMB25,562,000) for the financial year ended 30 June 2021. Accordingly, the revenue recognised for the financial year ended 30 June 2021 was RMB 21,681,000 (2020: RMB 187,992,000).

The revenue of RMB3,487,000 from business advisory service is contributed by a subsidiary – Raffles Infrastructure Capital Limited ("RIC") which was acquired on 2 November 2020.

The ability of the Group to complete the infrastructure projects is dependent on the ability of the Group to obtain independent credit facilities with financial institutions, or other manner of funding. The funding is required to fund construction of the projects. The Group's current operations, whilst funding with a financial institution is being negotiated, is funded by a shareholder of its subsidiary who has been subcontracted to perform the construction work. As a strategic partner, the shareholder is able to delay payment terms until such time the project revenue is paid by the final customer.

5. Other income

	Group	
	2021	2020
	RMB'000	RMB'000
Interest income- Bank deposits	286	1,334
Interest income- Unwinding of discount for non-current trade receivables	7,305	4,344
Government grants	188	–
Other income	4	189
	7,783	5,867

6. Profit before income tax

Profit before income tax has been arrived at after charging:

	Group	
	2021	2020
	RMB'000	RMB'000
Audit fee	578	427
Other audit fee	–	54
Depreciation of property, plant and equipment (Note 11)	45	45
Directors' fee – directors of the Company	1,059	811
Staff costs (Note 7)	4,404	4,850
Rental expenses	373	361

7. Staff costs

	Group	
	2021	2020
	RMB'000	RMB'000
Key management personnel		
- salaries and related cost	1,180	1,391
- directors' fee	1,059	811
- employer's contribution to defined contribution plan	60	91
	2,299	2,293
Other than key management personnel		
- salaries and related cost	1,932	2,380
- employer's contribution to defined contribution plan	173	177
	2,105	2,557
	4,404	4,850

8. Income tax expense

	Group	
	2021	2020
	RMB'000	RMB'000
Deferred income tax		
- Movement in temporary differences	1,010	12,106
	1,010	12,106

The tax expense on the results of the financial year differs from the amount of income tax determined by applying the statutory income tax rates of the respective countries to profit before income tax as a result of the following:

	Group	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	4,957	40,796
Tax at the domestic tax rates applicable to profits in the country where the Group operates (25%) (2020: 25%)	1,239	10,199
Add/(less):		
- Effect of non-deductible expenses	1,670	1,907
- Effect of non-taxable income	(1,899)	–
Total tax expense	1,010	12,106

8. Income tax expense (Continued)

The Group's subsidiaries, Raffles (Chengdu) Investment & Development Co., Ltd ("Raffles Chengdu") and Bo Dao Road Construction Co., Ltd ("Bo Dao") in the PRC are subject to the PRC corporate income tax on their taxable profits.

The tax rates are applicable to the following companies in the PRC as follows:

	Rate
Raffles Chengdu	25.0%
Bo Dao	25.0%

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2021	**2020**
	RMB'000	**RMB'000**
<u>**Earnings**</u>		
Earnings for the purposes of basic and diluted attributable to equity holders of the Company	3,031	25,389

	Group	
	2021	**2020**
	No. of shares	**No. of shares**
	'000	**'000**
<u>**Number of shares**</u>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	67,952	67,952

	2021	**2020**
Earnings per share (RMB)	0.04	0.37

10. Other current asset

	2021 RMB'000	2020 RMB'000
Asset recognised from costs incurred to fulfil a contract as at end of the financial year	29,160	5,531
	29,160	5,531
Analysed as:		
Current	29,160	5,531
Non-current	–	–
	29,160	5,531

Asset recognised from costs incurred to fulfil a contract refer to costs that i) relate directly to a contract or an anticipated contract which the Group can specifically identify, ii) that these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future and, iii) that these costs are expected to be recovered (Note 2.15). Otherwise, such costs are recognised as an expense immediately.

11. Property, plant and equipment

Group	Office equipment RMB'000	Computers RMB'000	Motor Vehicles RMB'000	Total RMB'000
Cost				
Balance at 1 July 2019	10	30	267	307
Additions	–	12	–	12
Balance at 30 June 2020 and 30 June 2021	10	42	267	319
Balance at 1 July 2019	3	7	45	55
Depreciation	2	12	31	45
Balance at 30 June 2020	5	19	76	100
Depreciation	2	13	30	45
Balance at 30 June 2021	7	32	106	145
Carrying amount				
Balance at 30 June 2020	5	23	191	219
Balance at 30 June 2021	3	10	161	174

All property, plant and equipment held by the Group are located in the PRC.

12. Investment in subsidiaries

	Company	
	2021	2020
	RMB'000	RMB'000
Unquoted equity shares, at cost	1,016	1,016
Allowance for impairment loss	(506)	(506)
At end of financial year	510	510

Movements in allowance for impairment loss are as follows:

	Company	
	2021	2020
	RMB'000	RMB'000
At beginning and at end of financial year	506	506

The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ operation	Cost of investment		Effective equity interest held by the Company		Principal activities
		2021	2020	2021	2020	
		RMB'000	RMB'000	%	%	
Held by the Company						
Raffles (Chengdu) Investment & Development Co., Ltd. [(1)]	The People's Republic of China	510	510	100%	100%	Infrastructure, cultural tourism, energy-saving and environmental protection project investment, operation management, technology development and services; investment consultation; investment management
Raffles Infrastructure Development Holdings Pte. Ltd. [(1)] [(2)]	Singapore	–	–	100%	–	Holding real estate development investments.

12. Investment in subsidiaries (Continued)

Name of subsidiaries	Country of incorporation/ operation	Cost of investment		Effective equity interest held by the Company		Principal activities
		2021	2020	2021	2020	
		RMB'000	RMB'000	%	%	
Held by Raffles (Chengdu) Investment & Development Co., Ltd						
Bo Dao Road Construction Co., Ltd. [1] 兴文县僰道公路建设有限责任公司	The People's Republic of China	100,000	100,000	90.91%	90.91%	Road project construction, management, operation and maintenance
Held by Raffles Infrastructure Development Holdings Pte Ltd						
Raffles Infrastructure Development Pte Ltd (Formerly known as Raffles Infrastructure Investments (Singapore) Pte Ltd. [1]	Singapore	506	506	100%	100%	Activities of head and regional head offices, centralised administrative offices and subsidiary management offices
Held by Raffles Infrastructure Development Pte Ltd						
Raffles Infrastructure Development Bangladesh Ltd.	Bangladesh	1,961	–	85%	–	Infrastructure business which is partnership with local government in Bangladesh.

(1) Audited by RT LLP for the purpose of expressing an opinion on the consolidated financial statements.
(2) Cost of investments are less than S$1,000.

The recoverable amount of the investment in subsidiaries was based on fair value less costs of disposal. The Group had used the market approach where the expected selling price of the subsidiary was based on its estimated net assets at the end of the financial year.

	2021	2020
	RMB'000	RMB'000
Carrying value of non-controlling interests		
Raffles Infrastructure Development Bangladesh Ltd	185	–
Bo Dao Road Construction Co., Ltd	20,814	19,317

12. Investment in subsidiaries (Continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	Bo Dao Road Construction Co., Ltd	
	2021	**2020**
	RMB'000	**RMB'000**
Current		
Assets	30,965	56,909
Liabilities	(191,329)	(190,910)
Net current liabilities	(160,364)	(134,001)
Non-current		
Assets	303,624	272,898
Total non-current assets	303,624	272,898
Net assets	143,260	138,897

Summarised statement of profit or loss and other comprehensive income

	Bo Dao Road Construction Co., Ltd	
	2021	**2020**
	RMB'000	**RMB'000**
Revenue	21,681	187,992
Profit after income tax	11,875	48,422
Total comprehensive income	11,875	48,422
Total comprehensive income allocated to non-controlling interests	1,079	3,301

12. Investment in subsidiaries (Continued)

Summarised financial information of subsidiaries with material non-controlling interests (Continued)

Summarised cash flows

	Bo Dao Road Construction Co., Ltd	
	2021	**2020**
	RMB'000	**RMB'000**
Net cash generated from/(used in) operating activities	10,160	(42)
Net cash generated from investing activities	–	1
Net cash used in financing activities	(9,496)	–

Summarised statement of financial position

	Raffles Infrastructure Development Bangladesh Ltd.
	2021
	RMB'000
Current	
Assets	2,170
Liabilities	(977)
Net current liabilities	1,193
Non-current	
Assets	–
Total non-current assets	–
Net assets	1,193

Summarised statement of profit or loss and other comprehensive income

	Raffles Infrastructure Development Bangladesh Ltd.
	2021
	RMB'000
Revenue	–
Loss after income tax	(1,094)
Total comprehensive loss	(1,133)
Total comprehensive loss allocated to non-controlling interests	(163)

12. Investment in subsidiaries (Continued)

Summarised financial information of subsidiaries with material non-controlling interests (Continued)

Summarised cash flows

	Raffles Infrastructure Development Bangladesh Ltd.
	2021
	RMB'000
Net cash used in operating activities	(125)
Net cash from investing activities	–
Net cash used in financing activities	(370)

13. Amount due from subsidiaries

	Company	
	2021	2020
	RMB'000	RMB'000
Current loan account		
- Amount due from a subsidiary	131,809	141,073

The amount due from a subsidiary is non-trade, unsecured, interest free and repayable on demand. The amount approximates its fair value. The amount due from a subsidiary is denominated in Renminbi.

14. Trade and other receivables

	Group	
	2021	2020
	RMB'000	RMB'000
Non-current:		
Trade receivables		
- Third parties	242,820	261,863
Other receivables	9,010	10,837
	251,830	272,700
Current:		
Trade receivables		
- Third parties	47,823	51,002
Deposits	19	49
Value-added tax receivables	681	322
Others	159	199
	48,682	51,572
	300,512	324,272

The currency profiles of the Group's and Company's trade and other receivables are as follows:

	Group	
	2021	2020
	RMB'000	RMB'000
Renminbi	300,512	324,272

Trade receivables pertain to receivables from government authority which will be paid over a 10-years term on straight-line method based on the contract terms.

15. Prepayments

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	106	101	98	96

16. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash balances	4	–	–	–
Bank balances	91,239	97,221	39	3
	91,243	97,221	39	3

The effective interest rate of the cash and bank balances of the Group and the Company is 0.6% per annum (2020: 0.6%) per annum. Interest rates reprice at intervals of one to three months.

The currency profiles of the Group's and Company's cash and cash equivalents as at end of financial year are as follows:

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	90,926	97,218	–	–
Bangladeshi taka	205	–	–	–
Singapore dollar	112	3	39	3
	91,243	97,221	39	3

Cash and cash equivalents of RMB90,926,000 (2020: RMB97,218,000) held in the People's Republic of China are subject to local exchange control regulation. These regulations places restriction on the amount of currency being exported other than through dividends.

17. Share capital

		2021	2020	2021	2020
	Par value	Number of ordinary shares		RMB'000	RMB'000
	US$	'000	'000		
Authorised:					
At 30 June (US$100,000,000)	0.40	250,000	250,000	615,347	615,347
				2021	2020
				USD'000	USD'000
Issued and paid up:					
At 1 July/30 June	0.40	67,960	67,960	27,181	27,181
Equivalent to RMB'000				192,187	192,187

17. Share capital (Continued)

Fully paid ordinary shares carry one vote per share and carry a right to receive dividends as and when declared by the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

18. Treasury shares

	2021	2020	2021	2020
	Number of ordinary shares'000		USD'000	USD'000
Paid up:				
At beginning and end of the financial year	8	8	3	3
Equivalent to RMB'000			24	24

The Company had acquired an accumulated total of 200,000 of its own shares through purchases on SGX in 2012 and in 2014. The total amount paid to acquire the shares was RMB35,000. The amount was subsequently reduced to RMB24,000 due to the share capital reduction on 28 September 2018 (as detailed below) and had been deducted from shareholders' equity.

On 29 May 2015, the Company completed its share consolidation exercise to consolidate every fifty ordinary shares in the capital of the Company held by the shareholders into one ordinary share in the capital of the Company, to comply with the Minimum Trading Price ("MTP") requirement as implemented by the SGX-ST as an additional continuing listing requirement. The issued share capital of the Company as at 31 December 2015 comprises 8,979,791 consolidated shares, after disregarding any fraction of consolidated shares arising from the share consolidation exercise.

After the share consolidation exercise, the 200,000 treasury shares had been consolidated into 4,000 shares.

On 28 September 2018, Company completed its share split (the "Share Split") of every one existing ordinary shares in the capital of the Company into two shares. To effect the Share Split, the ordinary share par value of US$2.00 was subdivided to US$1.00 per ordinary share.

On 28 September 2018, in accordance with the Bermuda laws, the par value of the Share was reduced (the "Share Capital Reduction") from US$1.00 to US$0.40.

After the Share Split and Share Capital Reduction, those 4,000 treasury shares have since been split into 8,000 shares.

19. Reserves

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share premium	79,908	79,908	79,908	79,908
Share placement	13,179	13,179	13,179	13,179
Currency translation reserves	(2,152)	(2,385)	–	–
Merger reserve	(102,287)	(102,287)	–	–
	(11,352)	(11,585)	93,087	93,087

(i) Share premium

The share premium represents the excess of issue price over the par value of the shares issued, net of share issue expenses.

On 28 September 2018, Company completed its share placement (the "Share Placement") of 50,000,001 new ordinary shares in the capital of the Company at the issue price of S$0.60 per placement share.

(ii) Merger reserve

The merger reserve represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired which is accounted for using the pooling-of-interest method.

20. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
- Third parties	28,213	26,537	–	–
Accrued expenses	5,105	775	130	69
Amount due to directors	1,185	806	362	701
Amount due to non-controlling interest of a subsidiary – Bo Dao	149,091	163,908	–	–
Other payables	–	3,255	2,414	3,349
Total trade and other payables	183,594	195,281	2,906	4,119

The amounts due to directors and non-controlling interest (NCI) of a subsidiary are non-trade, unsecured, interest-free and repayable on demand.

20. Trade and other payables (Continued)

No interest is charged on the trade and other payables. The payment term agreed was payment to the supplier upon collection from the trade receivables.

Amount due to NCI of a subsidiary pertains to amount due by a subsidiary, Bo Dao Road Construction Co. Ltd to its NCI. The amount is non-trade, unsecured, non-interest bearing and repayable on demand.

The currency profiles of the Group's and Company's trade and other payables as at reporting date are as follows:

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	180,745	190,818	–	–
Bangladeshi taka	977	–	–	–
Singapore dollar	1,872	4,463	2,906	4,119
	183,594	195,281	2,906	4,119

The carrying amounts of accruals and other payables approximate their fair values.

21. Deferred tax liabilities

Deferred tax liabilities relate to the infrastructure projects in China which will be taxable only when all the 26 projects from the sole contract that the Group currently has, are completed and the corresponding receivables have been collected. Movements in deferred tax liabilities during the financial year/period were as follows:

	Group	
	2021	2020
	RMB'000	RMB'000
Deferred tax liabilities		
At beginning of the year	22,629	10,523
Recognised in profit or loss	1,010	12,106
At end of the year	23,639	22,629

22. Significant related party transactions

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 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).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Compensation of directors and key management personnel remuneration

The remuneration of directors and other members of key management during the financial year are as follows:

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term employee benefits	2,299	2,293	1,059	811

Included in the key management personnel's remuneration are costs of defined contribution plans for the Group amounting to RMB60,000 (2020: RMB91,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

23. Operating segments

Business & Geographical Segment

The Group has two revenue streams including PPP projects in the PRC and business advisory service in Hong Kong for FY2021. The Group acquired a new subsidiary – Raffles Infrastructure Capital Limited ("RIC") on 2 November 2020 to take over its business advisory service in relation to infrastructure project. Subsequently, the Company's shares in RIC have been diluted due to the allotment of additional new shares in RIC to a third party. Consequently, the shareholdings of the Group in RIC was reduced from 50% to 14.29% on 1 April 2021. On 1 June 2021, the Company had fully disposed its 14.29% shares in RIC.

The following is an analysis of the Group's revenue and results by reporting segment:

Group

	China (RMB'000)	**Hong Kong (RMB'000)**	**Total (RMB'000)**
30 June 2021			
Revenue			
- Infrastructure Business	21,681	–	21,681
- Business Advisory Service	–	3,487	3,487
	21,681	3,487	25,168
Gross profit	5,583	1,286	6,869
Other income	7,593	–	7,593
Administrative expenses	(878)	(1,286)	(2,164)
Unsegment expenses	–	–	(7,341)
Net profit for the year			4,957
30 June 2020			
Revenue			
- Infrastructure Business	187,992	–	187,992
Gross profit	44,088	–	44,088
Other income	4,344	–	4,344
Administrative expenses	(9)	–	(9)
Unsegment expenses	–	–	(7,627)
Net profit for the year			40,796

There is no reporting on segment assets since the Group operates principally in a single business segment which is the provider of infrastructure projects as at financial year ended 30 June 2020 and 30 June 2021.

24. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
At amortised cost	390,970	420,972	131,848	141,076
Financial liabilities				
At amortised cost	183,594	195,281	2,906	4,119

25. Financial risk management

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risks

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

25. Financial risk management (Continued)

Credit risks (Continued)

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic
- conditions that are expected to cause a significant change to the debtor's ability to
- meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

25. Financial risk management (Continued)

Credit risks (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
__Group__						
30 June 2021						
Trade receivables	14	Note 1	Lifetime ECL (simplified)	290,643	–	290,643
Other receivables	14	I	12-month ECL	9,869	–	9,869
					–	
30 June 2020						
Trade receivables	14	Note 1	Lifetime ECL (simplified)	312,865	–	312,865
Other receivables	14	I	12-month ECL	11,407	–	11,407
					–	

25. Financial risk management (Continued)

Credit risks (Continued)

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Company						
30 June 2021						
Amount due from subsidiaries	13	I	12-month ECL	131,809	–	131,809
30 June 2020						
Amount due from subsidiaries	13	I	12-month ECL	141,073	–	141,073

Trade receivables (Note 1)

The management considers the credit risk on trade receivables to be limited because the counterparty is a provincial government authority of China. As mentioned in Note 3.2(iii), according to the latest rating assessment by Moody's, S&P and Fitch, the credit rating of China stood at A1(Stable), A+(Stable) and A+(Stable) respectively. As such the Group does not expect credit loss from trade receivables.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Exposure to credit risk

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers' payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and Board of Directors. The Group's trade receivables include 1 debtor (2020: 1 debtor) that collectively represented 100% (2020: 100%) of trade receivables at reporting date.

The Group's concentration of credit risk by geographical locations is mainly at the PRC, which account for 100% (2020: 100%) of the total trade receivables as at year end.

25. Financial risk management (Continued)

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risks

The Group transacts business in currencies, other than the respective functional currency of the Group entities, and hence is exposed to foreign currency risks.

At present, the Group does not have any formal policy for hedging against exchange exposure.

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

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year/period are as follows:

	Group		Company	
	Singapore dollar	Bangladeshi taka	Singapore dollar	Renminbi
	RMB'000	RMB'000	RMB'000	SGD'000
2021				
Cash and cash equivalents	112	205	39	8
Trade and other payables	(1,872)	(977)	–	–
	(1,760)	(772)	39	8
2020				
Cash and cash equivalents	3	–	3	–
Trade and other payables	(4,463)	–	(4,119)	–
	(4,460)	–	(4,116)	–

25. Financial risk management (Continued)

Market risks (Continued)

Foreign currency risks (Continued)

Foreign currency sensitivity analysis

The Group and Company are mainly exposed to Singapore dollar (SGD) and Bangladeshi taka (Taka).

The following table details the Group's sensitivity to a 10% change in SGD and Taka against RMB, and the Company's sensitivity to a 10% change in SGD and Taka against RMB in FY 2021 and FY2020. The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates at the end of the financial year with all variables held constant.

	Increase/(Decrease)			
	Group		Company	
	Profit or loss			
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	SGD'000
SGD				
Strengthens against RMB	(176)	(446)	4	(412)
Weakens against RMB	176	446	(4)	412
Taka				
Strengthens against RMB	(77)	–	–	–
Weakens against RMB	77	–	–	–

Interest rate risks

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 their cash and cash equivalents.

The Group does not expect any significant effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

25. Financial risk management (Continued)

Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

	Less than 1 year RMB'000
Group	
Undiscounted Financial Assets	
Cash and bank balances	91,243
Trade and other receivables	47,823
As at 30 June 2021	139,066
Cash and bank balances	97,221
Trade and other receivables	51,002
As at 30 June 2020	148,223
Undiscounted Financial Liabilities	
Trade and other payables	183,594
As at 30 June 2021	183,594
Trade and other payables	195,281
As at 30 June 2020	195,281

25. Financial risk management (Continued)

Liquidity risks (Continued)

	Less than 1 year RMB'000
Company	
Undiscounted Financial Assets	
Cash and bank balances	39
Amount due from subsidiaries	131,809
As at 30 June 2021	131,848
Cash and bank balances	3
Amount due from a subsidiary	141,073
As at 30 June 2020	141,076
Undiscounted Financial Liabilities	
Trade and other payables	2,906
As at 30 June 2021	2,906
Trade and other payables	4,119
As at 30 June 2020	4,119

26. Fair value of assets and liabilities

Cash and cash equivalents, trade receivables (current), other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables (non-current)

The fair values of non-current trade receivables are computed based on future cash flows discounted at the prevailing 1, 2, 3, 5, 7 and 10-years China Government Bond Yield rates. As there are no material differences between those rates prevailing as at 30 June 2021, 30 June 2020 and 30 June 2019, the carrying amounts of non-current trade receivables approximate their fair values.

Trade payables

The carrying amounts of trade payables approximate its fair values as it is subject to normal trade credit terms.

27. Acquisition/Disposal of subsidiaries and non-controlling interests

(a) Acquisition and disposal of a new subsidiary

On 2 November 2020, the Group acquired 100 new shares issued by Raffles Infrastructure Capital Limited ("RIC") with HKD1.00 per share, for a consideration of HKD100. The shares acquired formed 50% of the issued share capital of RIC. This transaction had been accounted for by the acquisition method of accounting until 31 March 2021.

Details of the acquisition are as follows:

	RMB
Consideration paid (equivalent to HKD100)	85
Less: Assets acquired and liabilities assumed	
Cash and bank balances	221
Other receivables	172
Total assets	393
Other payables	(205)
Total liabilities	(205)
Total identifiable net assets	187
Less: Non-controlling interest	(94)
	93
Bargain purchase	(8)

Management has not recognised the above amounts in the financial statements since all the above amounts are individually less then RMB1,000 and are thus immaterial to the Group.

On 1 April 2021, the total number of shares in RIC was enlarged from 200 shares to 700 shares by allotting an additional 500 shares to a third party. As a result, the Company's equity interest in RIC was diluted from 50% to 14.29% and RIC is from that date, accounted for as equity investment at fair value through profit and loss.

27. Acquisition/Disposal of subsidiaries and non-controlling interests (Continued)

(a) Acquisition and disposal of a new subsidiary (Continued)

Analysis of the deemed disposal of RIC:

	RMB
Less: Assets and liabilities at date of deemed disposal	
Cash and bank balances	41,009
Other receivables	960,701
Total assets	1,001,710
Other payables	(1,002,295)
Total liabilities	(1,002,295)
Total identifiable net liabilities	(585)
Less: Non-controlling interest	293
Net liabilities disposed of	(292)
Gain on deemed disposal	(292)

Management has not recognised the above amounts in the financial statements as they are immaterial to the Group.

Subsequently, the Company disposed its 14.29% shares in RIC at a cash consideration of HK$100 to a third party upon the Sales and Purchase agreement signed on 1 June 2021.

(b) Non-controlling interests

On 30 November 2020, The Company has entered into a joint venture agreement with Cupertino Power Ltd ("CPL"). The Company has formed a joint venture company named as Raffles Infrastructure Development Bangladesh Ltd ("RIDB") through its wholly-owned subsidiary, Raffles Infrastructure Development Pte. Ltd., ("RIDPL") (formerly known as Raffles Infrastructure Investments (Singapore) Pte. Ltd) with CPL to develop a Trust Green City Township Development project ("Project") in Bangladesh.

RIDB is an indirect subsidiary of the Company, with RIDPL holding 85% of all the issued share capital of RIDB.

Details of the formation of RIDB are as follows:

	RMB'000
Net cash inflow at the date of acquisition:	
Share capital contribution from non-controlling interest on incorporation of a subsidiary - Raffles Infrastructure Development Bangladesh Ltd	348

28. Capital management policies and objectives

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

The Group's management reviews the capital structure on an annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from 2020.

The review of the Group's capital risk management policies and objectives is conducted by the Audit Committee and the Board of Directors.

The Group and the Company are in compliance with externally imposed capital requirements for the financial years ended 30 June 2021 and 30 June 2020.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents and amount due from a subsidiary.

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt	92,351	98,060	(128,942)	(136,957)
Total equity	213,962	209,434	129,550	137,563
Gearing ratio	43%	47%	N.M*	N.M*

* N.M – Not meaningful

29. Significant events during the current financial year

(a) Outbreak of Coronavirus Disease ("COVID-19")

With the rapid spread of the COVID-19 pandemic globally, strict government containment measures have been implemented in the People's Republic of China ("PRC") where the major subsidiary is engaged in the PRC, in many instances resulting in full or partial national lockdowns, states of emergency, elevated social distancing and travel restrictions in varying stages.

The Group continues to take all pre-cautionary measures in prevention of another wave of the COVID-19 outbreak and is still committed to improving the business performances overall. Although there has been a delay in deliverance of road parcels and the acceptance process by the client construction schedule due to the COVID-19 situation, the construction of the road parcels is progressing in the first quarter of FY2022. The Company will continue to work with its client in monitoring the progress closely.

29. Significant events during the current financial year (Continued)

(b) Trust Green City Township Development project ("Project")

On 8 May 2020, the Company has entered into a Memorandum of Understanding with the Army Welfare Trust ("AWT") of the People's Republic of Bangladesh in relation to the Project.

On 30 November 2020, the Company executed Final Agreement with AWT to stipulate the terms and considerations including established a new joint venture company – Raffles Infrastructure Development Bangladesh Ltd ("JVC") in Bangladesh on 1 December 2020.

The Company and MCC Land (Singapore) Pte Ltd ("MCC Singapore") are exploring the collaboration structure in this Project based on the MOU signed on 21 December 2020. MCC Singapore will conduct due diligence exercise and a feasibility study on the Project. Upon satisfactory outcome, it is anticipated that MCC Singapore will participate in the Project as a project manager and main contractor and/or by making a direct investment into the Company.

(c) Joint Venture for Business Advisory Services

On 2 November 2020, the Company has successfully entered a Joint Venture with Raffles Financial Private Limited. The Joint Venture Company is named as Raffles Infrastructure Capital Limited ("RIC"), which was incorporated in Hong Kong.

The Board is of view that this Joint Venture for business advisory services is in line with the Company's on-going objective of seeking opportunities and growth in its business and operations with a diversity on revenue streams.

On 1 April 2021, total number of shares in RIC was diluted from 200 shares to 700 shares by allotting an additional 500 shares to third party. As a result, the Company's number of shares in RIC was diluted from 50% to 14.29%. Subsequently, the Company disposed its 14.29% shares in RIC at a cash consideration of HK$100 to a third party upon the Sales and Purchase agreement signed on 11 June 2021.

(d) Incorporation of wholly owned subsidiary

On 6 January 2021, the Company set up a new wholly owned subsidiary – Raffles Infrastructure Development Holdings Pte Ltd ("RIDH"). RIDH is incorporated for the purpose of holding real estate development investments.

On 4 February 2021, the Company had transferred 100% of its shares in Raffles Infrastructure Development Pte. Ltd., ("RIDPL") (formerly known as Raffles Infrastructure Investments (Singapore) Pte. Ltd) to RIDH without any consideration.

30. Subsequent event

Proposed subscription of new ordinary shares

On 15 September 2021, the Group announced that the Company has entered into a subscription agreement with Yayuan Limited (the "Subscriber") for the proposed allotment and issue by the Company of a total of 10,000,000 New Shares. The subscriber has agreed to pay for the New Shares at the price of S$0.20 for each New Share, amounting to an issue price of S$2,000,000.

STATISTICS OF SHAREHOLDINGS

AS AT 27 SEPTEMBER 2021

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	93	13.27	5,512	0.01
100 - 1,000	135	19.26	64,276	0.09
1,001 - 10,000	331	47.22	1,308,792	1.93
10,001 - 1,000,000	134	19.11	9,858,633	14.51
1,000,001 and above	8	1.14	56,714,370	83.46
Total	701	100.00	67,951,583	100.00

* Excluding Treasury Shares as at 27 September 2021 - 8,000 shares

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	13,897,533	20.45
2	CHINA CAPITAL INVESTMENT (GROUP) CO., LTD.	13,666,667	20.11
3	PHILLIP SECURITIES PTE LTD	11,167,858	16.44
4	SU WANRU	5,250,002	7.73
5	UOB KAY HIAN PTE LTD	4,045,133	5.95
6	DBS NOMINEES PTE LTD	3,394,533	5.00
7	RAFFLES FINANCIAL PTE. LTD.	3,000,000	4.41
8	RAFFLES NOMINEES (PTE) LIMITED	2,292,644	3.37
9	LEE GUAN HUAT	667,100	0.98
10	ONG SING ENG	511,782	0.75
11	ONG HOCK SIONG @ BENNY ONG HOCK SIONG	400,000	0.59
12	RAMESH S/O PRITAMDAS CHANDIRAMANI	380,000	0.56
13	KWEK SWEE HENG	286,733	0.42
14	CHIA MUI HOCK	237,000	0.35
15	TANG KOK GUEN	235,000	0.35
16	ZHANG BAOHUI	228,000	0.34
17	PU WEIDONG	218,400	0.32
18	LAY FOOK CHOON	210,000	0.31
19	GAN AH HUAT	200,000	0.29
20	TAN ZHIYONG	199,200	0.29
Total:		60,487,585	89.01

Note:

%: Based on 67,951,583 shares (excluding shares held as treasury shares) as at 27 September 2021
* Treasury Shares as at 27 September 2021 - 8,000 shares

STATISTICS OF SHAREHOLDINGS
AS AT 27 SEPTEMBER 2021

SUBSTANTIAL SHAREHODERS

Name	No. of Shares Direct Interests	Deemed Interests	%
Magic Micro Co., Ltd	13,799,833	–	20.31
China Capital Investment (Group) Co., Ltd.	13,666,667	–	20.11
Wellgain International Holdings Limited	9,044,186	–	13.31
Wu Xinhua[1]	–	9,044,186	13.31
Su Wan Ru	5,250,002	–	7.73

Notes:

1 Wu Xinhua is the legal and beneficial owner of all the issued and paid-up share capital of Wellgain International Holdings Limited ("Wellgain"). Accordingly, he is deemed interested in the 49,044,186 shares held by Wellgain. Wellgain's interests in the 9,044,186 shares are held by Philip Securities Pte Ltd as nominee.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 27 September 2021, 38.54% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting ("**AGM**") of Raffles Infrastructure Holdings Limited (the "**Company**") will be held by way of electronic means on **Friday, 29 October 2021 at 9.00 a.m.** (Singapore Time) to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2021 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To approve the Directors' fees of S$240,000 for the financial year ending 30 June 2022 to be paid quarterly in arrears. *(FY2021: S$240,000)* **(Resolution 2)**

3. To re-elect Mr Choo Han Kiat, Eric who is retiring pursuant to Bye-law 86(1) of the Company. **(Resolution 3)**

4. To re-elect Mr Li Jia Chen who is retiring pursuant to Bye-law 86(1) of the Company. **(Resolution 4)**

5. To re-appoint Messrs RT LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without modifications:

6. **Authority to issue shares and convertible securities** **(Resolution 6)**

"That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares 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) 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 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 in pursuance of any Instrument made or granted by the directors while this Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) (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 shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) 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 this Resolution is passed; and

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

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(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 Monetary Authority of Singapore) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 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 the earlier.

(See Explanatory Note)

NOTICE OF ANNUAL GENERAL MEETING

7. To transact any other business that may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Lee Wei Hsiung
Company Secretary

Singapore, 14 October 2021

Explanatory Note:

Ordinary Resolution 6, if passed, will authorise the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) (the "**50% Limit**"), with a sub-limit of 20 per cent for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that Ordinary Resolution 6 is passed, after adjusting for (a) 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 that Ordinary Resolution 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares. As at 27 September 2021, the Company had 8,000 treasury shares and no subsidiary holdings.

NOTES:

1. The AGM is being convened, and will be held, by 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 will not be sent to members**. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at https://rafflesinfrastructure.com. This Notice will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, accompanying Company's announcement dated 14 October 2021. This announcement may be accessed at the Company's website at https://rafflesinfrastructure.com, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form for the AGM may be accessed at the Company's website at https://rafflesinfrastructure.com, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

4. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

5. Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 October 2021.

6. The Chairman of the Meeting, as proxy, need not be a member of the Company.

7. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.proxy@sg.tricorglobal.com.

   in either case no later than 9.00 a.m. on 27 October 2021, and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

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

8. In the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

IMPORTANT REMINDERS

Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company 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 by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy 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, take-over rules, regulations and/or guidelines.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Choo Han Kiat Eric and Mr Li Jia Chen are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 October 2021 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	CHOO HAN KIAT ERIC	**LI JIA CHEN**
Date of Appointment	5 October 2017	28 September 2018
Date of last re-appointment	29 March 2019	29 March 2019
Age	47	50
Country of principal residence	Singapore	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Choo Han Kiat Eric for re-appointment as Executive of the Company. The Board have reviewed and concluded that Mr Choo Han Kiat Eric possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Li Jia Chen for re-appointment as Non-Executive Non-Independent Director of the Company. The Board have reviewed and concluded that Mr Li Jia Chen possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. Overall planning of the business direction and development of the Company.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer	Non-Independent Non-Executive Director
Professional qualifications	• Master's Degree in International Accounting and Finance, • London School of Economics Political Science, United Kingdom	• Degree in Economics and Trading, Zhengzhou University • Master's degree in business administration, China Renmin University

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHOO HAN KIAT ERIC	LI JIA CHEN
Working experience and occupation(s) during the past 10 years	July 2014 to March 2018: Business Partner of Silk Routes Financials Pte Ltd July 2012 to June 2014: General Manager of Golden Fountain Investments July 2007 to April 2012: General Manager of Broyland Group	Jul 2016 to present: Vice Chairman and President of Operations for China Capital Investment Group Aug 2008 to Jun 2016: Vice President of China International Council for the Promotion of Multinational Corporations under the Ministry of Commerce
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years) Present	 Nil Nil	 Nil Vice Chairman and President of Operations for China Capital Investment Group
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		CHOO HAN KIAT ERIC	LI JIA CHEN
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c)	Whether there is any unsatisfied judgment against him?	No	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		CHOO HAN KIAT ERIC	LI JIA CHEN
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHOO HAN KIAT ERIC	LI JIA CHEN
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHOO HAN KIAT ERIC	LI JIA CHEN
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

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