

### **CONTENTS**

- **01** Corporate Profile
- **02** Letter to Shareholders
- **04** Group Financial Highlights
- **05** Business Review
- **06** Board of Directors
- **09** Corporate Information
- 10 Corporate Governance Report
- 23 Directors' Statement
- 26 Independent Auditor's Report
- 31 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- **32** Statements of Financial Position
- 33 Statements of Changes in Equity
- 34 Consolidated Statement of Cash Flows
- 35 Notes to The Financial Statements
- **75** Statistics of Shareholdings
- 77 Notice of Annual General Meeting

### CORPORATE PROFILE

Based in Singapore, Raffles Infrastructure Holdings Limited ("Raffles Infrastructure" or the "Group") is principally engaged in the investment of infrastructure projects in Asia. With the rapid development of the One Belt One Road initiatives in Asia, the Group aims to capitalise on the opportunities in the infrastructure investment and projects segment in the region to achieve greater growth potential.

Raffles Infrastructure, formerly known as China Fibretech Ltd., a dyemaker and post-processer for textiles treatment based in the Fujian province, has resumed trading on the Mainboard of Singapore Exchange on 28 September 2018 (SGX: LUY).

Currently, there are three subsidiaries under the Group:

Simwa Holdings Ltd was incorporated in 2007 – the company that holds the dye business.

Raffles Infrastructure Investments (Singapore) Pte. Ltd. was incorporated in November 2018 – a Singapore company that functions as the headquarter for the Group and manages the operations and investments of all the subsidiaries except Simwa Holdings Ltd.

Raffles (Chengdu) Investment & Development Co. Ltd. was incorporated in May 2018 – a wholly foreign owned enterprise in China, that owns all the infrastructure projects and businesses in the country.

With the new Board in place, the Group is charting a new course, exploring opportunities to create new drivers of growth and intensifying efforts in the pursuit of investment opportunities in the region to develop our new valuable and sustainable core business.

### LETTER TO SHAREHOLDERS

#### DEAR VALUED SHAREHOLDERS,

On behalf of the Board, it is my honour to keep everyone abreast of the recent developments of the Company.

First and foremost, I would like to take this opportunity to congratulate everyone on our successful lifting from the trading suspension as of 28th September 2018, after meeting the specific requirements and conditions set out by the Singapore Exchange Securities Trading Limited ("SGX-ST").

With that, we have also undergone a transformation, renaming ourselves as Raffles Infrastructure Holdings Limited. This is in line with our change in business activities which we will take on projects under China's One Belt One Road initiative. We believe that this strategic move will enable us to usher in a new phase of growth and create greater shareholder value in time to come.

### **KEY AND NEW INVESTORS**

Over the past months, we have garnered various support from new investors. Notably, one of our cornerstone investors is the state-owned China Capital Investment Group ("CCIG"), as they become one of our controlling shareholders. Their investments demonstrated their confidence in us and have provided us with their utmost support on the projects that we are currently embarking on.

Through this strong collaboration, we are now able to leverage on our close cooperation, as we strive to strengthen our geographical presence and deepen our foothold in the markets we operate in, while undertaking more projects under the One Belt One Road initiatives.

In addition, we are also privileged to receive support from other like-minded "white knights" who shared our vision and goal, as they placed their trust on us through injecting fresh funds into the Company. This enhances our financial position, allowing us to carry out expansion plans that we believe will bear fruits in time to come.

## STRATEGIC ALLIANCE WITH RENOWNED PARTNERS

Besides securing significant investments, we have also forged landmark partnerships with key players from the Chinese infrastructure industry. On 10th September 2018, we signed a Tripartite Agreement with state-owned China Railway Construction Corporation Limited's 23 Bureau Group and Tianfu RailTech Valley Technology Co. to establish a Consortium. Based in Beijing, China Railway Construction Corporation is one of the largest construction and engineering companies in the world and is currently listed in Shanghai and Hong Kong.

In addition, with the establishment of the Consortium, we have also successfully inked a framework agreement with the Tourism Board of the People's Government of Dengfeng City on a tourist railway project for an estimated contract value of RMB6.0 billion on 22nd October 2018. We are currently in talks with the Tourism Board to finalise on the deliverables.

This strategic alliance enables us to tap on shared knowledge and expertise, placing us in a better position to jointly bid for environmentally-friendly infrastructure-related projects in China.

#### FIRST FORAY INTO INFRASTRUCTURE PROJECTS

Our investment in BoDao Road Construction Co., Ltd has provided us with the opportunity to make our first foray into the Chinese infrastructure industry. Our first project is the Xingwen County rural road infrastructure with an estimated value of RMB550.0 million. This project is expected to be completed by FY2019 and poised to strengthen the Company's capabilities and lay solid foundation for growth.

### **UPDATE ON SPECIAL AUDIT**

To date, we are still working very closely with the professional parties, as well as the former directors and management of the Company to expedite the progress of the special audit. The Company will

### LETTER TO SHAREHOLDERS

continue to pursue the matter and will make further arrangements in early 2019 to ensure that the special audit can be finalised.

### **EXISTING FABRIC BUSINESS SEGMENT**

Despite a four-month shutdown from April 2017 to August 2017, we managed to see an improvement in the revenue from RMB25.0 million in FY2016 to RMB27.0 million in FY2017, mainly driven by greater demand and better fabric processing pricing. The temporary shutdown occurred so as to improve and strengthen our pollution control measures required by the relevant authorities.

Backed by the higher processing pricing, our gross profit increased by RMB0.1 million to RMB3.0 million. Selling and distribution expenses went up to RMB1.2 million in FY2017 from RMB0.6 million in FY2016, mainly attributable to the increase in revenue. General and administrative expenses fell by almost 24% to RMB 3.6 million in FY2017 (FY2016: RMB4.7 million) due to reduction in staff cost, entertainment and professional fees.

In view of the above, we managed to secure a lower net loss of RMB3.1 million in FY2017 as compared to RMB3.6 million registered in FY2016.

Shareholder equity has declined from RMB19.7 million in FY2016 to RMB16.5 million in FY2017.

Please refer to the Business Review section for more information.

### **MOVING FORWARD**

Though our fabric business segment is still facing many challenges, we are constantly exploring ways to manage this business segment more effectively and efficiently, while gradually shifting our strategic focus on our infrastructure business segment. We believe that we are gaining momentum and foresee that we will continue to undertake more projects in the near future.

### **NOTE OF APPRECIATION**

At this juncture, we would like to take this opportunity to welcome Mr Li Jia Chen to join us as a Non-Executive, Non-Independent Director. With his wealth of knowledge and experience, we strongly believe that he will contribute valuable advices and guidance to the Board and the Management.

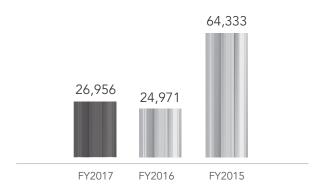
We also wish to express our heartfelt gratitude to all our valued shareholders and all professional bodies for their patience and unwavering support through this trying period. We sincerely appreciate your support for the revitalisd Board and we are confident that we are on the right track to deliver greater value to all our stakeholders. We look forward to your continued support.

### **ERIC CHOO HAN KIAT**

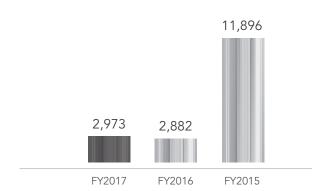
Executive Director & Chief Executive Officer

## GROUP FINANCIAL HIGHLIGHTS

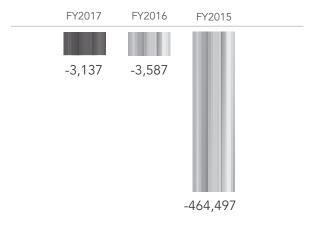
## REVENUE (RMB'000)



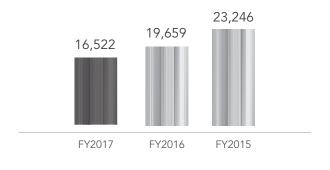
## GROSS PROFIT (RMB'000)



## (LOSS)/PROFIT AFTER TAX (RMB'000)



# **EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY**(RMB'000)



### **BUSINESS REVIEW**

#### **REVIEW OF FINANCIAL PERFORMANCE**

#### **REVENUE**

The Group recorded revenue of RMB27.0 million for the year ended 31 December 2017 ("FY2017"), an increase of 7.9% from RMB25.0 million for the year ended 31 December 2016 ("FY2016").

The increase in revenue was driven by greater demand and better pricing for our fabric processing services. In FY2017, our average processing rate improved to RMB9,240 per tonne, a moderate increase from RMB7,655 per tonne in the corrsponding period in FY2016. However, due to a temporary operational shutdown, our total processing quantity dropped significantly from 4,618 tonnes in FY2016 to 2,917 tonnes in FY2017.

#### **GROSS PROFIT AND GROSS PROFIT MARGIN**

Our gross profit increased from RMB2.9 million in FY2016 to RMB3.0 million in FY2017. However, gross profit margin declined from 11.5% in FY2016 to 11.0% in FY2017. mainly due to a fall in quantity of fabric processed resulting from the Company's temporary operational shutdown during the year.

#### OTHER INCOME

There was a decrease in other income by 87.5% from RMB1.9 million in FY2016 to RMB0.2 million in FY2017 attributable to a drop in interest income by RMB1.0 million, mainly due to no rollover of fixed deposits in FY2017 as compared to interest generated from RMB200 million on its maturity dates on 1 May 2016 and 30 June 2016 respectively.

#### **SELLING AND DISTRIBUTION EXPENSES**

In tandem with the increase in revenue, selling and distribution expenses increased from RMB0.6 million in FY2016 to RMB1.2 million in FY2017.

### **ADMINISTRATIVE EXPENSES**

On the other hand, administrative expenses decreased by 23.7% from RMB4.8 million in FY2016 to RMB3.6 million in FY2017. The decrease was mainly due to decline in staff cost by RMB0.5 million as a result of reduced headcount, decrease in entertainment expenses of RMB0.1 million attributable to tightening control in operating expenses, as well as a drop in professional fees by RMB0.5 million.

### **OTHER OPERATING EXPENSES**

Other operating expenses amounted to RMB0.6 million, as there were staff injuries compensation incurred in FY2017. However, there was no unallocated overheads in FY2017 (FY2016: RMB2.2 million).

### **FINANCE COST**

Finance cost increased marginally by 3.8% from RMB0.89 million in FY2016 to RMB0.92 million in FY2017, mainly due to bank and related charges.

#### **INCOME TAX EXPENSES**

Income tax expenses fell from RMB26,000 to RMB2,000 as there was no underprovision of taxation in the prior year, where the underprovision of taxation is derived from profit generated by our China subsidiary in Shishi, Fujian Province in FY2017.

#### **NET LOSS**

As a result of the above, the Group achieved a lower net loss from RMB3.6 million in FY2016 to RMB3.1 million in FY2017.

### **REVIEW OF FINANCIAL POSITION**

Property, plant and equipment declined from RMB27.7 million as at 31 December 2016 to RMB24.5 million as at 31 December 2017, mainly attributed by a depreciation charge of RMB3.1 million during the year.

Land use rights decreased from RMB2.31 million in FY2016 to RMB2.24 million in FY2017 due to amortisation of land use rights of RMB61,000 during the year.

Inventories comprising dyeing materials, additives and packaging materials remained unchanged at RMB0.6 million in FY2017 as compared to FY2016.

Trade receivables increased from RMB4.1 million in FY2016 to RMB6.5 million in FY2017, amounting to an increase of 58.5%. This was mainly due to the higher revenue recorded in FY2017 as well as the slower collections during the year.

There was no significant change in prepayment and other receivables as at 31 December 2017 as compared to financial year ended 31 December 2016.

Cash and bank balances dipped from RMB0.7 million as at 31 December 2016 to RMB0.1 million as at 31 December 2017. This fall was mainly attributable to slower collections from our debtors amounting to RMB2.4 million, as well as slower payment to our trade suppliers and non-trade suppliers amounting to RMB1.8million.

Trade payables increased by 69.0% from RMB0.5 million as at 31 December 2016 to RMB0.9 million as at 31 December 2017, as a result of more orders to suppliers and slower payment.

Accrued liabilities and other payables increased by 20.4% from RMB6.8 million as at 31 December 2016 to RMB8.2 million as at 31 December 2017, mainly due to accruals for professional fees.

### **BOARD OF DIRECTORS**

### **CHOO HAN KIAT, ERIC, 45**

Executive Director and Chief Executive Officer

### LI JIA CHEN, 47

Non-Executive Non-Independent Director

### Academic and professional qualification:

Master's Degree in International Accounting and Finance, London School of Economics Political Science, United Kingdom

### Date of first appointment as director:

5 October 2017

### Length of service:

2 months (as at 31 December 2017)

### 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, and 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.

Prior to joining Raffles Infrastructure, Mr Choo built extensive industry experience and network in the PRC across the financial management, merger and acquisition, as well as corporate finance fields. With the opening of the Chengdu office in 2014, Mr Choo had completed projects of contract values exceeding RMB 400million, spanning across a wide customer base counting prominent state owned enterprises, government- linked investment firms, and PRC's top privately owned enterprises. Earlier, he had spent over two decades in various finance roles in global multi-national companies including Hewlett Packard and Apple Inc. Currently, Mr Choo also serves as the Secretary of Gulf Asia Shariah Compliant Association, a neutral, non-profit, non-governmental and non-religious organisation registered with the Registrar of Societies, Singapore which is established with the objective to facilitate and promote the awareness and understanding of Islamic finance and encourages Islamic finance in the Gulf and Asia.

### Academic and professional qualification:

Degree in Economics and Trading, Zhengzhou University Master in Business Administration, China Renmin University

### Date of first appointment as director:

28 September 2018

### 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.

### **BOARD OF DIRECTORS**

Non-Executive Lead Independent Director

### WU XINHUA, 63

Non-Executive Non-Independent Director

Academic and professional qualification: Certificate in Business Administration, Qinghua University

### Date of first appointment as director:

27 July 2007

### Date of re-designation as director:

23 October 2017

### Length of service:

10 years and 5 months (as at 31 December 2017)

### Present Directorships in other listed companies:

Nil

### **Present Principal Commitments:**

Nil

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

Nil

### Background and experience:

Mr Wu is the founder of the Group and has been spearheading the expansion and growth of the Group. Mr Wu has over 16 years of experience in the dyeing industry and is responsible for the operations, marketing, public relations, strategic planning and development of new services and markets and overall running of the Group. Mr Wu stepped down from his positions as the Executive Chairman and Chief Executive Officer of the Company on 23 October 2017.

Academic and professional qualification:

**LEOW YONG KIN, 47** 

Honours Degree in BA Accounting, University of Lincolnshire & Humberside Association of Chartered Certified Accountants Chartered Accountant, Institute of Singapore Chartered Accountants

### Date of first appointment as director:

5 October 2017

### Length of service:

2 months (as at 31 December 2017)

### Served on the following Board Committees:

Audit Committee – Chairman Remuneration Committee – Member Nominating Committee – Member

### Present Directorships in other listed companies:

China Sports International Ltd

### **Present Principal Commitments:**

AccountsPro Consulting Services P/L - Director

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

China Taisan Technology Group Holdings Limited Foreland Fabritech Holdings Ltd China Star Food Group Limited

### **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, 52**

Non-Executive Independent Director

### **TOH HAI JOO, 45**

Non-Executive Independent Director

### Academic and professional qualification:

Honours Degree in Electrical Engineering, National University of Singapore

### Date of first appointment as director:

23 October 2017

### Length of service:

1 month (as at 31 December 2017)

### 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:**

Ni

## 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.

### Academic and professional qualification:

Bachelor Degree in Accountancy, Nanyang Technological University Chartered Accountants (CA) – Institute of Singapore Chartered Accountants

### Date of first appointment as director:

1 March 2018

### 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:**

TR Asia Investment Holdings Pte Ltd – Director TR Formac Pte Ltd – Director

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

China Great Land Holdings Ltd.

### **Background and experience:**

Mr Toh Hai Joo has 7 years of experience helming the Audit Committee of China Great Land Co. Ltd., on top of being a Remuneration and Nomination Committee member. He has extensive experience in financial control, review of group financial operations and corporate governance and control. He has worked as a Financial Controller for several years in sizeable and reputable multi-national corporations as well as been in the Finance Manager capacity for other listed company in the past. On top of these tenures, he has many years of accounting, audit and corporate tax experience under his belt. In summary, he has many years of erstwhile experience in financial, management and corporate control for listed companies, multinational companies in the capacity of Directors as well as Financial Controller.

### CORPORATE INFORMATION

### **BOARD OF DIRECTORS**

Mr Choo Han Kiat, Eric Executive Director and Chief Executive Officer

Mr Li Jia Chen Non-Executive Non-Independent Director

Mr Wu Xinhua Non-Executive Non-Independent Director

Mr Leow Yong Kin Non-Executive Lead Independent Director

Mr Toh Tiong San Non-Executive Independent Director

Mr Toh Hai Joo Non-Executive Independent Director

### **AUDIT COMMITTEE**

Mr Leow Yong Kin (Chairman) Mr Toh Hai Joo Mr Toh Tiong San

### NOMINATING COMMITTEE

Mr Toh Hai Joo (Chairman) Mr Toh Tiong San Mr Leow Yong Kin

### **REMUNERATION COMMITTEE**

Mr Toh Tiong San (Chairman) Mr Toh Hai Joo Mr Leow Yong Kin

### **COMPANY SECRETARIES**

Mr Lee Wei Hsiung Ms Wang Shin Lin, Adeline

### **ASSISTANT COMPANY SECRETARY**

BeesMont Corporate Services Limited

#### **REGISTERED OFFICE**

5th Floor, Andrew's Place, 51 Church Street, Hamilton HM, Bermuda

### **BERMUDA COMPANY REGISTRATION NUMBER**

40381

#### **BERMUDA SHARE REGISTRAR**

BeesMont Corporate Services Limited 5th Floor, Andrew's Place, 51 Church Street, Hamilton HM, 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
1 Raffles Please
#17-02 One Raffles Place
Singapore 048616

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

### PRINCIPAL BANKERS

Agricultural Bank of China

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 2012 (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**").

#### (A) BOARD MATTERS

#### **BOARD'S CONDUCT OF AFFAIRS**

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the Company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

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. Apart from its fiduciary duties, the Board provides strategic guidance for the Group and supervises executive management. 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.

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 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.

The attendance of the Directors at Board's meetings and Board Committees' meetings during the FY2017 were as follows:

	Board	AC	NC	RC	RMC
No. of meetings held	1	1	0	0	0
No. of meetings attended by respective Directors					
Executive Directors:					
Eric Choo Han Kiat¹	0	0	0	0	0
Wu Xinhua²	1	1	0	0	0
Non-Executive Directors:					
Wu Dezhi³	1	1	0	0	0
Bobby Tay Chiew Sheng <sup>4</sup>	1	1	0	0	0
Independent Directors:					
Leow Yong Kin <sup>5</sup>	0	0	0	0	0
Toh Tiong San <sup>6</sup>	0	0	0	0	0
Low Wai Cheong <sup>7</sup>	0	0	0	0	0

#### NA Not a member

- 1 Appointed as an Executive Director on 5 October 2017.
- 2 Stepped down as the Executive Chairman and Chief Executive Officer and re-designated as a Non-Executive Non-Independent Director on 23 October 2017.
- Resigned as a Non-Executive Non-Independent Director on 23 October 2017.
- 4 Appointed as a Non-Executive Non-Independent Director on 17 November 2017 and Resigned on 13 March 2018.
- 5 Appointed as a Non-Executive Independent Director on 5 October 2017.
- 6 Appointed as a Non-Executive Independent Director on 23 October 2017.
- 7 Not re-elected as the Non-Executive Independent Director, ceased as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees on 28 November 2017.

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.

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, 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.

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.

### **BOARD COMPOSITION AND GUIDANCE**

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particulars, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises 6 Directors, half of whom are Non-Executive Independent Directors.

The Directors of the Company as at the date of this report are:

Eric Choo Han Kiat (Executive Director and Chief Executive Officer)
Li Jia Chen (Non-Executive Non-Independent Director)
Wu Xinhua (Non-Executive Non-Independent Director)
Leow Yong Kin (Non-Executive Independent Director)
Toh Tiong San (Non-Executive Independent Director)
Toh Hai Joo (Non-Executive Independent 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 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.

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

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

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Wu Xinhua was the Executive Chairman ("**Executive Chairman**") and the Chief Executive Officer ("**CEO**") of the Company, prior to him stepping down from both positions on 23 October 2017.

The role of the Executive Chairman included ensuring that Board meetings were held when necessary and set the Board meeting agenda in consultation with the Company Secretary and ensuring that Board members were provided with complete, adequate and timely information.

The CEO's 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.

Given that the role of Executive Chairman and CEO were undertaken by the same individual, Low Wai Cheong was previously appointed as the Lead Independent Director of the Company, before his cessation on 28 November 2017.

Subsequently, Mr Leow Yong Kin was appointed as the Lead Independent Director of the Company on 21 August 2018 and Mr Eric Choo Han Kiat was appointed as the Chief Executive Officer of the Company on 28 September 2018.

### **BOARD MEMBERSHIP**

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

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

Toh Hai Joo (Chairman) Leow Yong Kin (Member) Toh Tiong San (Member)

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 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;
- 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;

- 3. determine annually whether or not a Director is independent, in accordance with the guidelines contained in the Code and other salient factors;
- 4. 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
- 5. 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.

The NC conducts an annual review of Directors' independence based on the definition of independence set out in the Code. The NC and the Board considers Leow Yong Kin, Toh Tiong San and Toh Hai Joo to be Independent Directors.

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.

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 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.

The Company has a policy to require that a Director should not hold more than 5 listed company board representations.

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).

Mr Wu Xinhua and Mr Li Jia Chen are retiring as Directors at the forthcoming AGM of the Company pursuant to the Byelaws of the Company. The NC and the Board had nominated them for re-election as Directors.

Currently, the Board does not have any alternate Directors.

Details of the Directors' academic and professional qualifications and directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments are set out on pages 6 to 8 of this Annual Report.

Information regarding the Directors' shareholdings in the Company and related corporations is set out on page 24 of this Annual Report.

### **BOARD PERFORMANCE**

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

While the Code recommends that the NC be responsible for assessing the Board as a whole and its Board Committees as well as each Director's contribution, the NC is of the view that it is more appropriate and effective to conduct assessment of the Board as a whole, bearing in mind that each member of the Board contributes in a different way to the success of the Company and Board decisions are made collectively.

The Board has implemented a 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.

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 FY2017 and is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Group.

### **ACCESS TO INFORMATION**

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Under normal circumstances, 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.

#### (B) REMUNERATION MATTER

#### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

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) Toh Hai Joo (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 specific remuneration package for each Director. 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. No Director is involved in deciding his own remuneration.

The RC has access to expert advice externally or within the Company with regard to remuneration matters where deemed necessary.

### LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The 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.

The Executive Directors do not receive Directors' fees. The remuneration packages of Executive Directors' 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. Previously, the service contract for Wu Xinhua as CEO is a fixed appointment period and can be terminated by either party, giving not less than six (6) months' notice in writing.

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 ON REMUNERATION**

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

a) No. of Directors in the following remuneration bands for FY2017 are as follows:

Below \$\$250,000 Total

b) A breakdown, showing the level and mix of each individual Director's remuneration and fees for FY2017 is as follows:

Remuneration Bands & 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
Below \$\$250,000						
Non-Executive Directors:						
Wu Dezhi <sup>1</sup>	0	0	0	0	0	0
Bobby Tay Chiew Sheng <sup>2</sup>	10	0	0	0	0	10
Independent Directors:						
Low Wai Cheong³	42	0	0	0	0	42
Leow Yong Kin <sup>4</sup>	15	0	0	0	0	15
Toh Tiong San⁵	15	0	0	0	0	15
Executive Directors:						
Eric Choo Han Kiat <sup>6</sup>	30	0	0	0	0	30
Wu Xinhua <sup>7</sup>	10	0	0	0	0	10

- 1 Resigned on 23 October 2017.
- 2 Appointed on 17 November 2017 and resigned on 13 March 2018.
- 3 Non-elected on 28 November 2017.
- 4 Appointed on 5 October 2017.
- 5 Appointed on 23 October 2017.
- 6 Appointed on 5 October 2017.
- Re-designated as a Non-Executive Non-Independent Director on 23 October 2017.

c) No. of key executives in the following remuneration bands for FY2017 are as follows:

Below \$\$250,000

Total

d) Breakdown, showing the level and mix of each key executive's remuneration for FY2017, is as follow:-

Remuneration Bands & Name of Key Executives	Salary S\$'000	Bonus S\$'000	Share-based incentives and awards S\$'000	Other benefits S\$'000	Total S\$'000
Below \$\$250,000					
Mak Chi Shing	37	_	_	_	37

In view of the competitive pressures in the talent market, the remuneration paid to the CEO, Executive Director and top five key management personnel are not fully disclosed. The total remuneration paid to the top 5 key executives (who are not Directors) for the financial year ended 31 December 2017 was approximately \$\$37,000.00.

### **Immediate Family Members of Directors**

No immediate family member of any Director was in employment with the Group and whose remuneration has exceeded \$\$50,000 during FY2017.

#### **Raffles Infrastructure Share Award Scheme**

Raffles Infrastructure Share Award Scheme (the "**Scheme**") was approved by the shareholders on 9 April 2009. Pursuant to the rules of the Scheme, the Scheme is administered by the RC.

The name of the Scheme has been changed from "China Fibretech Share Award Scheme" to "Raffles Infrastructure Share Award Scheme". This is consequent upon the change of Company's name from China Fibretech Ltd. to Raffles Infrastructure Holdings Limited on 24 September 2018. The rules of the Scheme remain unchanged.

The Scheme is a performance incentive scheme which will form an integral part of the Group's incentive compensation programme. The purpose of the Scheme is to provide an opportunity for full-time employees of the Group and Directors (excluding Independent Directors) (the "Selected Persons"), who have met performance targets to be remunerated not just through cash bonuses but also by an equity stake in the Company. As the shares of the Company will be issued free under the Scheme, the Selected Persons would receive the same benefit from a contingent award under the Scheme ("Award") in respect of fewer shares as they would receive if share options were granted instead of a larger number of shares. The Scheme would therefore allow the Company to provide the incentive to employees while reducing the dilutive effect on shareholders.

The Awards given to a particular Selected Person will be determined at the discretion of the RC, who will take into account factors such as the Selected Person's capability, scope of responsibility, skill and vulnerability to leaving the employment of the Group. In deciding on an Award to be granted to a Selected Person, the RC will also consider all aspects of the compensation and/or benefits given to the Selected Person and such other share-based incentive schemes of the Company, if any. The RC may also set specific criteria and performance targets for each of its business units, taking into account factors such as (i) the Company's and the Group's business goals and directions for each financial year; (ii) the Selected Person's actual job scope and responsibilities; and (iii) the prevailing economic conditions.

#### (C) ACCOUNTABILITY AND AUDIT

#### **ACCOUNTABILITY**

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board is accountable to shareholders for the management of the Group. The Board 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.

#### **RISK MANAGEMENT AND INTERNAL CONTROLS**

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

The Board 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.

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. This 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.

Due to the uncertainties surrounding certain potential customers' claims as described in the Company's announcement on 30 November 2015, the Board is unable to receive assurance from the CEO (Wu Xinhua stepped down as CEO on 23 October 2017) and the Group's Senior Finance Manager (resigned on 8 June 2017) 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 confirm the internal controls established are effective given the fact that they have no clarity on the state of events and circumstances of the compensation claims being sought and paid to the 3 customers.

### **AUDIT COMMITTEE**

## Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

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)
Toh Hai Joo (Member)

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 Toh Hai Joo all possess the requisite accounting and related financial management expertise and experience.

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 adequacy of the Company's internal controls and risk management policies;
- 5. 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;

- 6. appraises and report to our 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;
- 7. reviews the independence of external auditors annually and nominate external auditors for appointment or reappointment 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
- 8. reviews IPTs, as defined in the Listing Manual of the SGX-ST.

Since 2016, the independent director(s) in the AC has restricted access to and has restricted co-operation from the management and has been given restricted resources required for it to discharge its function. Hence, the AC is unable to discharge its functions properly, in particular the following:

- 1. 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;
- 2. the adequacy of the Group's risk management processes;
- 3. the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
- 4. 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;
- 5. 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;
- 6. interested person transactions in accordance with SGX listing rules.

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 except the fourth AC meeting at the relevant junctures. In its review of the audited financial statements for FY2017, the AC discussed with the Management and external auditors the audit work performed and accounting principles applied.

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 Rule 712 and Rule 715 of the Listing Manual of SGX-ST whereby the Company appoints a suitable auditing firm to meet its audit obligations in respect of its own accounts and for its subsidiaries.

The AC has reviewed the services performed by RT LLP and noted that no non-audit services were provided in FY2017.

The aggregate amount of fees paid to RT LLP for audit services for FY2017 is \$\$38,000.00.

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 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 "gate@rafflesinfrastructure.com".

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.

#### **INTERNAL AUDIT**

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The 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 our opinion on the financial statements and these issues and their recommendations are reported to the AC.

There is no internal audit function for FY2017 subsequent to the resignation of BDO LLP with given a tight resources in the Company

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.

### (D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

#### **SHAREHOLDER RIGHTS**

Principle 14: Companies should treat all shareholders fairly and equitably, and should practice, protect and facilitate the exercise of shareholder's rights, and continually review and update such governance arrangements.

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.

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.

### **COMMUNICATION WITH SHAREHOLDERS**

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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 report includes 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;
- Analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;
- Press releases on major developments of the Group;
- Disclosures to the SGX-ST; and
- The Group's websites at http://www.china-fibretech.com at which shareholders can access information of the Group. The website provides, inter alia, products information and profile of the Group.

The Executive Director is handling investor relations to support the Group in promoting communication and investment community. The contact information of the Company is stated in the corporate website.

In view of the current performance of the Group, the Company had decided not to declare any dividends for FY2017 to preserve cash for any future investment plans.

#### **CONDUCT OF SHAREHOLDER MEETINGS**

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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.

Minutes of general meetings of the Company which include comments or queries from shareholders relating to the agenda of the meeting as well as responses from the Board and management are prepared and made available to shareholders upon request.

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.

### (E) DEALING IN SECURITIES

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.

#### (F) MATERIAL CONTRACTS

There were 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 or entered into since the end of the previous financial year.

### (G) INTERESTED PERSON TRANSACTION ("IPT")

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 FY2017.

### (H) USE OF PROCEEDS

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	Amount utilized	Balance
	S\$'000	S\$'000	S\$'000
To construct new facilities and acquire new machinery	14,000	13,231	769
To expand our research and development capabilities	1,000	1,000	_
For working capital purpose	1,282	1,282	_
	16,282	15,513	769

Use of Placement proceeds	Amount allocated S\$'000	Amount utilized S\$'000	Balance S\$'000
For working capital purpose	7,900	_	7,900
For project investment	22,900	-	22,900
	30,800	_	30,800

### DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Raffles Infrastructure Holdings Limited (formerly known as China Fibretech Ltd.) (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

### 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 31 December 2017, 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 then ended on that date; and
- (b) at the date of this statement, except as disclosed in Note 1.2 to the financial statements, 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 director**

Eric Choo Han Kiat

### Independent non-executive director

Leow Yong Kin Toh Tiong San Toh Hai Joo (Appointed on 1 March 2018)

### Non-independent non-executive director

Wu Xinhua Li Jia Chen (Appointed on 28 September 2018)

### 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.

## DIRECTORS' STATEMENT

#### 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, except as disclosed below:

	Direct interest			De	est	
	At beginning of year	Addition	At end of year	At beginning of year	Addition	At end of year
The Company						
China Fibretech Ltd.						
(No. of ordinary shares of US\$2.00 each)						
Wu Xinhua	-	-	-	4,522,093	_	4,522,093
The Ultimate Holding Company						
Wellgain International Holdings Limited						
(No. of ordinary shares of US\$1.00 each)						
Wu Xinhua	1	-	1	_	_	_

The directors' interests in the ordinary shares of the Company as at 21 January 2018 were the same as those as at 31 December 2017.

### 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 Toh Hai Joo

The Audit Committee has convened one meeting during the year with key management and the external auditors of the Company.

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;

### DIRECTORS' STATEMENT

#### 6. Audit committee (Continued)

- (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.

In  $4\Omega2017$ , 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	
Frie Chan Hay Kin	La con Varan Var
Eric Choo Han Kiat	Leow Yong Kin
Director	Director

9 January 2019

TO THE MEMBERS OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED (FORMERLY KNOWN AS CHINA FIBRETECH LTD.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### Report on the Audit of the Financial Statements

### **Disclaimer of Opinion**

We were engaged to audit the financial statements of Raffles Infrastructure Holdings Limited (formerly known as China Fibretech Ltd.) (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 31 December 2017, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the Basis for *Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for Disclaimer of Opinion**

### (1) Opening balances

Our independent auditor's report dated 8 June 2018 contains a disclaimer of opinion on the financial statements for the financial year ended 31 December 2016. The basis for disclaimer of opinion on the financial statements for the financial year ended 31 December 2016 is disclosed in Note 33 to the financial statements.

In view of the matters described in the basis for disclaimer of opinion paragraphs on the financial statements for the financial year ended 31 December 2016, we were unable to determine whether the opening balances as at 1 January 2017 are fairly stated.

Since the opening balances as at 1 January 2017 are entered into the determination of the financial position of the Group and of the Company as at 31 December 2017 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 31 December 2017, we were unable to determine whether adjustments, if any, might have been found to be necessary in respect of the Group's and the Company's financial statements for the financial year ended 31 December 2017.

Our opinion on the current financial year's financial statements of the Group and the Company is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

### (2) Compensation claims by three customers

As disclosed in Notes 30 and 33(b), on 30 November 2015, the Company's wholly-owned subsidiary, Shishi Simwa Knitting & Dyeing Co., Ltd (石狮市新华针织漂染有限公司) first received notices from its three existing customers ("Claimants") on 25 November 2015 and 26 November 2015 alleging that they had suffered substantial damages and financial losses due to the products processed by that subsidiary for not meeting their specified requirements, resulting in de-colouration of their end-products (the "Claims"). It was noted that the said notices did not contain quantification of the alleged losses incurred. These Claims were for products delivered in 2014 and early 2015.

The matters relating to the compensations were disclosed by the Company in their announcements on the Singapore Exchange dated 8 April 2016, 19 July 2016, 27 September 2016, and 29 September 2016.

We were informed by the audit committee in December 2017, that the board of directors of the Company have engaged a special audit to conduct investigation on cash in bank and compensation claims by three customers. Consequently, we have not been provided with or able to obtain any independent evidence that would be sufficient and appropriate for our audit purposes to conclude on the Claims, their validity and their accounting treatment and disclosures.

TO THE MEMBERS OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED (FORMERLY KNOWN AS CHINA FIBRETECH LTD.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### Report on the Audit of the Financial Statements (Continued)

### **Basis for Disclaimer of Opinion (Continued)**

#### (3) Bank confirmation

We were informed by the audit committee on December 2017 that the board of directors of the Company has engaged a special audit to conduct investigation on cash in bank and compensation claims by three customers (see point (2) above). Consequently, we were unable to carry out our audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence and the quantum of the bank balances amounted to RMB112,000 (see Note 19) as at 31 December 2017. In addition, we were also unable to determine the existence, quantum and completeness of the bank borrowings, which amounted to RMB12,900,000 (see Note 24) as at 31 December 2017.

Further, as disclosed in Note 24(a) & (b) to the financial statements, the bank borrowings of RMB4,400,000, RMB3,500,000 and RMB5,000,000 granted to the Group had matured on 5 September 2018, 8 August 2018 and 22 March 2018 respectively. We have not been provided with any supporting documents with respect to the settlement of these borrowings. Consequently, we were unable to establish whether these loans have been fully settled on their maturity dates.

#### (4) Prepayment of land use rights

As disclosed in Note 18 to the financial statements, included in prepayments is a payment of land use right over a plot of land measuring 16,235 square metres located at Wubao Industrial Zone, Shishi City (2003-1-4) 石狮市鸿山镇伍堡污染工业区 (2003-1-4).

As we had not been furnished by the Company with any of the supporting documents with respect to the refund from the Land Bureau, nor had we been able to obtain information or perform any alternative procedures with respect to the land use rights, accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity and existence of this prepayment.

### (5) Property, plant and equipment and land use rights

As at 31 December 2017, the Group's carrying values of property, plant and equipment and land use rights amounted to RMB24,518,000 and RMB2,244,000 respectively. As disclosed in Note 24 to the financial statements, the bank borrowings are secured by the Group's buildings on leasehold land (Note 12) and land use rights (Note 13) with carrying amounts of RMB5,615,000 and RMB2,244,000 respectively.

With reference to Point 3 above, we were not able to perform audit procedures relating to bank balances and borrowings. Consequently, we were unable to verify the ownership or collateralisation of the buildings on leasehold land and land use rights. The Company has informed us that the title deed is being held by the bank as collateral.

In addition, management has also not determined the recoverable amount of, nor assessed for any allowance for impairment of the property, plant and equipment and land use rights. We were also unable to perform alternative audit procedures to assess the appropriateness of the carrying amount of the property, plant and equipment and land use rights.

### (6) Inventories

As at 31 December 2017, the Group's inventories had a carrying value of RMB566,000 (Note 16). As the Company did not make arrangements for us to observe the counting of physical inventories as at the end of the financial year, we were unable to satisfy ourselves concerning the inventory quantities held as at 31 December 2017. Neither were we able to perform alternative audit procedures. Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of recorded and unrecorded inventories, and the elements making up the statements of financial position, consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of cash flows.

TO THE MEMBERS OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED (FORMERLY KNOWN AS CHINA FIBRETECH LTD.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### Report on the Audit of the Financial Statements (Continued)

### **Basis for Disclaimer of Opinion (Continued)**

(7) Tax provision

In view of the above matters mentioned in the *Basis for Disclaimer of Opinion* section of our report, we were unable to determine the consequential tax impact arising from any necessary and consequential adjustments and the appropriateness and completeness of disclosures made in the financial statements for the financial year ended 31 December 2017.

- (8) Investment in subsidiaries
  - (a) Effective shareholdings of the investment in subsidiaries

We were unable to obtain the supporting documents to verify the effective shareholdings of the investment in subsidiaries (Note 14). In the absence of evidence of shareholdings held by the Group in the subsidiaries, we were unable to verify whether the Group had ownership over those subsidiaries, and if it had, whether that ownership constitutes control over those subsidiaries or otherwise. Accordingly, we were unable to determine if the consolidated financial statements of the Group for the year ended 31 December 2017 were fairly stated. We were also unable to obtain sufficient and appropriate audit evidence on the existence and classification of the investment in its subsidiaries, as recorded in the separate financial statements of the Company.

(b) Access to the accounting records of the subsidiaries

In carrying out our audit of the subsidiaries of the Company, we are also unable to obtain sufficient appropriate audit evidence to determine the:

- (i) Carrying values of the assets and liabilities associated with the subsidiaries of the Company; and
- (ii) Veracity of the respective components in the financial results of the subsidiaries of the Company for the current financial year ended 31 December 2017 because the accounting and other records supporting the transactions during the financial year and the resultant balances were not available.

We were unable to perform other alternative audit procedures to satisfy ourselves with respect to these said transactions and balances. As a result of the above, we were unable to determine the adjustments, if any, to be made to these financial statements.

(9) Trade and other receivables and trade and other payables

As at 31 December 2017, trade and other receivables and trade and other payables amounted to RMB6,507,000 (Note 17) and RMB9,085,000 (Note 23), respectively. We were not able to carry out auditing procedures on these amounts as at 31 December 2017 because documentation supporting the transactions were not available. We were unable to satisfy ourselves by alternative means concerning the validity, existence and accuracy of these trade and other receivables and trade and other payables of RMB6,507,000 and RMB9,085,000 as at 31 December 2017.

(10) Amount due from a subsidiary and amount due to a subsidiary

As at 31 December 2017, amount due from a subsidiary amounted to RMB4,796,000 (Note 15) and amount due to a subsidiary amounted to RMB4,896,000 (Note 15). We were not able to carry out auditing procedures on these amounts as at 31 December 2017 because documentation supporting the transactions were not available. We were unable to satisfy ourselves by alternative means concerning the validity, existence and accuracy of the amount due from a subsidiary amounted to RMB4,796,000 and amount due to a subsidiary amounted to RMB4,896,000 as at 31 December 2017

TO THE MEMBERS OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED

(FORMERLY KNOWN AS CHINA FIBRETECH LTD.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### Report on the Audit of the Financial Statements (Continued)

### **Basis for Disclaimer of Opinion (Continued)**

### (11) Significant events during the financial year

We were unable to complete all our audit procedures for the significant events, occurring during the financial year, which we considered necessary to satisfy ourselves on the significant matters occurring during the financial year with respect to items recorded or unrecorded as at 31 December 2017.

Accordingly, in view that the Company has engaged a special audit to conduct investigation on the significant events noted in our report above (Points 2 and 3), we were unable to determine whether all significant events during the year have been adequately dealt with in these financial statements (see Note 31) with respect to disclosures, presentation and adjusting significant events.

### (12) Post balance sheet events

We were unable to complete all our audit procedures for the post balance sheet events, which may have material effects on the current year financial statements. Accordingly, we were unable to determine whether all post balance sheet events have been adequately dealt with in these financial statements with respect to disclosures, presentation and adjusting significant events.

### (13) Legal action against the Group and the Company

We were unable to complete all our audit procedures for the legal action against the Group and the Company, if any, which may have material effects on the current year financial statements. Accordingly, we were unable to determine whether all the legal action have been dealt with in these financial statements with respect to disclosures, presentation and adjusting significant events.

### (14) Going concern

As disclosed in Note 1.2 to the financial statements, as at 31 December 2017, the Group's current liabilities exceeded its current assets by RMB10,240,000. In addition, the Group incurred a net loss of RMB3,137,000 and recorded net operating cash outflows of RMB548,000 during the financial year ended 31 December 2017.

As disclosed in Note 30 to the financial statements, and as noted in our report above (Point 2), the Group paid a total compensation amount of RMB465,998,000 after netting off against the trade receivables amounting to RMB4,477,000 to the Claimants namely, 晋江市滨浪制农织造有限公司, 石狮市爱利奴服饰有限公司 and 石狮市金太屋纺织服饰有限公司.

Accordingly, the Group's cash and cash equivalents of approximately RMB112,000 (Note 19) as at 31 December 2017 have been substantially depleted due to the above compensation paid on 28 September 2016. This has created a material uncertainty with respect to availability and sustainability of cash flow and/or operating funds. Accordingly, this may cast significant doubt over the Group's and the Company's ability to continue as going concerns.

As disclosed in Note 1.2 to the financial statements, the directors have prepared these financial statements on a going concern basis. Based on the limited information about the Group and of the Company made available to us, and the severe limitation of scope faced in the conduct of our audit, we were unable to perform alternative procedures to determine the appropriateness of the use of the going concern assumption.

TO THE MEMBERS OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED (FORMERLY KNOWN AS CHINA FIBRETECH LTD.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### Report on the Audit of the Financial Statements (Continued)

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Singapore Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (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.

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 9 January 2019

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Gro	oup
	Note	2017	2016
		RMB'000	RMB'000
Revenue	4	26,956	24,971
Cost of sales		(23,983)	(22,089)
Gross profit		2,973	2,882
Other income	5	240	1,919
Distribution costs		(1,196)	(580)
Administrative expenses		(3,605)	(4,724)
Other operating expenses		(619)	(2,164)
Finance costs	6	(928)	(894)
Loss before income tax	7	(3,135)	(3,561)
Income tax expense	9	(2)	(26)
Loss for the year, representing total comprehensive loss for the year		(3,137)	(3,587)
Loss per share attributable to owners of the Company (RMB)			
		2017	2016
- Basic and diluted	10	(0.35)	(0.40)

## STATEMENTS OF FINANCIAL POSITION

		Gro	oup	Company		
	Note	2017	2016	2017	2016	
		RMB'000	RMB'000	RMB'000	RMB'000	
<u>ASSETS</u>						
Non-current assets						
Intangible assets	11	_	_	_	_	
Property, plant and equipment	12	24,518	27,694	_	_	
Land use rights	13	2,244	2,305	_	_	
Investments in subsidiaries	14	_	_	_	_	
Amount due from a subsidiary	15	_			_	
Total non-current assets		26,762	29,999		_	
Current assets						
Inventories	16	566	564	_	_	
Trade and other receivables	17	6,507	4,119	_	_	
Prepayments	18	4,560	4,560	_	_	
Amount due from a subsidiary	15	_	_	4,796	4,796	
Cash and cash equivalents	19	112	660	5	5	
Total current assets		11,745	9,903	4,801	4,801	
Total assets		38,507	39,902	4,801	4,801	
LIABILITIES AND EQUITY						
Equity						
Share capital	20	135,773	135,773	135,773	135,773	
Treasury shares	21	(35)	(35)	(35)	(35)	
Other reserves	22	(2,976)	(2,976)	79,908	79,908	
Accumulated losses		(116,240)	(113,103)	(220,233)	(218,840)	
Equity attributable to owners						
of the Company		16,522	19,659	(4,587)	(3,194)	
Current liabilities						
Amount due to a subsidiary	15	_	_	4,896	4,896	
Trade and other payables	23	9,085	7,343	4,492	3,099	
Provision for compensation	23	_	_	_	-	
Bank borrowings	24	12,900	12,900		-	
Total current liabilities		21,985	20,243	9,388	7,995	
Total liabilities		21,985	20,243	9,388	7,995	
Total liabilities and equity		38,507	39,902	4,801	4,801	

## STATEMENTS OF CHANGES IN EQUITY

<b>Attributable</b>	to	owners	of the	Company
---------------------	----	--------	--------	---------

			•	Other reserves				
	Share capital	Treasury shares	Share premium	Capital reserve	Statutory reserve	Merger reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group								
Balance at 1 January 2016	135,773	(35)	79,908	4,403	15,000	(102,287)	(109,516)	23,246
Total comprehensive loss for the year		_	_	_	-	_	(3,587)	(3,587)
Balance at 31 December 2016	135,773	(35)	79,908	4,403	15,000	(102,287)	(113,103)	19,659
Balance at 1 January 2017	135,773	(35)	79,908	4,403	15,000	(102,287)	(113,103)	19,659
Total comprehensive loss for the year		_	_		_		(3,137)	(3,137)
Balance at 31 December 2017	135,773	(35)	79,908	4,403	15,000	(102,287)	(116,240)	16,522

	Share capital	Treasury shares	Share premium	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company					
Balance at 1 January 2016	135,773	(35)	79,908	(216,789)	(1,143)
Total comprehensive loss for the year		_		(2,051)	(2,051)
Balance at 31 December 2016	135,773	(35)	79,908	(218,840)	(3,194)
Balance at 1 January 2017	135,773	(35)	79,908	(218,840)	(3,194)
Total comprehensive loss for the year		_	_	(1,393)	(1,393)
Balance at 31 December 2017	135,773	(35)	79,908	(220,233)	(4,587)

## CONSOLIDATED STATEMENT OF CASH FLOWS

		Group	
	Note	2017	2016
		RMB'000	RMB'000
Operating activities			
Loss before income tax		(3,135)	(3,561)
Adjustments for:			
Amortisation of land use rights	13	61	61
Depreciation of property, plant and equipment	12	3,176	3,148
Interest income	5	(240)	(1,919)
nterest expenses	6	928	894
Operating cash flows before changes in working capital		790	(1,377)
Changes in working capital:			
Inventories		(2)	252
Trade and other receivables		(2,388)	27,183
Trade and other payables		1,742	(471,560)
Cash generated from/(used in) operations		142	(445,502)
Interest paid		(928)	(894)
Interest received		240	1,919
Income taxes paid		(2)	(203)
Net cash used in operating activities		(548)	(444,680)
Investing activity			
Acquisition and construction of property, plant and equipment	12		(4,787)
Net cash used in investing activity			(4,787)
Financing activities			
Proceeds from borrowings		12,900	12,900
Repayment of borrowings		(12,900)	(12,900)
Net cash used in financing activities			_
Net decrease in cash and cash equivalents		(548)	(449,467)
Cash and cash equivalents at beginning of financial year		660	450,127
	19	112	660

	1 January 2017	Cash inflows	Cash outflows	31 December 2017
	S\$	S\$	S\$	S\$
Bank borrowings	12,900	12,900	(12,900)	12,900

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 1. General information

#### 1.1 Corporate information

Raffles Infrastructure Holdings Limited (formerly known as China Fibretech Ltd. (the "Company") (Registration Number 40381) is incorporated in Bermuda with its registered office located at 5th Floor Andrew's Place, 51 Church Street, Hamilton, HM 12, Bermuda. The principal place of business of the Group is located at Wubao Industrial Zone, Shishi City, Fujian Province 362700, The People's Republic of China ("the PRC"). The Group does not have a place of business in Singapore as at the date of this report.

The principal activity of the Company is investment holding.

The principal activities of the respective subsidiaries are disclosed in Note 14 to the financial statements.

The Company's immediate and ultimate holding company is Wellgain International Holdings Limited, a company incorporated in British Virgin Islands.

## 1.2 Going concern

As at 31 December 2017, the Group's current liabilities exceeded its current assets by RMB10,240,000 (2016: RMB10,340,000). In addition, the Group incurred a net loss of RMB3,137,000 (2016: RMB3,587,000) and recorded net operating cash outflows of RMB548,000 (2016: RMB444,680,000) during the financial year ended 31 December 2017.

Furthermore, as disclosed in Note 30, the Group paid a total compensation amount of RMB465,998,000 after netting off an amount of RMB4,477,000 due from these claimants namely, 晋江市滨浪制衣织造有限公司, 石狮市爱利奴服饰有限公司 and 石狮市金太屋纺织服饰有限公司 on September 2016.

Accordingly, the Group's cash and cash equivalents of approximately RMB112,000 (Note 19) as at 31 December 2017 have been substantially depleted due to the above compensation on 28 September 2016. This has created a material uncertainty with respect to availability and sustainability of cash flow and/or operating funds. Accordingly, this may cast significant doubt over the Group's and the Company's ability to continue as going concerns.

Notwithstanding this, the directors have prepared these financial statements on a going concern basis.

## 2. Summary of significant accounting policies

## 2.1 Basis of preparation

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

The individual financial statements of each Group entity are measured and presented 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") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. Summary of significant accounting policies (Continued)

## 2.1 Basis of preparation (Continued)

## Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") 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 FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except the following:

## FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows.

## 2.2 Full convergence with International Financial Reporting Standards ("IFRS") and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) [SFRS(I)s]. It is a requirement of SGX main board listing rule 220 that with effect from financial years beginning 1 January 2018 or later, all SGX listed companies (whether incorporated in Singapore or otherwise) must comply with SFRS(I), IFRS or US GAAP.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I)s, and International Financial Reporting Standards issued by the International Accounting Standards Board. As a result, this will be the last set of financial statements prepared under the current FRSs.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s and interpretations of SFRS(I)s [SFRS(I)s INT] which are relevant to the Group:

Effective for annual periods beginning on or after 1 January 2018

- SFRS(I) 9 Financial Instruments
- SFRS(I) 15 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2019

SFRS(I) INT 23 Uncertainty over Income Tax Treatments

Management anticipates that the adoption of the above SFRS(I)s in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for SFRS(I) 9 and SFRS(I) 15. Currently management is still assessing the impact of SFRS(I) 9 and SFRS(I) 15 in the period of their initial adoption.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 2. Summary of significant accounting policies (Continued)

# 2.2 Full convergence with International Financial Reporting Standards ("IFRS") and adoption of new standards (Continued)

## SFRS(I) 9 - Financial Instruments

SFRS(I) 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach in SFRS(I) 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, and enables companies to reflect their risk management activities better in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows. SFRS(I) 9 is principle-based, and will more closely align hedge accounting with risk management activities undertaken by companies when hedging their financial and non financial risk exposures. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

#### SFRS(I) 15 – Revenue from Contracts with Customers

SFRS(I) 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SFRS(I) 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer (i.e., when performance obligations are satisfied).

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

The Group is in the process of assessing the impact of these standards on the financial statements.

## 2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its 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 fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. Summary of significant accounting policies (Continued)

## 2.3 Basis of consolidation (Continued)

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.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal 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. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments 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 FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

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

## Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of cost and fair value less costs to sell.

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.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 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 FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 2. Summary of significant accounting policies (Continued)

#### 2.4 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

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.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

## Common Control Business Combination Outside the Scope of FRS 103

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, is outside the scope of FRS 103. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. Summary of significant accounting policies (Continued)

## 2.4 Business combinations (Continued)

Business combinations before 1 January 2010

#### Common Control Business Combination Outside the Scope of FRS 103 (Continued)

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

The consolidated financial statements were prepared based on the audited financial statements of subsidiary which were prepared in accordance with FRS for the purpose of consolidation. The PRC subsidiary maintains its accounting records and prepares the relevant statutory financial statement in accordance with the accounting standards and legislations of the PRC Generally Accepted Accounting Principle ("GAAP").

Business combinations for the acquisition of Simwa Holdings Ltd, Shishi Simwa Knitting & Dyeing Co., Ltd and Xiamen Sunny Dyeing and Printing Co., Ltd were accounted for using the merger accounting as described above.

## 2.5 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

## Rendering of services

Revenue from provision of dyeing and post-processing treatment services is recognised when the services are rendered to customers. Revenue excludes sales related taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### Interest income

Interest income is recognised using the effective interest method.

## 2.6 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.7 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.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 2. Summary of significant accounting policies (Continued)

## 2.8 Employee leave entitlements

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

#### 2.9 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.

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.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. Summary of significant accounting policies (Continued)

## 2.10 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.

## 2.11 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.

Depreciation is charged so as to write off the cost of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings on leasehold land
 Plant and machinery
 Furniture, fixtures and office equipment
 Renovation
 30 years
 5 – 10 years
 5 years
 5 years

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at their costs less accumulated depreciation, and where applicable, accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

There are no rules or guidelines under the existing rules and regulations in the PRC as to the responsibilities of restoration upon expiry of land use rights. There is no reliable estimation to the cost of restoration and the expenditure is not probable.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. Summary of significant accounting policies (Continued)

## 2.12 Intangible assets

## Computer software

Acquired computer software licences are initially capitalised on the basis of the costs incurred to acquire and prepare the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised over their estimated useful lives of 5 years.

### <u>Trademark</u>

Trademarks are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised over 10 years, which is the shorter of their estimated useful lives and periods of contractual rights.

## 2.13 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 50 years.

## 2.14 Impairment of tangible and intangible assets

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of 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.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its 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.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount 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.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. Summary of significant accounting policies (Continued)

#### 2.15 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on 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 instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

#### Financial assets

All financial assets are recognised on a trade date – the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets pertains to loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

## Loans and receivables

The Group's loans and receivables comprise trade and other receivables, amounts due from a subsidiary and cash and cash equivalents.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

## Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 2. Summary of significant accounting policies (Continued)

#### 2.15 Financial instruments (Continued)

#### Financial assets (Continued)

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset 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 receivables.

## 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.

### Financial liabilities

#### Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. Summary of significant accounting policies (Continued)

## 2.15 Financial instruments (Continued)

#### **Financial liabilities (Continued)**

#### Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

#### Borrowings

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.6).

## <u>Derecognition of financial liabilities</u>

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

#### 2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## 2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and cash on hand which are subject to insignificant risk of changes in value.

## 2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2. Summary of significant accounting policies (Continued)

#### 2.19 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.

## 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

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

## 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 FRS 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 current financial year, an impairment loss of RMBNil (2016: RMBNil) was recognised for the investment in subsidiaries of the Company. The Company's carrying amount of investments in subsidiaries as at 31 December 2017 was RMBNil (2016: RMBNil) (Note 14).

## (ii) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 31 December 2017 were RMB24,518,000 (2016: RMB27,694,000) (Note 12).

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

## 3.2 Key sources of estimation uncertainty (Continued)

#### (iii) Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2017 was RMB566,000 (2016: RMB564,000). There was no allowance made on inventory for the year ended 31 December 2017 and 2016 (Note 16).

## (iv) 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 as at 31 December 2017 was RMBNil (2016: RMBNil).

## (v) Provision for compensation claims

The Group made provision for compensation claims amounting to RMBNil as at 31 December 2017 (2016: RMBNil). The estimates provision for compensation claims was based on the demand notice received from the claimants and testing on products processed by the Company and was estimated based on the cost of the finished products for the customers. Changes in the outcome of further testing, if commissioned may result in changes in the amount of the required provisions. The carrying amount of the provision for compensation claims is disclosed in Note 23.

#### 4. Revenue

	Gro	Group	
	2017	2016	
	RMB'000	RMB'000	
Provision of dyeing and post-processing treatment services for fabrics	26,956	24,971	

## 5. Other income

	Gre	Group		
	2017	2016		
	RMB'000	RMB'000		
Interest income	240	1,919		

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 6. Finance costs

		Group	
	2017	2016	
	RMB'000	RMB'000	
Interest expense on bank loans	928	894	

## 7. Loss before income tax

Loss before income tax has been arrived at after charging:

	Group		
	2017	2016	
	RMB'000	RMB'000	
Audit fee	190	481	
Other audit fee	_	92	
Amortisation of land use rights (Note 13)	61	61	
Cost of inventories included in cost of sales	566	7,873	
Depreciation of property, plant and equipment (Note 12)	3,176	3,148	
Directors' fee – directors of the Company	608	285	
Net foreign exchange loss	_	79	
Staff costs (Note 8)	2,498	6,196	

## 8. Staff costs

	Group		
	2017	2016	
	RMB'000	RMB'000	
Directors' remuneration other than fee			
- salaries and related cost	_	575	
- employer's contribution to defined contribution plan	_	57	
	_	632	
Key management personnel (other than directors)			
- salaries and related cost	148	602	
- employer's contribution to defined contribution plan	36	41	
	184	643	
Other than directors and key management personnel			
- salaries and related cost	1,851	4,452	
- employer's contribution to defined contribution plan	463	469	
	2,314	4,921	
	2,498	6,196	

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 9. Income tax expense

		Group		
	2017	2016		
	RMB'000	RMB'000		
Current tax expense	-	_		
Underprovision in prior years	2	26		
	2	26		

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 loss before income tax as a result of the following:

	Group		
	2017	2016	
	RMB'000	RMB'000	
Loss before income tax	(3,135)	(3,561)	
Tax at the domestic tax rates applicable to profits in the country where the Group operates	(784)	(890)	
Add/(less):			
- Effect of non-deductible expenses	_	16	
- Under provision in prior years	2	26	
- Effect of unutilised tax losses not recognised as deferred tax assets	784	874	
Total tax expense	2	26	

The unutilised tax losses carried forward by the PRC subsidiary is RMB10,974,000 (2016: RMB7,838,000).

Deferred tax asset is not recognised in the statement of financial position as it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits.

The Company ("Raffles Infrastruture Holdings Limited." formerly known as China Fibretech Ltd.) and its subsidiary, Simwa Holding Ltd ("Simwa Holding") are incorporated in Bermuda and The British Virgin Islands respectively and are exempted from tax in their country of jurisdiction.

The Group's subsidiaries, Shishi Simwa Knitting and Dyeing Co., Ltd ("Shishi Simwa") and Xiamen Sunny Dyeing and Printing Co., Ltd ("Xiamen Sunny") 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
Shishi Simwa	25.0%
Xiamen Sunny	24.0%

Xiamen Sunny was taxed at a preferential rate of 22%, now revised to 24%, for financial year beginning 1 January 2011 as it is located in Xiamen which is one of the Special Economic Zone ("SEZ") in the PRC as designated by the Chinese government.

Shishi Simwa has resumed standard corporate income tax rate of 25% for the financial year beginning 1 January 2012 as the entity had ended their tax holiday period in the financial year ended 31 December 2011.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 10. Loss per share

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

	Group		
	2017	2016	
	RMB'000	RMB'000	
Losses			
Losses for the purposes of basic and diluted loss per share for the year	(2.127)	(2.507)	
attributable to equity holders of the Company	(3,137)	(3,587)	
	Gro	oup	
	2017	2016	
	No. of shares	No. of shares	
	′000	'000	
Number of shares			
Weighted average number of ordinary shares for the purposes of			
basic and diluted loss per share	8,980	8,980	
	2017	2016	
Loss per share (RMB)	(0.35)	(0.40)	

## 11. Intangible assets

	Trademark RMB'000	Computer software RMB'000	Total RMB'000
Group			
Cost			
At 1 January 2016, 31 December 2016 and 2017	60	222	282
Accumulated amortisation			
At 1 January 2016, 31 December 2016 and 2017	60	222	282
Carrying amount			
At 31 December 2016 and 2017		_	

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 12. Property, plant and equipment

	Buildings on leasehold land	Plant and machinery	Furniture, fixtures and office equipment	Renovation	Construction- in-progress [1]	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
Cost						
Balance at 1 January 2016	12,608	107,272	537	8,246	8,869	137,532
Additions	_	4,787	_	_	_	4,787
Written off		(318)	-	-	_	(318)
Balance at 31 December 2016 and 31 December 2017	12,608	111,741	537	8,246	8,869	142,001
Accumulated depreciation						
Balance at 1 January 2016	5,905	72,180	463	8,246	_	86,794
Depreciation	435	2,677	36	_	_	3,148
Written off		(318)	_	_		(318)
Balance at 31 December 2016	6,340	74,539	499	8,246	_	89,624
Depreciation	435	2,705	36			3,176
Balance at 31 December 2017	6,775	77,244	535	8,246	_	92,800
<b>Impairment</b> Balance at 1 January 2016,						
31 December 2016 and 31 December 2017		15,814			8,869	24,683
Carrying amount						
Balance at 31 December 2017	5,833	18,683	2			24,518
Balance at 31 December 2016	6,268	21,388	38	_	_	27,694

<sup>[1]</sup> This represents construction costs incurred for a piece of land in Wubao Industrial Zone, Shishi City, the PRC with land area totalling 16,235 sq m.

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

Bank borrowings are secured on buildings on leasehold land of the Group with carrying amounts of RMB5,615,000 (2016: RMB6,268,000) (Note 24).

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 13. Land use rights

	Group
	RMB'000
Cost	
At 1 January 2016, 31 December 2016 and 31 December 2017	3,055
Accumulated amortisation	
At 1 January 2016	689
Amortisation for the year	61
At 31 December 2016	750
Amortisation for the year	61
At 31 December 2017	811
Carrying amount	
At 31 December 2017	2,244
At 31 December 2016	2,305

The Group has land use rights over this plot of land located in:

Location	Description	Area (sq. metres)	Tenure expiry date	Carrying amount RMB'000
Wubao Industrial Zone, Shishi City (I-III) 石狮市鸿山镇伍堡污染工业区 (I- III)	Land for industrial use	15,534.51	31/12/2056	2,244

The land use rights are held on leases for 50 years.

Bank borrowings are secured on the land use rights of the Group with carrying amounts of RMB2,244,000 (2016: RMB2,305,000) (Note 24).

## 14. Investment in subsidiaries

	Com	pany
	2017	2016
	RMB'000	RMB'000
Unquoted equity shares, at cost	102,370	102,370
Allowance for impairment loss	(102,370)	(102,370)
Movements in allowance for impairment loss are as follows:		
At 1 January	102,370	102,370
Charge for the financial year		
At 31 December	102,370	102,370

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 14. Investment in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ operation	Cost of in	nvestment	intere	e equity st held Company	Principal activities
	-	2017 RMB'000	2016 RMB'000	2017 %	2016 %	
Held by the Company						
Simwa Holdings Ltd (1)	The British Virgin Islands	102,370	102,370	100%	100%	Investment holding
Held by Simwa Holdings Ltd						
Shishi Simwa Knitting & Dyeing Co., Ltd <sup>(1)</sup> 石狮市新华针织漂染有限公司	The People's Republic of China	20,000	20,000	100%	100%	Processing, dyeing and finishing of fabrics
Xiamen Sunny Dyeing and Printing Co., Ltd <sup>(1)</sup> 厦门新立印染有限公司	The People's Republic of China	10,000	10,000	100%	100%	Dormant

(1) All subsidiaries are audited by RT LLP for the purpose of expressing an opinion on the consolidated financial statements.

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. The key assumption for which the valuation was most sensitive was the estimation of the provision for compensation claim to certain customers (see disclosure below). The fair value is categorised under level 3 of the fair value hierarchy.

The allowance for impairment loss of investment in subsidiaries of RMBNil (2016: RMBNil) were recognised during the financial year.

## 15. Amount due from/(to) a subsidiary

	Com	pany
	2017	2016
	RMB'000	RMB'000
Long-term loan account		
- Amount due from a subsidiary	79,898	79,898
- Allowances for impairment loss	(79,898)	(79,898)
Current loan account		
- Amount due from a subsidiary	15,339	15,339
- Allowance for impairment loss	(10,543)	(10,543)
	4,796	4,796
- Amount due to a subsidiary	(4,896)	(4,896)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 15. Amount due from/(to) a subsidiary (Continued)

The amounts due from/(to) a subsidiary are denominated in Renminbi.

The amount due from a subsidiary on long-term loan account is an extension of the Company's net investment in the subsidiary. This is unsecured, interest-free and is not expected to be repaid within one year. As the Board views this as a net investment, with indeterminable repayments accordingly, management is of the view that fair valuation is not appropriate.

The amounts due from/(to) a subsidiary are unsecured, interest free and repayable on demand. These amounts approximate their fair values. As at the end of the reporting period, management has assessed the recoverability of the amount due from a subsidiary which amount to approximately RMB15.3 million (2016: RMB15.3 million).

The allowances for impairment loss of long-term loan due from a subsidiary and current loan due from a subsidiary approximately RMB79,898,000 (2016: RMB79,898,000) and RMB10,543,000 (2016: RMB10,543,000) respectively were recognised in the past financial year. Allowances for impairment loss was made in respect of three customers which filed notices of claims and requested compensation against the Company. As the subsidiaries of the Company were in a negative net tangible assets position due to the provision of compensation claim of approximately RMB470,475,000 recorded in the financial year ended 31 December 2015 as a result of the payment of compensation made to three customers on 28 September 2016 as disclosed in Note 30, management has impaired the entire balance of investment in subsidiaries.

#### 16. Inventories

	Gro	oup
	2017	2016
	RMB'000	RMB'000
Raw materials, at cost	566	564

#### 17. Trade and other receivables

	Gre	Group		pany		
	2017 2016		2017 2016 2017		2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000		
Trade receivables						
Third parties	6,507	4,119				

The average credit period on sale of goods is 72 days (2016: 108 days).

Trade and other receivables are denominated in Renminbi.

## 18. Prepayments

	Gre	Group		pany
	2017	2016	2017	2016
-	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	4,560	4,560		_

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 18. Prepayments (Continued)

Included in prepayments is a payment of land use right over a plot of land measuring 16,235 sq. metres for industrial use located in Wubao Industrial Zone, Shishi City (2003-1-4) 石狮市鸿山镇伍堡污染工业区 (2003-1-4) (Note 13).

As at 31 December 2017, the certificate of land use right for the plot of land paid in 2008 with carrying value of approximately RMBNil (2016: RMBNil) had not been obtained from relevant authorities since 2008.

On September 2016, the prepayment of RMB20,243,000 has been refunded in due course based on recent contract with the Land Bureau.

#### 19. Cash and cash equivalents

	Gre	Group		pany
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Cash balances	_	3	-	_
Bank balances	112	657	5	5
	112	660	5	5

The effective interest rate of the cash and bank balances of the Group and the Company is 0.6% (2016: 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 31 December are as follows:

	Gr	Group		pany							
	2017	2017 2016 2017		2017 2016 2017 201	2017 2016 2017	2016	2017 2016 2017	2017 2016 2017	2017 2016 201	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000							
Renminbi	107	633	_	_							
Hong Kong dollar	_	22	_	_							
Singapore dollar	5	5	5	5							
	112	660	5	5							

Cash and cash equivalents of RMB107,000 (2016: RMB633,000) held in 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.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 20. Share capital

	Group and Company						
	2017	2016	2017	2016			
		Number of ordinary shares with no par value					
	′000	′000	RMB'000	RMB'000			
Authorised:							
At 1 January (US\$100,000,000) and 31 December (US\$100,000,000)	50,000	50,000	615,347	615,347			
			2017	2016			
			USD'000	USD'000			
Issued and paid up:							
At 1 January and 31 December	8,980	8,980	17,959	17,959			
Equivalent to RMB'000			135,773	135,773			

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.

## 21. Treasury shares

	Group and Company							
	2017	2016	2017	2016				
	Number of ordinary shares'000						USD'000	USD'000
Paid up: At 1 January and 31 December	4	4	6	6				
Equivalent to RMB'000			35	35				

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 and has 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.

Arising from the abovementioned share consolidation exercise, those 200,000 treasury shares have since been consolidated into 4,000 shares.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 22. Other reserves

	Gro	Group		pany
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Share premium	79,908	79,908	79,908	79,908
Capital reserve	4,403	4,403	_	_
Statutory reserve	15,000	15,000	_	_
Merger reserve	(102,287)	(102,287)		
	(2,976)	(2,976)	79,908	79,908

### (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.

## (ii) Capital reserve

The capital reserve represents the premium arising from the issue of shares prior to 31 December 2003.

## (iii) Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the subsidiaries of the Company established in the PRC are required to transfer 10% of its profits after income taxes prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of these subsidiaries, subject to the approval from the PRC relevant authority, and are not available for dividend distribution to the shareholders.

## (iv) 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.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 23. Trade and other payables

### **Provision for compensation**

	Group		Company		
	2017	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade payables					
- Third parties	855	506	_	_	
Value added tax payable	_	103	_	_	
Accrued operating expenses	4,852	5,012	2,781	1,388	
Other payables	3,378	1,722	1,711	1,711	
Total trade and other payables	9,085	7,343	4,492	3,099	
Add: Provision for compensation claims				_	
	9,085	7,343	4,492	3,099	
Add: Borrowings (Note 24)	12,900	12,900	-	-	
Less: Provision for compensation claims					
Financial liabilities at amortised cost	21,985	20,243	4,492	3,099	

The amounts due to a related party are unsecured, interest-free and repayable on demand.

The average credit period on purchases of goods is 65 days (2016: 68 days).

No interest is charged on the trade and other payables.

As announced on 29 September 2016, and as disclosed in Note 30, the Group paid a total compensation amount of RMB465,998,097 to the Claimants namely晋江市滨浪制衣织造有限公司, 石狮市爱利奴服饰有限公司 and 石狮市金太屋纺织服饰有限公司 on 28 September 2016.

Arising from these payments, the Group had provided a provision for compensation claims amounting to RMBNil as at 31 December 2017 (2016: RMBNil). The estimates provision for compensation claims was based on the demand notice received from the claimants and testing on products processed by the Company. It was noted that the alleged de-colouring issue was existed according to the testing report about re-conducting the testing on products processed by the Company and assessment report in relation to the Claim issued by a professional firm. The settlement and compensation were settled subsequently by netting off against the compensation claim made to Claimants on 28 September 2016.

Movement in provision for compensation claims are as follows:

	Gr	Group	
	2017	2016	
	RMB'000	RMB'000	
Balance at beginning of financial year	-	470,475	
Add : Provision for compensation claims	-	-	
Less: Settlement for compensation claims		(470,475)	
Balance at end of the financial year		-	

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 23. Trade and other payables (Continued)

## **Provision for compensation (Continued)**

The currency profiles of the Group's and Company's trade and other payables as at 31 December are as follows:

	Gr	Group		pany
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	4,593	4,319	_	75
Singapore dollar	4,492	3,024	4,492	3,024
	9,085	7,343	4,492	3,099

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

## 24. Bank borrowings

		Group	
		2017	2016
		RMB'000	RMB'000
Secured bank loans - #1	Rural Commercial Bank of Shishi 石狮市石狮农村商业银行	7,900	7,900
- #2	Agricultural Bank of China 中国农业银行石狮市支行鸿山分理处	5,000	5,000
		12,900	12,900
Amount due for settlement	within 12 months	12,900	12,900

The Group's bank loans are secured by the Group's buildings on leasehold land, land use rights (Note 12 and 13).

The average effective borrowing rates range from 5.98% to 6.69% (2016: 5.98% to 6.69%) per annum. The carrying amounts of the Group's and Company's borrowings approximate their fair values.

The bank loans are denominated in Renminbi.

- (a) The bank loans #1 of RMB4,400,000 and RMB3,500,000 granted to the Group matures on 5 September 2018 and 8 August 2018 respectively (2016: 5 September 2017 and 8 August 2017 respectively). Interests are charged at 5.98% (2016: 5.98%) per annum.
- (b) The bank loan #2 of RMB5,000,000 granted to the Group matures on 22 March 2018 (2016: 22 March 2017). Interest is charged at 6.69% (2016: 6.69%) per annum.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 25. 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		
	2017	2017	2017 2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	
Short-term employee benefits	184	1,275	184	430	
Share-based payments				_	
	184	1,275	184	430	

Included in the key management personnel's remuneration are costs of defined contribution plans for the Group amounting to RMB36,000 (2016: RMB98,000).

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 26. Operating segments

#### **Business segment**

As the Group operates principally in a single business segment which is the provision of dyeing and postprocessing treatment services for fabrics, no reporting by business operations is presented.

### Geographical segment

As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of operations is presented.

#### 27. Financial instruments

#### (a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loan and receivables	6,619	4,779	4,801	4,801
Financial liabilities				
At amortised cost	21,985	20,243	9,388	7,995

## (b) 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 has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The Group's trade receivables comprise 11 debtors (2016: 5 debtors) that represented more than 60% (2016: 60%) of the total trade receivables.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 27. Financial instruments (Continued)

## (b) Financial risk management (Continued)

## **Credit risks (Continued)**

The Group's and Company's major classes of financial assets are cash and bank balances and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no other significant concentration of credit risk, with exposure spread over a number of counterparties and customers. The Group's concentration of credit risk by geographical locations is mainly at the PRC, which account for 100% (2016: 100%) of the total trade receivables as at year end.

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The age analysis of trade receivables is as follows:

	Gre	Group		
	2017	2016		
	RMB'000	RMB'000		
Not past due	1,099	1,672		
Past due over 30 days	2,781	1,798		
Past due over 60 days	2,627	649		
	6,507	4,119		

#### 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 various foreign currencies, including Hong Kong dollar and Singapore dollar, 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.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 27. Financial instruments (Continued)

## (b) Financial risk management (Continued)

## Market risks (Continued)

Foreign currency risks (Continued)

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 are as follows:

	Group		Company	
	Hong Kong dollar	Singapore dollar	Hong Kong dollar	Singapore dollar
	RMB'000	RMB'000	RMB'000	RMB'000
2017				
Cash and cash equivalents	_	5	_	5
Trade and other payables		(4,492)		(4,492)
		(4,487)		(4,487)
2016				
Cash and cash equivalents	22	5	_	5
Trade and other payables		(3,099)		(3,099)
	22	(3,094)		(3,094)

Foreign currency sensitivity analysis

The Group is mainly exposed to Singapore dollar (SGD).

The following table details the Group's sensitivity to a 10% change in SGD against the respective functional currencies of the Group entities. The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from the end of the financial year, with all variables held constant.

(Increase)/Decrease				
Group		Com	pany	
Loss before tax				
2017	2016	2017	2016	
RMB'000	RMB'000	RMB'000	RMB'000	
(449)	(309)	(449)	(309)	
449	309	449	309	
	<b>2017 RMB'000</b> (449)	Group  Loss ber  2017 2016  RMB'000 RMB'000	Com   Loss before tax   2017   2016   2017   RMB'000   RMB'000   RMB'000   (449)	

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 27. Financial instruments (Continued)

## (b) Financial risk management (Continued)

#### Market risks (Continued)

## Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risks relate to interest bearing liabilities and interest bearing assets.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The Group's interest rate risks arise primarily from the fixed rate borrowings which are repriced every 3 months.

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.

## 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	
<u>Undiscounted Financial Assets</u>	
Cash and bank balances	112
Trade and other receivables	6,507
As at 31 December 2017	6,619
Cash and bank balances	660
Trade and other receivables	4,119
As at 31 December 2016	4,779
Undiscounted Financial Liabilities	
Trade and other payables	9,085
Bank borrowings	12,900
As at 31 December 2017	21,985
Trade and other payables	7,343
Bank borrowings	12,900
As at 31 December 2016	20,243

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 27. Financial instruments (Continued)

## (b) Financial risk management (Continued)

### Liquidity risks (Continued)

	Less than 1 year
	RMB'000
Company	
Undiscounted Financial Assets	
Cash and bank balances	5
Amount due from a subsidiary	4,796
As at 31 December 2017	4,801
Cash and bank balances	5
Amount due from a subsidiary	4,796
As at 31 December 2016	4,801
Undiscounted Financial Liabilities	
Trade and other payables	4,492
Amount due to a subsidiary	4,896
As at 31 December 2017	9,388
Trade and other payables	3,099
Amount due to a subsidiary	4,896
As at 31 December 2016	7,995

As of 31 December 2017, the Group and Company were in net current liability position of RMB10,240,000 (2016: net current liability of RMB10,340,000) and RMB4,587,000 (2016: net current liability of RMB3,194,000). Management is of the view that the liquidity risk is limited as the Group and Company could raise funds through issuance of capital or through additional bank borrowings if necessary.

## 28. Fair value of assets and liabilities

The carrying amounts of the assets and liabilities, including cash and cash equivalents, trade and other receivables and payables, approximate their respective fair values. The fair values of other classes of assets and liabilities are disclosed in the respective notes to the financial statements.

Fair value hierarchy

The Group does not hold assets nor liabilities carried at valuation. Accordingly, the disclosure requirements of the fair value hierarchy (Level 1, 2 and 3) under FRS 107 *Financial Instruments: Disclosures* do not apply.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 29. Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and maintains an optimal capital structure so as to 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 2016.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 24 and equity attributable to owners of the company, comprising of issued capital, reserves as disclosed in Notes 20, 21 and 22.

As disclosed in Note 22, a subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

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 31 December 2017 and 2016.

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

	Group		Company	
	2017	2017 2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt	21,873	19,583	9,383	7,990
Total equity	16,522	19,659	(4,587)	(3,194)
Gearing ratio	132%	100%	(205%)	(250%)

## 30. Significant event during the previous financial years

## Payment of compensation claims

On 30 November 2015, the Board of Directors ("the Board") announced that the Company's wholly-owned subsidiary, Shishi Simwa Knitting & Dyeing Co., Ltd (石狮新华针织漂染有限公司) has received notices from three customers on 25 November 2015 and 26 November 2015 alleging that they have suffered substantial damages and financial losses due to the products processed by the Company's subsidiary not meeting the specific requirements, resulting in de-colouring in their end-products.

Subsequently, on 08 April 2016, the Board made an announcement to provide an update on these potential claims by customers that the Company had met up with the Claimants once in early December 2015 after receiving the written notice on the claims for products delivered in 2014 and early 2015. The Company and the Claimants have agreed to conduct an investigation into the claims and an independent test on products processed by the Company is to be carried out to verify the allegation. With the presence of both the Company and the Claimants, samples of required colours have been selected and sent to independent third parties, CNTAC Testing Center (中国纺织工业联合会检测中心) and SGS-CSTC Standards Technical Services Co.,Ltd. (SGS通标标准技术服务有限公司) for testing on 21 March 2016.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 30. Significant event during the previous financial years (Continued)

Payment of compensation claims (Continued)

On 19 July 2016, the Board announced that the Company had received further notices from three customers on 18 July 2016. It is noted that the alleged economic loss incurred from the Claimants, 晋江市滨浪制农织造有限公司, 石狮市爱利奴服饰有限公司 and 石狮市金太屋纺织服饰有限公司 are RMB205,346,020 based on 418,220 items of clothing, RMB132,362,307 based on 269,577 items of clothing and RMB128,339,053 based on 261,383 items of clothing respectively, in which the total compensation amount is RMB466,047,380, as stated in the said notices. Each of the Claimants have requested the Company to settle the compensation claims by 31 July 2016. The Management stated they will be engaging a reputable law firm to handle the claim and establish the facts surrounding their allegations and take steps to verify their claims. The Management will report to the Board on the status and development of the claims and will not admit liability nor agree to any form of compensation before consulting and seeking the Board's approval.

On 5 August 2016, the Company announced that no payment is made to Claimants in relation to the potential claims announced on 30 November 2015 and 19 July 2016, in which each of the Claimants have requested the Company to settle the compensation claims by 31 July 2016.

On 28 September 2016, the Board announced an update on the potential claims by customers. The Board announced that the Company had received further notices from three customers on 26 September 2016. It is noted that each of the Claimants have requested the Company to settle the compensation claims by 28 September 2016. Subsequent to receiving notices from the Claimants on 18 July 2016, the Company and the Claimants have agreed to conduct another testing on products processed by the Company. It is noted that the alleged de-colouring issue is existed according to the testing report about re-conducting the testing on products processed by the Company and assessment report in relation to the Claim issued by a professional firm. If compensation payment is not made by 28 September 2016, the Company shall pay the alleged economic loss incurred by the Claimants and interest expenses on outstanding amounts owing to the Claimants.

On 29 September 2016, the Board made announcement on the update on the potential claims by customers. The Board announced that the finance manager, Zhang Dufang, of the Company's wholly-owned subsidiary, Shishi Simwa Knitting & Dyeing Co., Ltd (石狮市新华针织漂染有限公司) informed the senior finance manager, Mr. Mak Chi Shing ("Mr. Mak") via email on 29 September 2016 morning that the payment of compensation has been made to the Claimants on 28 September 2016 afternoon. It is noted the Claimants have requested the Company to settle the compensation claims by 28 September 2016, which was highlighted by Mr. Wu to the independent director, Mr. Low Wai Cheong ("Mr. Low") and Mr. Mak during a teleconference on 27 September 2016. It is noted that the said payment was approved by Mr. Wu and the non-executive and non-independent director, Mr. Wu Dezhi in order to avoid further compensation and interest claimed by the Claimants. This was done without the knowledge of Mr. Mak and without the knowledge or approval of Mr. Low.

Mr. Low and Mr. Mak would like to highlight that the resolution of abovementioned payment to the Claimants was not proposed to the Board for voting and the abovementioned payment was not approved during the teleconference on 27 September 2016.

During the said teleconference on 27 September 2016, Mr. Low and Mr. Mak have requested the executive chairman and CEO of the Company, Mr. Wu Xinhua ("Mr. Wu") to engage a reputable law firm to handle the claim and establish the facts surrounding their allegations and take steps to verify their claims. The independent director and the senior finance manager have also requested the executive chairman and CEO of the Company not to admit liability nor agree to any form of compensation before consulting and seeking the Board's approval.

On 29 September 2016, the Group paid a total compensation amount of RMB465,998,097 after netting off against the trade receivables amounting to RMB4,476,733 to the Claimants namely, 晋江市滨浪制衣织造有限公司, 石狮市爱利奴服饰有限公司 and 石狮市金太屋纺织服饰有限公司.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 31. Significant events during the current financial year

## (a) Signed Memorandum of Understanding ("MOU") to establish a strategic partnership

On 31 October 2017 and 3 November 2017, the Company has announced the Company has entered a Memorandum of Understanding ("MOU") with Sichuan Dingneng Construction (Group) Co., Ltd ("Dingneng Group") and China Capital Investment Group ("CCIG") according to form a tripartite consortium made up of a State-owned Enterprise (SOE) and a Provincial-owned Enterprise (POE) with a SGX listed company to invest, build and manage government infrastructure projects.

According to signed MOU, the Company and Dingneng Group will explore an exclusive strategic partnership where Dingneng Group will appoint the Company as their exclusive Singapore partner for their foreign investment and financing solutions while the Company will tap on Dingneng Group's China strategic relationship, network and business contacts to seek investment opportunities.

On the other hand, the Company and CCIG will explore a strategic partnership to jointly manage the capital, investment and Build-Operate-Transfer government infrastructure projects through Public Private Partnership structure where local government may be involved.

## (b) Temporary shutdown of operation

On 3 April 2017, the Company has made an announcement that the operation of its wholly owned subsidiary, Shishi Simwa Knitting & Dyeing Co., Ltd has been downsizing and temporarily shut down for few days due to non-compliance of sewage treatment regulation and sewage disposal without treatment made by its sewage treatment service provider, Shishi City Haitian Environmental Engineering Co., Ltd. (石狮市海天环境工程有限公司) ("Haitian").

Owing to non-compliance of environmental protection and sewage treatment regulation in Shishi by Haitian, Haitian was penalized by the local authority and output of sewage from all dyeing companies in the Wubao Industrial Zone has been restricted and closely monitored by the relevant authorities. Therefore, the capacity of sewage treatment service provided to the Subsidiary has been reduced to 400 tonnes per day, which is far below the breakeven position of the Subsidiary's operation. Hence, the management decided to downsize and temporarily shut down the operation of its Subsidiary for few days in order to avoid further loss.

Haitian has met the relevant regulations in Shishi on 2017. The operation of the Subsidiary was resumed upon compliance of relevant regulations by Haitian on second quarter in year 2017.

#### 32. Events after the reporting period

## (a) Resumption of trading proposal

On 13 December 2017 and 18 January 2018, the Company had submitted an application to the Singapore Exchange Regulation Pte. Ltd. ("SGX Regulation") to lift the voluntary trading suspension of its shares. In support of the application, the Board had proposed the Resumption of Trading Proposal comprising the course of actions including (i) engage a special audit to conduct investigation on transactions with and the net compensations claims paid to the three Claimants, (ii) implement share split to enlarge the issued share capital of the Company, (iii) allot and issue an aggregate of 50,000,001 new shares (the "Placement Shares") and (iv) diversify from its existing business of manufacturing to include infrastructure investment.

On 23 February 2018, the Company has received a letter from the SGX Regulation in connection with the Resumption of Trading Proposal. The SGX Regulation had no objection to the Resumption of Trading Proposal subject to the Company able to completed a list of requirement and commitment made by the Company.

In support of the application SGX Regulation to lift the voluntary trading suspension of its shares, the Company had proposed the Resumption of Trading Proposal comprising the following steps:

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 32. Events after the reporting period (Continued)

## (a) Resumption of trading proposal (Continued)

### (i) Special Audit

The Company has appointed KPMG Services Pte. Ltd. on 12 December 2017 to conduct special audit works. The Company undertakes to take corrective and enforcement actions on findings in the Special Audit report as one of the SGX Regulation's conditions to lift the voluntary trading suspension of its shares. The scope of the special audit will focus on transactions with and the net compensation claims from three customers.

On 23 November 2018, the Company further announced that the Company wishes to update the status of Special Audit. The KPMG team had commenced the fieldwork and sent a list requesting certain information pertaining to Simwa Knitting & Dyeing Co., Ltd (one of the China subsidiary). However, they were not afforded effective cooperation by the China subsidiary. Consequently, the KPMG team is not able to complete the tasks it had set.

## (ii) Proposed Share Spilt and Placement

The Company has implemented a share split of every one (1) existing ordinary share in the capital of the Company to two (2) shares, thereby enlarging the issued share capital of the Company to 17,951,582 Shares and remains the issued and paid-up share capital of approximately \$\$27,154,600.

Upon the completion of the proposed share split, the Company has also proposed to allot and issue an aggregate of 50,000,001 new Shares to China Capital Investment Group, Asia Hausse Investments Pte Ltd, Newsome Holdings Limited, Wayman Holdings Limited, Dr Carol Choong and Mdm Su Wan Ru at an issue price of \$0.60 for each New Shares.

Eventually, the issued and paid-up share capital will be increased to approximately \$57,154,601 comprising 67,951,583 Shares.

The proposed share split and placement was approved as a result of Special General Meeting on 19 September 2018.

## (iii) Placement of 50,000,001 new ordinary shares

On 7 May 2018, the Company has made an announcement that the Company had entered into subscription agreements with (i) China Capital Investment Group, (ii) Asia Hausse Investments Pte. Ltd., Newsome Holdings Limited and Dr. Carol Choong, and (iii) Wayman Holdings Limited and Mdm. Su Wan Ru on 28 March 2018, 24 April 2018 and 25 April 2018 respectively.

The Company has agreed to allot and issue and each subscriber has agreed to subscribe and pay for an aggregate of 50,000,001 new ordinary shares in the capital of the Company (the "New Share") representing 73.58% of the Company's existing enlarged share capital, at an issue price of \$\$0.60 for each New Share, subjected to and upon the terms and conditions of the Subscription Agreements. The placement will increase the issued and paid-up share capital of the Company to 67,951,583 ordinary shares in the capital of the Company.

The placement has been completed on 28 September 2018.

## (iv) Business Diversification

The Company has proposed to diversify from its existing business of manufacturing to include infrastructure investment. This is because the Company believes that there will be huge opportunities in the field of Infrastructure investment in the region and greater growth potential for the Company in this new diversification of business.

The proposed business diversification was approved as a result of Special General Meeting on 19 September 2018.

No further update as at date of these financial statements.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 32. Events after the reporting period (Continued)

### (b) Change in name of the Company

On 7 May 2018, the Company has announced that the Company has proposed the name of the Company be changed from "China Fibretech Ltd." to "Raffles Infrastructure Holdings Limited". With the proposed Business Diversification, the Board believes that the changes in name of the Company will be beneficial to the Company as it better reflects the profile and business of the Company going forward.

### (c) Investment in Bo Dao Road Construction Co., Ltd.

On 7 May 2018, the Company has announced that the Company has on 28 March 2018 entered into a framework investment and cooperation agreement (the "Agreement") with Yibin Highway & Bridge Construction Co., Ltd ("Yibin H&B"), being a majority owned subsidiary of the Ding Neng Group and the representative of the existing equity holders (the "Existing Equity Holders") of Bo Dao Road Construction Co., Ltd (the "Target Company"), pursuant to which the Company or its subsidiary, has agreed to invest RMB 100 million and such subsidiary will obtain an aggregate of 90.91% equity stake in the Target Company (the "Proposed Investment"). Yibin H&B is 96.50% owned by Ding Neng Group and 3.50% owned by the Yibin City government. The investment is in line with the Group's strategic direction to expand its business to include investment in infrastructure projects.

### (d) <u>Incorporation of a wholly-owned subsidiary</u>

On 2 November 2018, the Company announced that a wholly-owned subsidiary, Raffles Infrastructure Investments (Singapore) Pte. Ltd., incorporated in Singapore. The principal activities of the subsidiary are related to activities of head and regional offices, centralised administrative offices and subsidiary management offices. The subsidiary's issued and paid up capital is SGD 1 comprising 1 ordinary share.

### (e) Tourist Railway Project

On 22 November 2018, the Company has entered into a Framework Agreement with Tourist Board of the People's Government of Dengfeng City, People's Republic of China (登封市人民政府旅游局) and Chengdu Tianfu Railtech Valley Technology Co., Ltd. (成都天府轨谷科技有限公司) for the purpose of building tourist railways with an estimated contract value of RMB 6 billion. The Government of Dengfeng City will provide assistance and support to facilitate the project. The project is expected to commerce on 2018 and will be completed by 2026.

### 33. Comparative figures

The independent auditor's report dated 8 June 2016 contains a disclaimer of opinion on the financial statements for the financial year ended 31 December 2016. Below is the extract of the basis for disclaimer of opinion.

### Extracted from auditor's report for the financial year ended 31 December 2016

### "Basis for Disclaimer of Opinion

### (a) Opening balances

Our independent auditor's report dated 20 December 2016 contains a disclaimer of opinion on the financial statements for the financial year ended 31 December 2015. The basis for disclaimer of opinion on the financial statements for the financial year ended 31 December 2015 is disclosed in Note 32 to the financial statements.

In view of the matters described in the basis for disclaimer of opinion paragraphs on the financial statements for the financial year ended 31 December 2015, we were unable to determine whether the opening balances as at 1 January 2016 are fairly stated.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 33. Comparative figures (Continued)

### Extracted from auditor's report for the financial year ended 31 December 2016 (Continued)

### "Basis for Disclaimer of Opinion (Continued)

### (a) Opening balances (Continued)

Since the opening balances as at 1 January 2016 are entered into the determination of the financial position of the Group and of the Company as at 31 December 2016 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 31 December 2016, we are unable to determine whether adjustments, if any, might have been found to be necessary in respect of the Group's and the Company's financial statements for the financial year ended 31 December 2016.

Our opinion on the current financial year's financial statements of the Group and the statement of financial position and statement of changes in equity of the Company is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

### (b) Compensation claims by three customers

As disclosed in Note 30(a), on 30 November 2015, the Company's wholly-owned subsidiary, Shishi Simwa Knitting & Dyeing Co., Ltd (石狮市新华针织漂染有限公司) first received notices from its three existing customers ("Claimants") on 25 November 2015 and 26 November 2015 alleging that they had suffered substantial damages and financial losses due to the products processed by that subsidiary for not meeting their specified requirements, resulting in de-colouration of their end-products (the "Claims"). It was noted that the said notices did not contain quantification of the alleged losses incurred. These Claims were for products delivered in 2014 and early 2015.

The matters relating to the compensations were disclosed by the Company in their announcements on the Singapore Exchange dated 8 April 2016, 19 July 2016, 27 September 2016, and 29 September 2016.

Arising from the payment of compensation on 28 September 2016 as announced on 29 September 2016 [Note30 (a)], management has made a provision for compensation claims as at 31 December which amounted to RMB470,475,000 as disclosed in Note 23 to the financial statements. We have not been able to verify the quantum of the payment as well as the parties to which the payments had allegedly been made. We were unable to verify the matters mentioned in the above announcements.

We were informed by the audit committee on December 2017, the board of directors of the Company have engaged special audit to conduct investigation on cash in bank and compensation claims by three customers. Consequently, we have not been provided with or able to obtain any independent evidence that would be sufficient and appropriate for our audit purposes to conclude on the Claims, their validity and their accounting treatment and disclosures.

### (c) Bank confirmation

We were informed by the audit committee on December 2017 that the board of directors of the Company has engaged a special audit to conduct investigation on cash in bank and compensation claims by three customers (see point (2) above). Consequently, we were unable to carry out our audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence and the quantum of the bank balances in the current account and fixed deposits account amounting to RMB658,000 and RMBNil respectively (see Note 19) as at 31 December 2016. In addition, we were also unable to determine the existence, quantum and completeness of the bank borrowings, which amounted to RMB12,900,000 (see Note 24) as at 31 December 2016.

Further, as disclosed in Note 24(a) & (b) to the financial statements, the bank borrowings of RMB4,400,000, RMB3,500,000 and RMB5,000,000 granted to the Group had matured on 5 September 2017, 8 August 2017 and 22 March 2017 respectively. We have not been provided with any supporting documents with respect to the settlement of these borrowings. Consequently, we were unable to establish whether these loans have been fully settled on their maturity date.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 33. Comparative figures (Continued)

### Extracted from auditor's report for the financial year ended 31 December 2016 (Continued)

### "Basis for Disclaimer of Opinion (Continued)

### (d) Going concern

As disclosed in Note 1.2 to the financial statements, as at 31 December 2016, the Group's current liabilities exceeded its current assets by RMB10,340,000. In addition, the Group incurred a net loss of RMB3,587,000 and recorded net operating cash outflows of RMB444,680,000 during the financial year ended 31 December 2016.

As disclosed in Note 30(a), and as noted in our report above (Point 2), the Group paid a total compensation amount of RMB465,998,000 after netting off against the trade receivables amounting to RMB4,477,000 to the Claimants namely, 晋江市滨浪制农织造有限公司,石狮市爱利奴服饰有限公司 and 石狮市金太屋纺织服饰有限公司.

Accordingly, the Group's cash and cash equivalents of approximately RMB660,000 (Note 19) as at 31 December 2016 have been substantially depleted due to the above compensation paid on 28 September 2016. This has created a material uncertainty with respect to cash flow management that may cast significant doubt over the Group's and the Company's ability to continue as going concerns.

As disclosed in Note 1.2 to the financial statements, the directors have prepared these financial statements on a going concern basis. Based on the limited information about the Group and of the Company made available to us, we were unable to perform alternative procedures to determine the appropriateness of the use of the going concern assumption.

### (e) Prepayment of land use rights

As disclosed in Note 18 to the financial statements, included in prepayments is a payment of land use right over a plot of land measuring 16,235 square metres located at Wubao Industrial Zone, Shishi City (2003-1-4) 石狮市 鸿山镇伍堡污染工业区 (2003-1-4). This was paid in 2008 with carrying value of approximately RMBNil (2015: RMB20,343,000) to the Land Bureau of Shishi Municipal Government (the "Land Bureau"). This certificate of the land use rights has not yet been issued by the Land Bureau since 2008. On September 2016, the prepayment of RMB20,343,000 has been refunded to the Company in due course based on recent contract with the Land Bureau.

As we had not been furnished by the Company with any of the supporting documents with respect to the refund from the Land Bureau, nor had we been able to obtain information or perform any alternative procedures with respect to the land use rights, accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity and existence of this prepayment .

### (f) Property, plant and equipment and land use rights

As at 31 December 2016, the Group's carrying values of property, plant and equipment and land use rights amounted to RMB27,694,000 and RMB2,305,000 respectively. As disclosed in Note 24 to the financial statements, the bank borrowings are secured by the Group's buildings on leasehold land (Note 12) and land use rights (Note 13) with carrying amounts of RMB6,268,000 and RMB2,305,000 respectively.

With reference to Point 3 above, we were not able to perform audit procedures relating to bank balances and borrowings. Consequently, we were unable to verify the ownership or collateralisation of the buildings on leasehold land and land use rights. The Company has informed us that the title deed is being held by the bank as collateral.

In addition, management has also not determined the recoverable amount of, nor assessed for any allowance for impairment of the property, plant and equipment and land use rights. We were also unable to perform alternative audit procedures to assess the appropriateness of the carrying amount of the property, plant and equipment and land use rights.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 33. Comparative figures (Continued)

### Extracted from auditor's report for the financial year ended 31 December 2016 (Continued)

### "Basis for Disclaimer of Opinion (Continued)

### (g) Inventories

As at 31 December 2016, the Group's inventories had a carrying value of RMB564,000 (Note 16). As the Company did not make arrangements for us to observe the counting of physical inventories as at the end of the financial year, we were unable to satisfy ourselves concerning the inventory quantities held as at 31 December 2016. Neither were we able to perform alternative audit procedures. Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of recorded and unrecorded inventories, and the elements making up the statements of financial position, consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of cash flows.

### (h) Tax provision

In view of the above matters mentioned in the Basis for Disclaimer of Opinion section of our report, we were unable to determine the consequential tax impact arising from any necessary and consequential adjustments and the appropriateness and completeness of disclosures made in the financial statements for the financial year ended 31 December 2016.

### (i) Significant events during the financial year

We were unable to complete all our audit procedures for the significant events occurring during the financial year, which we considered necessary to satisfy ourselves on the significant matters occurring during the financial year with respect to items recorded or unrecorded as at 31 December 2016. Accordingly, in view that the Company has engaged a special audit to conduct investigation on the significant events noted in our report above (Points 2 and 3), we were unable to determine whether all significant events during the year have been adequately dealt with in these financial statements (see Note 30) with respect to disclosures, presentation and adjusting significant events during the financial year."

### 34. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 9 January 2019.

# STATISTICS OF SHAREHOLDINGS

AS AT 28 FEBRUARY 2019

# DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS AS AT 28 FEBRUARY 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	91	13.34	5,370	0.01
100 - 1,000	138	20.24	65,992	0.10
1,001 - 10,000	343	50.29	1,321,484	1.94
10,001 - 1,000,000	102	14.96	6,091,720	8.96
1,000,001 and above	8	1.17	60,467,017	88.99
Total	682	100.00	67,951,583	100.00

<sup>\*</sup> Excluding Treasury Shares as at 28 February 2019 - 8,000 shares

# LIST OF 20 LARGEST REGISTERED SHAREHOLDERS AS AT 28 FEBRUARY 2019

No.	Name	No. of Shares	%
1	CHINA CAPITAL INVESTMENT (GROUP) CO., LTD.	16,666,667	24.53
2	PHILLIP SECURITIES PTE LTD	9,117,008	13.42
3	ASIA HAUSSE INVESTMENTS PTE. LTD.	8,333,333	12.26
4	CHOONG LAY YEE CAROL (ZHONG LIYI)	8,333,333	12.26
5	NEWSOME HOLDINGS LIMITED	8,333,333	12.26
6	SU WANRU	5,250,002	7.73
7	WAYMAN HOLDINGS LIMITED	3,083,333	4.54
8	SOLIGNY BRUNO LUDOVIC	1,350,008	1.99
9	RHB SECURITIES SINGAPORE PTE LTD	653,350	0.96
10	CITIBANK NOMINEES SINGAPORE PTE LTD	515,782	0.76
11	LEE GUAN HUAT	403,600	0.59
12	OCBC SECURITIES PRIVATE LTD	357,040	0.53
13	PU WEIDONG	218,400	0.32
14	NA CHING CHING, LINDA ( LAN QINGQING,LINDA)	202,404	0.30
15	WONG POH HWA @ KWAI SENG	180,000	0.26
16	GOODMARKS PTE LTD	166,800	0.25
17	Wong Chi kwan betty MRS Wong Chi kwan betty	162,860	0.24
18	OAPT (LING KIM CHYE - B828/2017)	157,800	0.23
19	ZHANG BAOHUI	135,000	0.20
20	ADDISON GOH SIONG HOON (ADDISON WU XIANGYUN)	126,000	0.19
	Total:	63,746,053	93.82

### Note:

<sup>%:</sup> Based on 67,951,583 shares (excluding shares held as treasury shares) as at 28 February 2019

<sup>\*:</sup> Treasury Shares as at 28 February 2019 - 8,000 shares

# STATISTICS OF SHAREHOLDINGS

AS AT 28 FEBRUARY 2019

### **SUBSTANTIAL SHAREHOLDERS**

### No. of Shares

Name	Direct Interests	Deemed Interests	%
China Capital Investment (Group) Co., Ltd.	16,666,667	_	24.53
Wellgain International Holdings Limited	9,044,186	_	13.31
Wu Xinhua¹	_	9,044,186	13.31
Asia Hausse Investments Pte. Ltd.	8,333,333	_	12.26
Lin Sin Hoe <sup>2</sup>	_	8,333,333	12.26
Newsome Holdings Limited	8,333,333	_	12.26
Ding Lili <sup>3</sup>	_	8,333,333	12.26
Choong Lay Yee Carol	8,333,333	-	12.26
Su Wan Ru	5,250,002	_	7.73

#### Notes:

- 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.
- 2 Lin Sin Hoe is the sole shareholder of Asia Hausse Investments Pte. Ltd ("Asia Hausse"). Accordingly, he is deemed interested in the 8,333,333 shares held by Asia Hausse.
- 3 Ding Lili is the sole shareholder Newsome Holdings Limited ("Newsome"). Accordingly, she is deemed interested in the 8,333,333 shares held by Newsome.

### SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 28 February 2019, 17.65% 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 IS HEREBY GIVEN that the Annual General Meeting of Raffles Infrastructure Holdings Limited (the "Company") for the financial years ended 31 December 2015 ("2016 AGM"), 31 December 2016 ("2017 AGM") and 31 December 2017 ("2018 AGM") will be held on Friday, 29 March 2019 at Chinese Swimming Club, 21 / 34, Amber Road, Singapore 439870 at 10.00 a.m. for the following purposes:

#### AS ORDINARY BUSINESS

1. To approve, ratify and confirm the actions of the corporate agent (the "Bermuda Secretary") of the Company in applying for an Order of Sanction under Section 72(2) of the Bermuda Companies Act 1981 to hold a general meeting to put the affairs of the Company in order for the years 2016 and 2017.

(Resolution 1)

[See Explanatory Note (1)]

 To receive and adopt the Directors' Statements and the Audited Financial Statements of the Company again for the financial periods ended 31 December 2015 and 31 December 2016 together with the Independent Auditor's Report thereon.

(Resolution 2)

[See Explanatory Note (2)]

3. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Independent Auditor's Report thereon.

(Resolution 3)

4. To ratify and confirm the payment of Directors' fees of S\$116,000 for the financial year ended 31 December 2015 (2014: S\$116,000).

(Resolution 4)

[See Explanatory Note (3)]

5. To ratify and confirm the payment of Directors' fees of \$\$60,000 for the financial year ended 31 December 2016 (2015: \$\$116,000).

(Resolution 4A)

[See Explanatory Note (3A)]

6. To approve the payment of Directors' fees of \$\$125,350 for the financial year ended 31 December 2017 (2016: \$\$60,000).

(Resolution 5)

[See Explanatory Note (4)]

7. To approve the payment of Directors' fees of S\$320,000 for the financial period from 1 January 2018 to 30 June 2019 (2017: S\$125,350).

(Resolution 6)

[See Explanatory Note (4A)]

8. To ratify and confirm that Mr Low Wai Cheong who had retired on 28 November 2017 by rotation pursuant to Byelaw 86 of the Company was not re-elected by shareholders on the same day.

(Resolution 7)

[See Explanatory Note (5)]

- 9. To ratify and confirm the re-election of the following directors who had retired on 28 November 2017 pursuant to Bye-law 86(5) of the Company and were re-elected on the same day:
  - (a) Mr Eric Choo Han Kiat

(Resolution 8)

(b) Mr Leow Yong Kin

(Resolution 9)

(c) Mr Toh Tiong San

(Resolution 10)

[See Explanatory Note (6)]

10. To ratify and confirm the re-election of Mr Eric Choo Han Kiat who had retired on 19 September 2018 by rotation pursuant to Bye-law 86 of the Company and was re-elected on the same day.

(Resolution 11)

[See Explanatory Note (7)]

11. To ratify and confirm the re-election of Mr Toh Hai Joo who had retired on 19 September 2018 by rotation pursuant to Bye-law 86(5) of the Company and was re-elected on the same day.

(Resolution 12)

[See Explanatory Note (8)]

12. To re-elect Mr Wu Xinhua who is retiring by rotation pursuant to Bye-law 86 of the Company.

(Resolution 13)

[See Explanatory Note (9)]

13. To re-elect Mr Li Jia Chen who is retiring pursuant to Bye-law 85(6) of the Company.

(Resolution 14)

[See Explanatory Note (10)]

14. To ratify and confirm the re-appointment of Messrs. RT LLP as the Company's Auditors on 28 November 2017 and the authorization of the Directors to fix their remuneration be ratified and confirmed.

(Resolution 15)

[See Explanatory Note (11)]

15. To ratify and confirm the re-appointment of Messrs. RT LLP as the Company's Auditors on 19 September 2018 and the authorization of the Directors to fix their remuneration be ratified and confirmed.

(Resolution 16)

[See Explanatory Note (12)]

16. To re-appoint Messrs. RT LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

(Resolution 17)

17. To ratify and confirm all actions taken by the Directors and officers of the Company up to the date of this annual general meeting for purpose of complying with the laws of Bermuda.

(Resolution 18)

18. To transact any other ordinary business that may properly be transacted at an annual general meeting.

### **AS SPECIAL BUSINESS**

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

### 19. Authority to issue shares and convertible securities

"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:
  - 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;
  - (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.

(Resolution 19)

[See Explanatory Note (13)]

### 20. Raffles Infrastructure Share Award Scheme

That the Directors of the Company be and are hereby authorised to grant awards of fully-paid ordinary shares in the capital of the Company ("Awards") in accordance with the provisions of the Raffles Infrastructure Share Award Scheme set out in the Company's Circular to Shareholders dated 9 April 2009 (the "Scheme"), and to allot, issue, transfer and/or deliver from time to time such number of fully-paid ordinary shares in the capital of the Company as may be required to be issued or delivered pursuant to the vesting of Awards under the Scheme, provided that the aggregate number of shares to be issued or delivered pursuant to the Scheme and pursuant to all other share option or other share schemes of the Company shall not exceed 15 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company at any time and from time to time.

(Resolution 20)

[See Explanatory Note (14)]

BY ORDER OF THE BOARD

Lee Wei Hsiung Company Secretary Singapore, 14 March 2019

#### **Explanatory Notes:**

- Section 71 of the Companies Act 1981 of Bermuda ("Bermuda Companies Act") states that an annual general meeting should be held once a year, and section 72(2) state that if an annual general meeting is not held within three months of the date it should have been held or the required number of directors required to be elected, if any have not been elected at such a meeting, the company may apply to the Registrar of the Bermuda Registry of Companies ("Bermuda Registrar") to sanction the holding of a general meeting to put the affairs of the company in order. Upon receipt of such an application the Registrar may in his discretion make an order allowing the application under such conditions as he thinks fit to impose including ordering the date by which the affairs of the company shall be put in order. (3) Subject to subsection (2) if default is made in calling an annual general meeting in accordance with section 71 or to elect the required number of directors at such meeting the Registrar, any creditors or member of the company may apply to the Court for the winding up of the company and the Court on such application may order the company to be wound up or make any order that the Registrar might have made under subsection (2). The Company held its annual general meeting for financial year (FY) 2015 (i.e., for the year ended 31 December 2015) on 28 November 2017 ("2016 AGM"), and its annual general meeting for FY2016 (i.e., for the year ended 31 December 2016) on 19 September 2018 ("2017 AGM"). Under Sections 71 and 72 of the Bermuda Companies Act, the Company's annual general meetings for FY 2015 and FY2016 were not in compliance as they were held out of time. On the instructions of the Company, the Bermuda Company Secretary applied to Bermuda Registrar for a sanction order to put affairs of the Company in order ("Sanction Order"). The Sanction Order was issued on 14 January 2019, which mandated that within three (3) months of the date of its issue, the Company must hold an annual general meeting to put its affairs in order for FY 2015 and FY 2016. Resolution 1 is, therefore, to ratify and confirm the Bermuda's Company Secretary's action in so applying for the sanction order.
- (2) The audited financial statements of the Company for the financial years ended 31 December 2015 and 31 December 2016 have been presented to, and adopted by, shareholders when the Company held its 2016 AGM and 2017 AGM, respectively. To comply with the Sanction Order, the audited financial statements of the Company for the financial years ended 31 December 2015 and 31 December 2016 are re-presented again for adoption by Shareholders.
- (3) Although Directors' Fees for the financial year ended 31 December 2015 have been approved by Shareholders at the 2016 AGM, Shareholders are asked to ratify and confirm the same again for the purpose of complying with the Sanction Order.
- (3A) Although Directors' Fees for the financial year ended 31 December 2016 have been approved by Shareholders at the 2017 AGM, Shareholders are asked to ratify and confirm the same again for the purpose of complying with Sanction Order.
- (4) Shareholders' approval is sought for Directors' Fees for the financial year ended 31 December 2017 (2018 AGM) totalling \$\\$125,350. Bermuda Laws allow the Company to hold its 2018 AGM no later than the expiry of three (3) months of the following year from 31 December 2017, i.e, by 31 March 2019.
- (4A) Shareholders' approval is sought in advance for Directors' Fees for the financial year to be ended on 30 June 2019, totaling \$\$320,000, noting that the Company changed its financial year to end on 30 June of each year. This means that the 2019 AGM will be for the period from 1 January 2018 to 30 June 2019.
- (5) Mr Low Wai Cheong retired on 28 November 2017, ie, at the 2015 AGM but was not re-elected by Shareholders. Shareholders are asked to ratify and confirm the same again for the purpose of complying with the Sanction Order.
- (6) Mr Eric Choo Han Kiat, Mr Leow Yong Kin and Mr Toh Tiong San retired on 28 November 2017, ie, at the 2016 AGM, and were duly elected by Shareholders on the same day. Shareholders are asked to ratify and confirm the same again for the purpose of complying with the Sanction Order.
- (7) Mr Eric Choo Han Kiat retired on 19 September 2018, ie, at the 2017 AGM, and was duly elected by Shareholders on the same day. Shareholders are asked to ratify and confirm the same again for the purpose of complying with the Sanction Order.
- (8) Mr Toh Hai Joo retired on 19 September 2018, ie, at the 2017 AGM, and was duly elected by Shareholders on the same day. Shareholders are asked to ratify and confirm the same again for the purpose of complying with the Sanction Order.
- (9) Mr Wu Xinhua, who is retiring at this, the 2018 AGM, will upon re-election remain as the Non-Executive, Non-Independent Director of the Company. Mr Wu Xinhua is deemed interested in 9,044,186 shares in the Company held by Wellgain International Holdings Limited ("Wellgain") by virtue of his 100% shareholding ownership in Wellgain. Save as disclosed, there are no relationships (including family relationships) between Mr Wu Xinhua and the other Directors, the Company or its 10% shareholders.
- (10) Mr Li Jia Chen, who is retiring at this, the 2017 AGM, will, upon re-election remain as the Non-Executive Non-Independent Director of the Company. Mr Li Jia Chen has confirmed that he does not have any relationship (including immediate family relationships) with the other Directors, the Company or its 10% shareholders.
  - Mr Wu Xinhua and Mr Li Jia Chen have offered themselves for re-election. The current directorships in other listed company (if any) and details of other principal commitments held by each of these Directors are set out on page 06 to 07 of this Annual Report.
- (11) Although Shareholders had at the 2016 AGM appointed Messrs RT LLP as the Company's Auditors, Shareholders are asked to ratify and confirm the same again for the purpose of complying with the Sanction Order.
- (12) Although Shareholders had at the 2017 AGM appointed Messrs RT LLP as the Company's Auditors, Shareholders are asked to ratify and confirm the same again for the purpose of complying with the Sanction Order.

- (13) Ordinary Resolution 19, 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 28 February 2019, the Company had 8,000 treasury shares and no subsidiary holdings.
- (14) Ordinary Resolution 20, if passed, will authorise the Directors of the Company from the date of this Annual General Meeting until 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 to grant Awards in accordance with the provisions of the Scheme and to allot and issue shares under the Scheme, provided that the aggregate number of shares to be issued or delivered pursuant to the Scheme and pursuant to all other share option or other share schemes of the Company shall not exceed 15 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company at any time and from time to time.

The name of the Scheme has been changed from "China Fibretech Share Award Scheme" to "Raffles Infrastructure Share Award Scheme". This is consequent upon the change of Company's name from China Fibretech Ltd. to Raffles Infrastructure Holdings Limited on 24 September 2018. The rules of the Scheme remain unchanged.

#### **Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

### Bermuda's Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008:

BeesMont Corporate Services Limited (**BCSL**) is licensed to conduct Corporate Services Provider Business with the Bermuda Monetary Authority (**BMA**). BCSL is supervised for Anti-Money Laundering and Anti-Terrorist Financing compliance (collectively AML/ATF legislation) pursuant to the Proceeds of Crime Act, 1997, Anti-Terrorist Financing Act, 2004 and Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations by the BMA to prevent BCSL or its services from being used as a conduit for money laundering or the financing of terrorism.

BCSL shall implement and abide by effective policies and procedures to reduce the risk of being used for money laundering and/ or terrorist financing. This will include ensuring that all clients are aware of and fully comply with BCSL's internal policies to provide requested due diligence documents upon request in accordance with the AML/ATF legislation.

### Note:

- A registered Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- 2. If a registered Shareholder is unable to attend the Annual General Meeting and wishes to appoint a proxy to attend and vote at the Annual General Meeting in his stead, then he should complete and sign the relevant Member Proxy Form and deposit the duly completed Member Proxy Form at the office of the Company's Share Transfer Agent in Singapore, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00 Singapore 068898 not later than 48 hours before the time appointed for the Annual General Meeting.
- 3. A depositor registered and holding Shares through The Central Depository (Pte) Limited ("CDP") who/which is (i) an individual but is unable to attend the Annual General Meeting personally and wishes to appoint a nominee to attend and vote; or (ii) a corporation, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company's Share Transfer Agent in Singapore, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00 Singapore 068898 not later than 48 hours before the time appointed for the Annual General Meeting.
- 4. If a Shareholder who has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members is unable to attend the Annual General Meeting and wishes to appoint a proxy, he should use the Depositor Proxy Form and the Member Proxy Form for, respectively, the Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members.
- 5. A Depositor who is an individual and who wishes to attend the Annual General Meeting in person need not take any further action and can attend and vote at the Annual General Meeting as CDP's proxy without the lodgement of any proxy form.

Mr Wu Xinhua 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 March 2019 ("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:

	MR WU XINHUA	MR LI JIA CHEN
Date of Appointment	27 July 2007	28 September 2018
Date of last re-appointment	29 April 2015	N.A.
Age	63	47
Country of principal residence	China	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 Nominating Committee ("NC") and has reviewed and considered the past contribution and suitability of Mr Wu Xinhua for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Wu Xinhua possess the experience, expertise, knowledge and skills to continue contribute towards the existing fabric businesses.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Li Jia Chen for reappointment as Non-Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Li Jia Chen possess 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	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Director	Non-Independent Non-Executive Director
Professional qualifications	Certificate in Business Administration, Qinghua University	Degree in Economics and Trading, Zhengzhou University
		Master in Business Administration, China Renmin University

	MR WU XINHUA	MR LI JIA CHEN	
Working experience and occupation(s) during the past 10 years	Jul 2007 to present: Executive Director of Raffles Infrastructure Ltd and Managing Director of Sinhua	Jul 2016 to present: Vice Chairman and President of Operations for China Capital Investment Group	
	holdings Ltd.	Aug 2008 to Jun 2016: Vice President of China International Council for the Promotion of Multinational Corporations under the Ministry of Commerce	
		Jan 2005 to Jul 2008: Secretariat General for the Financial Asset and Management Committee of China International Material and Equipment Trade Cooperation Centre	
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest: 9,044,186 (held through Wellgain International Holdings Limited)	None	
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)	Nil	Vice President of China International Council for the Promotion of Multinational Corporations under the Ministry of Commerce	
Present	Nil	Vice Chairman and President of Operations for China Capital Investment Group	

		MR WU XINHUA	MR LI JIA CHEN
offi	close the following matters concerning an appointment of directions cer, chief operating officer, general manager or other officer stion is "yes", full details must be given.		
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
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
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, subject to the outcome of the Special Audit	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
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

			MR WU XINHUA	MR LI JIA CHEN
i)	rulir or t	ether he has ever been the subject of any order, judgment or any of any court, tribunal or governmental body, permanently temporarily enjoining him from engaging in any type of iness 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:-		No	No
	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		
	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	Yes	No
	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	No	
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?				
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?		Yes	No



RAFFLES INFRASTRUCTURE HOLDINGS LIMITED

80 Robinson Road #02-00 Singapore 068898