

# CHINA FIBRETECH LTD.

(Incorporated in Bermuda)  
(Company Registration No. 40381)

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- (1) RESUMPTION OF TRADING PROPOSAL  
(2) PROPOSED CHANGE OF NAME OF THE COMPANY
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## (1) RESUMPTION OF TRADING PROPOSAL

The board of directors (the “**Board**” or “**Directors**”) of China Fibretech Ltd. (the “**Company**”, together with its subsidiaries, referred to as the “**Group**”) wishes to provide shareholders with an update on the Company’s proposal for the resumption of trading of its shares (the “**Resumption of Trading Proposal**”).

This announcement should be read in conjunction with the announcements relating to the Proposed Placement (defined below) and the proposed investment by the Company in Bo Dao Road Construction Co., Ltd.

### A. RESUMPTION OF TRADING PROPOSAL

The Board had, on 13 December 2017 and 18 January 2018, 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 following steps:

#### 1. Special Audit

The Company has appointed KPMG Services Pte. Ltd. (“**KPMG**”) on 12 December 2017 to conduct special audit works (the “**Special Audit**”). The Company anticipates that the Special Audit will be completed within 2 to 4 months from the commencement of the Special Audit.

The Special Audit will commence immediately after completion of the Proposed Placement (defined below).

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 paid to the following three (3) customers:

- (a) ShiShi City Ai Li Nu Clothing Co., Ltd (石狮市爱利奴服饰有限公司) - RMB132,263,307.00;
- (b) JinJiang City Bin Lang Apparel Manufacturing Co., Ltd (晋江市滨浪制衣织造有限公司) - RMB205,346,020.00; and
- (c) ShiShi City Jin Tai Wu Textile Clothing Co., Ltd (石狮市金太屋纺织服饰有限公司) - RMB465,998,097.20.

## 2. Proposed Share Split

The Company is proposing a share split of every one (1) existing ordinary share in the capital of the Company (“**Share**”) to two (2) Shares on a books closure date to be determined by the Board (the “**Proposed Share Split**”), thereby enlarging the issued share capital of the Company to 17,951,582 Shares.

The Directors believe that the Proposed Share Split will be beneficial to the Company and its shareholders for the following reasons:

- (a) The reduced price of each Share after the Proposed Share Split will make each Share more affordable to investors, thus encouraging greater participation by and providing greater flexibility in terms of the size of the trades to investors with different investment profiles. Further, the reduced price of each Share would enhance the trading liquidity of the Shares over time.
- (b) The number of shareholders after the Proposed Share Split may increase with the increase in the number of Shares available for trading purposes, given that an investment in the Shares would be made more accessible to investors.

As at the date of this announcement, the Company has an issued and paid-up share capital of approximately S\$27,154,600 comprising 8,975,791 Shares. Following the completion of the Proposed Share Split, an additional 8,975,791 Shares (the “**Additional Shares**”) will be allotted and issued, and the Company will have an issued and paid-up share capital of approximately S\$27,154,600 comprising 17,951,582 Shares.

Shareholders are not required to make any payment to the Company in respect of the Proposed Share Split. All Shares after the Proposed Share Split shall rank *pari passu* with one another, except that the Additional Shares will not be entitled to any dividends, rights, allotments or other distributions, the record date of which falls before the date of issue of the Additional Shares.

The Additional Shares will be issued to the shareholders whose names appear in the register of members of the Company or who have Shares entered against their names in the Depository Register as at the books closure date, on the basis of the number of such Shares registered in their names or standing to the credit of their securities accounts as at such date.

## 3. Proposed Placement

Upon the completion of the Proposed Share Split, the Company intends to allot and issue an aggregate of 50,000,001 new Shares (the “**Placement Shares**”) to China Capital Investment Group (中资国本投资有限公司), Asia Hausse Investments Pte Ltd, Newsome Holdings Limited, Wayman Holdings Limited, Dr Carol Choong and Mdm Su Wan Ru (each a “**Subscriber**” and collectively, the “**Subscribers**”) at an issue price of S\$0.60 (the “**Issue Price**”) for each New Share (the “**Proposed Placement**”). The Proposed Placement will increase the issued and paid-up share capital of the Company to 67,951,583 Shares.

The rationale for the Proposed Placement is to increase resources available to the Company to improve its cash flow and to pursue business opportunities as part of its strategic objectives as and when they arise.

The Company intends to utilise the proceeds raised from the Proposed Placement for the following:

- (a) fund the professional costs for the Special Audit;

- (b) fund the business expenses that will be incurred in China;
- (c) working capital; and
- (d) diversify its business scope and invest in infrastructure projects in China.

#### 4. Business Diversification

Once the Proposed Placement is completed, the Company intends to diversify from its existing business of manufacturing to include infrastructure investment (the “**Proposed Business Diversification**”). This is because the Company believes that with the one belt one road development initiative progressing rapidly in Asia, there will be huge opportunities in the field of Infrastructure investment in the region. Given the Company’s current business networks and resources, there will be much more growth potential for the Company in this new diversification of business.

In particular, the Company will utilise the bulk of the proceeds from the Proposed Placement to invest in an infrastructure project together with Dingneng Group, where the company will hold a 90.91% stake in the project<sup>1</sup>. This is a build-operate-transfer (BOT) rural road project awarded by the Yibin Municipal People’s Government, and Dingneng Group has completed 30% of the construction.

The Proposed Share Split and Proposed Placement are subject to the receipt of a listing and quotation notice (the “**LQN**”) from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the dealing in, the listing of and the quotation for the Additional Shares and New Shares arising from the Proposed Share Split and Proposed Placement. The Company will make the necessary announcement once the LQN has been obtained.

The Proposed Share Split, Proposed Placement and Proposed Business Diversification are also subject to approval from the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting of the Company to be convened (the “**EGM**”).

None of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Share Split, Proposed Placement and Proposed Business Diversification (other than through their respective direct and indirect shareholdings and/or directorships in the Company).

#### **B. SGX REGULATION’S DECISION**

The Company has received a letter from the SGX Regulation on 23 February 2018 in connection with the Resumption of Trading Proposal. The SGX Regulation had no objection to the Resumption of Trading Proposal subject to:

- (a) the implementation of the Resumption of Trading Proposal;
- (b) the allotment of Shares to the Subscribers which must include a controlling interest in the Company to be held by Chengdu CCIG and/or any other state-owned enterprise of China;
- (c) an announcement via SGXNet of the following:

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<sup>1</sup> Dingneng Group is a wholly owned subsidiary of Sichuan Coal Industry Group Limited Liability Company. Its main businesses include large and medium-sized mining design and construction, coal products, mining operation, mechanical and electrical installation, demolition blasting and tunnel engineering. As a provincial owned enterprise, Dingneng Group has a registered capital of RMB 1 billion and total asset of RMB 3 billion.

- (i) the Resumption of Trading Proposal;
  - (ii) the possibility that the Company may be subject to disciplinary action for its past breaches including breaches of the Listing Rules of the SGX-ST;
  - (iii) the reconstituted board of directors' opinion and bases that the Company will be able to operate as a going concern and has sufficient working capital adequacy for the next 12 months from the date of lifting of the trading suspension;
  - (iv) the reconstituted board of directors' opinion with the concurrence of the audit committee that the Company has adequate and effective internal controls addressing financial, operational and compliance risks. The basis of the opinion must be disclosed in the announcement;
  - (v) disclosure via SGXNet of the reconstituted board of directors' opinion that the Company's current resource in its finance function is adequate and the basis for their view; and
  - (vi) completion and announcement of the Company's audited FY2016 results;
- (d) submission of a written undertaking from:
- (i) the reconstituted board of directors of the Company that they will comply with the listing rule requirements of SGX-ST;
  - (ii) the Subscribers and Mr. Wu to moratorise all their interest (direct and effective interest) in the securities of the Company for a period of 6 months from the date of the resumption of trading or until the Special Audit is completed, whichever is later;
  - (iii) the Company that it will take all necessary measures/ steps to allow KPMG unfettered access to the Company in their conduct of the Special Audit;
  - (iv) the Company that it will take corrective and enforcement actions on findings in the Special Audit report;
  - (v) the reconstituted board of directors that it shall commission annual internal controls audits by a suitable and qualified professional accounting firm for at least 3 years from the date of trading resumption and until such time the Audit Committee is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses. Prior to the decommissioning of this annual audit, the Board is required to report to the SGX Regulation on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal controls audit; and
  - (vi) the Board that it shall appoint a suitable Chief Financial Officer, acceptable to the SGX-ST, within 6 months of trading resumption.

Shareholders are to note that the SGX Regulation reserves the right to amend and/or vary the above decision and such decision is subject to changes in the SGX-ST's policies.

## **(2) PROPOSED CHANGE OF NAME OF THE COMPANY**

The Board is proposing that the name of the Company be changed from “**China Fibretech Ltd.**” to “**Raffles Infrastructure Holdings Limited**” (the “**Proposed Change of Name**”).

With the proposed Business Diversification, the Board believes that the Proposed Change of Name will be beneficial to the Company as it better reflects the profile and business of the Company going forward.

The approval of Shareholders for the Proposed Change of Name will be sought at the EGM. Upon receipt of Shareholders’ approval, the Company shall adopt “**Raffles Infrastructure Holdings Limited**” as its new name with effect from the registration of such name with the Accounting and Corporate Regulatory Authority of Singapore, and the name “**Raffles Infrastructure Holdings Limited**” shall replace all references to “**China Fibretech Ltd.**” wherever it appears in the Company’s Constitution. Apart from the substitution of the Company’s name as aforesaid, there will be no other amendments made to the Company’s Constitution.

Shareholders should note that notwithstanding the Proposed Change of Name, the Company will not recall any existing share certificates of the Company from Shareholders and such share certificates will continue to be *prima facie* evidence of legal title. No further action is required on the part of Shareholders in respect of their existing share certificates.

## **(3) FURTHER ANNOUNCEMENTS**

The Company will make further announcements as and when there are material updates on the above.

## **(4) DIRECTORS’ RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Special Audit, Proposed Share Split, Proposed Placement, Proposed Business Diversification, Proposed Change of Name and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **(5) CAUTIONARY STATEMENT**

Shareholders are advised to exercise caution in trading their Shares. The SGX Regulation has commenced disciplinary proceedings against the Company for its past breaches including breaches of the Listing Rules of the SGX-ST. These proceedings are stayed pending the outcome of the Special Audit and the Company’s actions.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

**(6) EXTRAORDINARY GENERAL MEETING**

The Resumption of Trading Proposal is subject to Shareholders' approval and the Company will convene an EGM to seek such approval in due course.

BY ORDER OF THE BOARD

Lee Wei Hsiung  
Company Secretary  
Singapore  
7 May 2018