Raffles Capital Limited

ACN 009 106 049

(to be renamed GasHubUnited Holding Limited)

Notice of
Extraordinary General Meeting
&
Explanatory Statement

The Extraordinary General Meeting to be held at
Level 2, 131 Macquarie Street, Sydney, NSW 2000
on
13 September 2017 at 10.30 am (Sydney time).

This Notice of Extraordinary General Meeting, Explanatory Statement and Proxy Form should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

The independent expert reporting on Resolution 2 concludes that the proposed transaction is UNFAIR but REASONABLE to non-associated shareholders of the company.

Should you wish to discuss the matters of this Notice of Extraordinary General Meeting please do not hesitate to contact Richard Holstein on +61 2 9251 7177.

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Raffles Capital Limited ACN 009 106 049 (the **company**) will be convened at Level 2, 131 Macquarie Street, Sydney, NSW, 2000, on 13 September 2017 at 10.30 am (Sydney time). If you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form. The completed Proxy Form must be received by the company at least 48 hours before the commencement of the meeting.

An Explanatory Statement, which accompanies and forms part of this Notice, describes the various matters to be considered.

Terms used in this Notice will, unless the context otherwise requires have the same meaning as explained in the Explanatory Statement.

AGENDA

Resolution 1 – Approval for change to nature and scale of activities

To consider and, if thought fit, to pass, pass, with or without amendment, the following resolution as an **ordinary resolution:**

> "That, subject to each of the other transaction resolutions (resolutions 2, 3 and 4) being passed, for the purposes of Listing Rule 11.1.2, and for all other purposes, approval is given for the company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement."

Voting Exclusion Statement

The company will disregard and not count any vote cast (in any capacity) on Resolution 1 by or on behalf of either or both following parties:

- i. *Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities; and/or*
- ii. *Any associate/s of those persons.*

The company however, need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 2 – Approval for the issue of consideration shares to the vendors

To consider and, if thought fit, to pass, pass, with or without amendment, the following resolution as an **ordinary resolution:**

> "That, subject to each of the other transaction resolutions (resolutions 1, 3 and 4) being passed, for the purposes of item 7 of section 611 of the Corporations Act, and for all other purpose, approval is given for the company to issue 150,000,000 consideration shares to the vendors (or their nominees) on the terms and conditions set out in the Explanatory Statement."

Independent experts report: Shareholders should carefully consider the independent expert's report prepared by Nexia Australia for the purposes of shareholder approval in relation to Resolution 2. The independent expert's report comments on the fairness and reasonableness of the issue of shares under this resolution to Lim Shao-Lin (Aviers Lim), the GasHub Group's CEO, (and associates) which, if shareholders approve this resolution and the proposed transaction proceeds, will hold approximately 47.7% of the issued capital of the company (after the completion of the public offer). The independent expert has determined that the issue of shares to Lim Shao-Lin (and associates) is **UNFAIR** but **REASONABLE** to non-associated shareholders.

Voting Exclusion Statement

The company will disregard and not count any vote cast (in any capacity) on Resolution 2 by or on behalf of either or both following parties:

i. *Any GasHub Group vendor or other person who may receive consideration shares;*
ii. *Any person who may obtain a benefit; and/or*
iii. *An associate of those vendors or persons.*

The company however, need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 3 – Approval for the issue of shares under the public offer

To consider and, if thought fit, to pass, pass, with or without amendment, the following resolution as an **ordinary resolution:**

> "That, subject to each of the other transaction resolutions (resolutions 1, 2 and 4) being passed, for the purposes of listing rule 7.1, and for all other purposes, approval is given for the company to issue up to 50,000,000 shares at an issue price of $0.20 per

share, to raise up to $10,000,000 under the public offer, on the terms and conditions set out in the explanatory statement."

Voting Exclusion Statement
The company will disregard and not count any vote cast (in any capacity) on Resolution 3 by or on behalf of either or both following parties:

i. *Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities; and/or*
ii. *Any associate/s of those persons.*

The company however, need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Change of company's name

To consider and, if thought fit, to pass the following as a **special resolution**:

"That, subject to each of the other transaction resolutions (resolutions 1, 2 and 3) being passed, for the purposes of section 157(1) of the Corporations Act, and for all other purposes, and with effect from the day on which ASIC alters the details of the company's registration:

(a) The company change its name from "Raffles Capital Limited" to "GasHubUnited Holding Limited"; and
(b) The constitution be amended by deleting in clause 1 the words ""Company" is Raffles Capital Limited" and substituting ""company" is GasHubUnited Holding Limited", or other such name as may be adopted from time to time."

Voting Exclusion Statement
Not required.

Resolution 5 – Approve an Issue of Securities

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval be given for the Company to issue 455,000 shares at an issue price of $0.20 to Ms. Abigail Zhang (or nominee) in lieu of $91,000

> relating to a portion of director’s fees payable during the financial years 2016 and 2017 as described in the Explanatory Statement."

Voting Exclusion Statement
The company will disregard and not count any vote cast (in any capacity) on Resolution 5 by or on behalf of either or both following parties:

i. *Abigail Zhang; and/or*
ii. *An associate of Abigail Zhang.*

The company however, need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Approve an Issue of Securities

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

> "That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval be given for the company to issue 330,000 shares at an issue price of $0.20 to Mr. Benjamin Amzalak (or nominee) in lieu of $66,000 relating to a portion of director’s fees payable during the financial years 2016 and 2017 as described in the Explanatory Statement."

Voting Exclusion Statement
The company will disregard and not count any vote cast (in any capacity) on Resolution 6 by or on behalf of either or both following parties:

i. *Benjamin Amzalak; and/or*
ii. *An associate of Benjamin Amzalak.*

The company however, need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 7 – Approve an Issue of Securities

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

> "That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval be given for the company to issue 330,000 shares at an issue price of $0.20 to Mr. Richard Holstein (or nominee) in lieu of $66,000 relating to a portion of director's fees payable during the financial years 2016 and 2017 as described in the Explanatory Statement."

Voting Exclusion Statement
The company will disregard and not count any vote cast (in any capacity) on Resolution 7 by or on behalf of either or both following parties:

i. *Richard Holstein; and/or*
ii. *An associate of Richard Holstein.*

The company however, need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8 – Approve an Issue of Securities

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

> "That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given for the company to issue 272,250 shares at an issue price of $0.20 to Hudson Corporate Limited (or nominee) in lieu of $54,450 relating to a portion of administrative fees payable during the financial years 2016 and 2017 as described in the Explanatory Statement."

Voting Exclusion Statement
The company will disregard and not count any vote cast (in any capacity) on Resolution 8 by or on behalf of either or both following parties:

i. *Hudson Corporate Limited; and/or*
ii. *An associate of* Hudson Corporate Limited.

The company however, need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Additional Information

Resolutions Inter-conditional

Resolutions 1, 2, 3 and 4 are inter-conditional. This means that each of these resolutions needs to be passed for the approval sought in respect of the company's acquisition of GasHubin (Engineering) Private Limited and GasHubin (Technology) Private Limited.

Given the resolutions are inter-conditional:

(a) If any person is excluded from voting on one resolution, they will also be precluded from voting on the other resolutions; and

(b) If any one of the resolutions are not passed, the company will not be able to comply with the requirements of Chapters 1 and 2 of the listing rules as if it were applying for admission to the official list and the company will remain suspended from trading on the ASX.

All resolutions are proposed as ordinary resolutions, requiring a simple majority of votes cast by eligible shareholders present and voting at the extraordinary general meeting, except for the resolution relating to the change of name of the company (Resolution 4) which, is a special resolution and will require at least 75% of votes cast by eligible shareholders present and voting at the extraordinary general meeting.

By order of the Board of Directors

Richard Holstein
Director
8 August 2017

Explanatory Statement

This Explanatory Statement has been prepared for the information of shareholders in relation to the business to be conducted at the company's Extraordinary General Meeting to be held on 13 September 2017.

The purpose of this explanatory statement is to provide shareholders with all information known to the company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Extraordinary General Meeting.

This explanatory statement should be read in conjunction with the notice of Extraordinary General Meeting.

The Explanatory Statement consists of the following sections:

1. Resolution 1: Approval for change to nature and scale of activities
2. Resolution 2: Approval for the issue of consideration shares to the vendors
3. Resolution 3: Approval for issue of shares under the public offer
4. Resolution 4: Change of company's name
5. Resolutions 5 to 7: Approve an Issue of Securities to directors
6. Resolution 8: Approve an Issue of Securities to supplier
7. Other information
8. Action to be taken by Shareholders
9. Schedule 1 - Definitions
10. Schedule 2 - Details of the acquisition
11. Schedule 3 - Additional information
12. Schedule 4 – Pro forma Consolidated Statement of Financial Position
13. Schedule 5 – Capital Structure
14. Annexure A – Independent Expert's Report
15. Annexure B – Financial Report of GasHub Group Companies
16. Annexure C - Questions from Shareholders
17. Annexure D – Appointment of Corporate Representative
18. Annexure E – Proxy and voting instructions

Enclosed is the Proxy Form.

1. Resolution 1: Approval for change to nature and scale of activities

Background

Resolution 1 seeks shareholder approval for the change to the nature and scale of the company's activities that will occur as a consequence of the acquisition of Gashubin Engineering Private Limited (UEN 200514507H) and Gashubin Technology Private Limited (UEN 200500294D) ("**GasHub Group**" and "**acquisition**").

The company has entered into a share sale agreement to effect the acquisition. Details of the proposed acquisition are set out in Schedule 2. The acquisition is subject to the conditions precedent set out in paragraph 10.2 (b) of Schedule 2.

Resolution 1 is conditional on the passing of resolutions 2, 3 and 4. Resolutions 1 to 4 are the transaction resolutions. Completion of the transaction is subject to ASX confirming that the company has re-complied with Chapters 1 and 2 of the listing rules.

Requirement for Shareholder Approval

Listing rule 11.1 provides that where an entity proposes to make significant change, either directly or indirectly, to the nature and scale of its activities, it must:

(a) Provide full details to the ASX as soon as reasonably practicable;
(b) Provide ASX with information regarding the change and its effect on future potential earnings, and any additional information ASX asks for;
(c) If required by ASX, obtain the approval of its shareholders and comply with any ASX requirements in respect of the notice of the relevant general meeting; and
(d) If required by ASX, meet the requirements of Chapters 1 and 2 of the listing rules as if the entity were applying for admission to the official list of ASX.

ASX has indicated to the company that it has exercised its discretion to require the company to seek shareholder approval for the change in nature and scale of activities that will occur as a result of the acquisition under listing rule 11.1.2 and that the company must comply with ASX requirements in respect of this notice.

ASX has also indicated to the company that the acquisition effectively constitutes a listing of the GasHub Group which consequently requires the company, in accordance with listing rule 11.1.3, to comply with the admission requirements in Chapters 1 and 2 of the listing rules as if the company were applying for admission to the official list of ASX, including any ASX requirements to treat certain securities as restricted securities for the purposes of the listing rules.

Directors' Recommendation

The directors unanimously recommend that the shareholders vote in favour of resolution 1 for the reasons set out in the explanatory statement. Shareholders should refer to the information set out in Schedule 2 in respect of the proposed acquisition and its impact on the company in determining how to vote.

2. Resolution 2: Approval for the issue of consideration shares to the vendors

Background

In consideration for the acquisition of 100% of the issued capital in GasHub Group, the company has agreed conditionally to issue the consideration shares to the vendors. One of the conditions to the acquisition and the issue of the consideration shares is the passing of the other transaction resolutions.

All the consideration shares to be issued to the vendors will be issued under the prospectus. More detail in respect of the acquisition, including details of the consideration shares, and the GasHub Group shares in consideration for which the consideration shares are to be issued, is included in Schedule 2.

Resolution 2 is conditional on the passing of resolutions 1, 3 and 4. Resolutions 1 to 4 are the transaction resolutions. Completion of the transaction is subject to ASX confirming that the company has re-complied with Chapters 1 and 2 of the listing rules.

The shares to be issued under Resolution 2 will be issued as consideration shares, and will only be issued once ASX has confirmed the company has satisfied the requirements of Chapters 1 and 2 of the listing rules.

Independent expert's report

The independent expert has concluded that the transaction related to the issue of consideration shares (as consideration for the acquisition of 100% of GasHub Group), the subject of Resolution 2 as outlined in the notice, is UNFAIR but REASONABLE to the shareholders of the company (not associated with the GasHub Group vendors and their associates) as at the date of the independent expert's report.

Further information about the independent expert's report is provided at paragraph 10.9 of schedule 2 and the report itself in Annexure A.

<u>Requirement for shareholder approval</u>

Corporations Act

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in issued voting shares of a listed company if, because of the transaction, the voting power in the company of the person who acquires the relevant interest increases from 20% or below to more than 20%.

If the proposed transaction is approved and the acquisition proceeds, GasHub Group shareholder and vendor Lim Shao-Lin's (Aviers Lim's), relevant interest in the voting power in the company will increase from nil to approximately 40.2% (after the public offer).

Item 7 of section 611 of the Corporations Act provides an exception to the section 606 prohibition where shareholders of the listed company approve the acquisition, subject to:

(a) No votes being cast in favour of the resolution by the person proposing to make the acquisition and their associates; and

(b) Shareholders being given all information known to the person proposing to make the acquisition or their associates, or known to the company, that was material to the decision on how to vote on the resolution, including:

   i. the identity of the person proposing to make the acquisition and their associates;

   ii. the maximum extent of the increase in that person's voting power in the company that would result from the acquisition;

   iii. the voting power that person would have as a result of the acquisition;

   iv. the maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition; and

   v. the voting power that each of that person's associates would have as a result of the acquisition.

Relevant information for the purposes of the Corporations Act is provided in this section below and in the independents expert's report accompanying this notice of meeting.

<u>Required information – Corporations Act</u>

Pursuant to ASIC regulatory guide 74, the following information is provided in respect of Resolution 2:

(a) Pursuant to the share sale agreement, if shareholders approve Resolution 2, the company will issue 82,750,000 consideration shares to Lim Shao-Lin (Aviers Lim), representing approximately 40.2% of the post-completion issued capital of the company;

(b) The issue of consideration shares to Lim Shao-Lin (Aviers Lim) will represent an increase of Lim Shao-Lin's (Aviers Lim's) voting power from nil to approximately 40.2%; and
(c) Except for Lim Shao-Lin's (Aviers Lim's) wife, Leow Sau-Wan (4.37% post-completion) and mother, Doris Tan (3.16% post-completion) there is no other associate of Lim Shao-Lin who holds or will hold, voting power in the company.

<u>Directors' Recommendation</u>
All the directors approved the proposal to put Resolution 2 to the shareholders. The directors unanimously recommend that shareholders vote in favour of Resolution 2 and refer to the advantages of the proposed acquisition as set out in paragraph 10.4 of Schedule 2. Shareholders should refer to the information set out in Schedule 2 in respect of the proposed acquisition and its impact on the company in determining how to vote.

3. Approval for the issue of shares under the public offer

<u>Background to public offer</u>
Resolution 3 seeks shareholder approval for the issue of shares under the public offer. The public offer will be undertaken via the prospectus and will raise up to $10 million. As provided in Schedule 2, the acquisition is conditional on the company raising up to $10 million pursuant to the public offer. Further details of the public offer are set out in Schedule 2. Resolution 3 takes effect subject to the passing of all other transaction resolutions.

Resolution 3 is conditional on the passing of resolutions 1, 2 and 4. Resolutions 1 to 4 are the transaction resolutions. Completion of the transaction is subject to ASX confirming that the company has re-complied with Chapters 1 and 2 of the listing rules.

The shares to be issued under Resolution 3 under the public offer, will only be issued once ASX has confirmed the company has satisfied the requirements of Chapters 1 and 2 of the listing rules.

<u>Requirement for shareholder approval</u>
Listing rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period, without the approval of shareholders. The shares to be issued to subscribers under the public offer are equity securities for the purposes of the listing rules. The effect of resolution 3 will be to allow the company to issue the shares pursuant to the public offer during the 3 months following the meeting, without using the company's 15% placement capacity.

Required information

Pursuant to listing rule 7.3, the following information is provided in respect of this resolution:

(a) the maximum number of shares to be issued is 50,000,000 shares;

(b) the shares will be issued no later than 3 months after the date of the meeting (or such later date permitted by any ASX waiver) and it is intended that the issue of all offer shares pursuant to the offer will occur on the same date;

(c) the issue price of each share issued under the public offer will be $0.20;

(d) the shares are proposed to be issued to the general public pursuant to the prospectus for the purposes of listing rule 1.1 Condition 3; none of the subscribers to the public offer will be related parties of the company, and the successful applicants will be determined by the board in its sole discretion;

(e) the shares to be issued will be fully paid ordinary shares in the capital of the company issued on the same terms and conditions as the company's existing shares; and

(f) the company intends to use the funds raised from the public offer towards its budgeted expenditure as set out in paragraph 10.11 of Schedule 2.

Directors' recommendation

The directors unanimously recommend that shareholders vote in favour of resolution 3. Shareholders should refer to the information set out in Schedule 2 in respect of the proposed acquisition and its impact on the company in determining how to vote.

4. Resolution 4: Change of company's name

Background

Pursuant to section 157(1)(a) of the Corporations Act, the company may change its name by special resolution. Resolution 4 seeks shareholder approval for the change of the company's name to "GasHubUnited Holding Limited". The proposed new name is designed to reflect the new direction anticipated by the acquisition and reflects GasHubUnited Holding Limited's history as the source of the company's proposed activities.

Resolution 4 is conditional on the passing of resolutions 1, 2 and 3. Resolutions 1 to 4 are the transaction resolutions. Completion of the transaction is subject to ASX confirming that the company has re-complied with Chapters 1 and 2 of the listing rules and the registration of the change of name by ASIC. If resolution 4 is passed and takes effect, the company will lodge a copy of the special resolution with ASIC in order to effect the change.

Directors' recommendation

The directors unanimously recommend that shareholders vote in favour of resolution 4.

5. Resolutions 5 to 7: Approve an Issue of Securities to Directors

Shareholder approval is sought for the issue of 1,115,000 fully paid ordinary shares (as detailed in the table below) to directors in lieu of a portion of the cash component payable to directors as directors' fees.

The Board believe it prudent to conserve cash, in the current market conditions.

ASX Listing Rule 10.11

Under ASX Listing Rule 10.11, a listed company is prohibited from issuing or agreeing to issue equity securities to a related party (which include a director) without the approval of shareholders. Accordingly, Shareholder's approval is sought for the issue of 1,115,000 shares in lieu of a portion of directors' fees payable over the past 15 months to the members of the Board. The following information is provided in accordance with ASX Listing Rule 10.13:

i. the maximum number of Shares which may be issued and allotted pursuant to Resolutions 5 to 7 is 1,115,000 shares;
ii. the Shares will be issued and allotted no later than one month after the date of the EGM;
iii. being directors fees the deemed issue price of the Shares proposed to be issued and allotted will be the directors' fees divided by the number of shares issued as described in the table below;
iv. the shares will be issued for nil cash consideration and as a result no funds will be raised from the issue of these shares to directors;
v. the Shares will be issued and allotted to each of the following named directors (or their nominees):

Name of Director	Annual Director Fees	Cash Component	Shares to be Issued	Deemed Issue Price	Value of Shares to be Issued	Existing Interest in Shares
Abigail Zhang	$84,000	$91,000	455,000	$0.20	$91,000	750,000
Benjamin Amzalak	$48,000	$66,000	330,000	$0.20	$66,000	nil
Richard Holstein	$48,000	$66,000	330,000	$0.20	$66,000	100,000
	$180,000	**$223,000**	**1,115,000**		**$223,000**	

vi. shares issued will rank equally on issue with the existing shares; and
vii. a voting exclusion statement is included in the Notice of Meeting of the EGM.

If shareholders' approval is given under ASX Listing Rule 10.11, shareholders' approval is not required under ASX Listing Rule 7.1.

Chapter 2E of the Corporations Act

As the allottees of the directors' fees Shares under Resolutions 5 to 7 are the directors of the company, the following disclosure is provided for the purpose of section 219 of the Corporations Act:

i. *the related parties to whom Resolutions 5 to 7 would permit financial benefits to be given are each of the directors identified in the table above of this Explanatory Statement;*
ii. *the financial benefits that will be provided by the company involve the issue of Shares to the directors identified in the table above of this Explanatory Statement;*
iii. *the recommendation of each director is contained below at directors' recommendation of this Explanatory Statement;*
iv. *the interest of each director in the outcome of Resolutions 5 to 7 is contained in the table above of this Explanatory Statement; and*
v. *all other information that is reasonably required by shareholders in order to decide whether or not it is in the company's interests to pass Resolutions 5 to 7 and is known to the company or any of its director is contained in this Explanatory Statement.*

Directors' Recommendation

All the directors approved the proposal to put Resolutions 5 to 7 to the shareholders. The directors unanimously recommend that shareholders vote in favour of Resolutions 5 to 7.

6. Resolution 8: Approve an issue of securities to Hudson Corporate Limited

Shareholder approval is sought for the issue of 272,250 fully paid ordinary shares to Hudson Corporate Limited (or their nominee) in lieu of outstanding accounting and administrative service.

The Board believe it prudent to conserve cash, in the current market conditions.

Requirement for shareholder approval

Listing rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period, without the approval of shareholders. The shares to be issued to Hudson Corporate Limited (or their nominee) are equity securities for the purposes of the listing rules. The effect of resolution 9 will be to allow the company to issue shares to Hudson Corporate Limited (or their nominee) during the 3 months following the meeting, without using the company's 15% placement capacity.

Required information

Pursuant to listing rule 7.3, the following information is provided in respect of this resolution:

(a) The maximum number of shares to be issued to Hudson Corporate Limited (or their nominee) is 272,250;
(b) the shares will be issued no later than 3 months after the date of the meeting (or such later date permitted by any ASX waiver) and it is intended to issue all shares to Hudson Corporate Limited (or their nominee) on the same date;
(c) the shares to be issued will be issued for nil cash consideration, although Hudson Corporate Limited has provided other consideration for the issue of the shares, namely accounting and administrative services to the company;
(d) the shares to be issued under resolution 8 will be issued to Hudson Corporate Limited (or their nominee) and will not be issued to any person who is a related party of the company;
(e) the shares to be issued will be fully paid ordinary shares in the capital of the company issued on the same terms and conditions as the company's existing shares;
(f) no funds will be raised by the issue of shares under resolution 8.

Directors' Recommendation

All of the directors approved the proposal to put resolutions 8 to the shareholders. The directors unanimously recommend that shareholders vote in favour of resolution 8.

7. Other Information

There is no other information known to the company that is material to a shareholder's decision on how to vote on the resolutions set out in the Notice. However, should any shareholder be in doubt as to how they should vote on any resolution and/or as to how a resolution may affect them, they should seek advice from their accountant, solicitor or other professional adviser as soon as possible.

Queries as to the lodgment of proxies and other formalities in relation to the meeting should be directed to the company secretary.

8. Action to be taken by Shareholders

Enclosed with the Notice of Meeting and this Explanatory Statement is a Proxy Form for use by shareholders. All shareholders are invited and encouraged to attend the meeting or, if they are unable to attend in person and are eligible to vote, to complete, sign and return the Proxy Form to the company in accordance with the instructions contained on the Proxy Form and the

Notice of Meeting. Lodgment of a Proxy Form will not preclude a shareholder from attending and voting at the meeting in person.

9. Schedule 1 - Definitions

Acquisition	The acquisition by the company of 100% of the securities in GasHubin Engineering Private Limited and GasHubin Technology Private Limited from the vendors.
Associate	Has the meaning in Part 1.2, Division 2 of the Corporations Act, and shall be applied: i. In accordance with the note to listing rule14.11; and ii. In respect of the disclosure required by ASIC regulatory guide 74.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691, or where the context requires, the Australian Securities Exchange which it runs.
GasHub Group	GasHubIn Engineering Private Limited with UEN 200514507H and GasHubIn Technology Private Limited with UEN 200500294D.
Board	The board of the company.
Business day	a day (other than a Saturday or a Sunday) on which banks in Sydney, New South Wales are open for normal business.
Chairman	The chairman of the meeting.
Closely related party	Has the meaning given to that term in section 9 the Corporations Act.
Company	Raffles Capital Limited ACN 009 106 049, a public company incorporated and existing in Australia and listed on the ASX (to be renamed “GasHubUnited Holding Limited”.
Company Secretary	The secretary of the company.
Completion	Completion of the sale and purchase of the GasHubIn Group shares.
Completion date	The date on which completion occurs.
Consideration shares	150,000,000 shares to be issued to the vendors on the terms set out in the explanatory statement.
Constitution	The constitution of the company.
Corporations Act	The Corporations Act 2001 (Cth).
Director	A director of the company.

9. Schedule 1 – Definitions (cont'd)

Dollar, $, A$ or AUD	The lawful currency for the time being of the Commonwealth of Australia.
Existing shares	Shares held by shareholders as at the date of this notice.
Explanatory statement	This explanatory statement which accompanies and forms part of the notice of general meeting.
General meeting or meeting.	the general meeting of shareholders convened by the notice of general meeting, or any meeting adjourned thereof.
Independent expert or Nexia	Nexia Australia, Chartered Accountants, Level 16, 1 Market Street, Sydney NSW 2000 or PO Box H195, Australia Square NSW 1215
Independent expert's report or IER	The report prepared by the independent expert, and accompanying the notice of meeting as Annexure A, in which the independent expert comments on the fairness and reasonableness of the issues of shares under Resolution 2 to non-associated shareholders.
Listing rules	The official listing rules of the ASX.
Notice of general meeting or notice	This notice of general meeting.
Prospectus	a prospectus in compliance with the requirements of the Corporations Act and the listing rules to be prepared by the company as contemplated under this notice of general meeting and explanatory statement.
Proxy form	The proxy form accompanying this notice of general meeting.
Public offer	The offer contemplated in resolution 3 and considered in the explanatory statement.
Quotation	Official quotation as defined in the listing rules.
Re-compliance	the reinstatement of shares to quotation (other than any shares that may be designated "restricted securities" under the listing rules if required by ASX) after the company re-complies with Chapters 1 and 2 of the listing rules to the ASX's satisfaction.
Related body corporate	has the meaning given to that term in sections 9 and 50 of the Corporations Act.
Related party	has the meaning given to that term in sections 9 and 228 of the Corporations Act.

9. Schedule 1 – Definitions (cont'd)

Relevant interest	has the meaning given to that term in sections 608 and 609 of the Corporations Act.
Resolution	A resolution set out in this notice.
Securities	has the meaning given to that term in section 92 of the Corporations Act.
Share	A fully paid ordinary share in the capital of the company.
Shareholders	The holders of shares in the company from time to time.
Vendors	All the shareholders of GasHub Group.

10. Schedule 2 - Details of the acquisition

10.1 GasHub Group

(a) <u>Overview of the GasHub Group</u>

(i) The GasHub Group is made up of GasHubin Engineering Private Limited (**Engineering**) and GasHubin Technology Private Limited (**Technology**).

(ii) Engineering was formed 25 years ago and provides services commencing with the consultation and design phase to construction and installation of various project types relating to gas pipe installation, diversion, termination & capping off, re-commissioning, repair and extension for residential, commercial and industrial clients around Singapore.

Projects completed by Engineering include condominiums such as Reflections at Keppel Bay, Spa Esta, One Canberra, Minton and others; commercial projects such as Ion Orchard, Wisma Atria and Kopitiam; healthcare institutions, Ng Teng Fong General Hospital and SengKang General Hospital; and hotels such as Genting Hotel and Windsor Hotel and many more.

The Proposed Acquisition will enable the GasHub Group to expand its Technology and Engineering businesses throughout the Asia Pacific region commencing with Australia and New Zealand.

(iii) Technology was formed in 2001 with a vision to focus on the integration and commercialisation of green technology, including Fuel Cell systems. Technology has successfully commercialised Proton Exchange Membrane Fuel Cells (PEMFC) and is currently expanding into Solid Oxide Fuel Cell (SOFC) technology. The existing product line will see a significant enhancement in the next few years.

Technology has formalised strategic partnerships with Nanyang Technological University, National University of Singapore and Temasek Polytechnic. All are world-class tertiary institutions in the global education network, reputed for their programs, applied research, managerial excellence and innovative corporate culture. They have been supporting Technology in the design, development, and innovation of hydrogen based PEMFC technologies and other renewable energy areas that are of mutual interest to the institutions and the Gashub Group.

(iv) Technology has an in-house R & D team to value-add to both its gas piping and technology business, developing the following range of products over the years:

- Fire-rated box-up design for gas piping which, has been granted a patent for gas detection of hydrogen gas, town gas, natural gas and liquid petroleum gas;

- Hydrogen based fuel cell to provide back-up to lift lighting and fans in Singapore domiciled public housing;
- Design, certification and outsource the manufacturing of gas piping materials like gas pipe to API5L Gr.B, seamless galvanize BSEN 1033 pipe, ball valves BSEN311 and galvanised fittings;
- Licensed technology from Temasek Polytechnic for portable handheld power pack operated by chemical fuel; and
- OEM LPG powered fuel cell for remote power and/or back up power application.

Technology is in the process of completing a fuel cell that can produce both heat and power for residential, commercial and industrial cogeneration use. Otherwise known as a Combined Heat and Power (CHP) System.

(v) The GasHub Group has 1 shareholder, Lim Shao-Lin. Mr. Lim's intention is to transfer a portion of his shares (44.8%) to employees as a part of the proposed transaction leaving him with 55.2%. Mr. Lim will remain the largest shareholder controlling 55.2% of the Gas Hub Group's shares. As a consequence of the Proposed Acquisition, if approved, and post the completion of the public offer, Lim Shao-Lin is expected to hold approximately 40.2% of the Listed Entity. Any escrow (if applicable) will transfer with the shares to the employees.

(vi) Lim Shao-Lin is the Managing Director of the GasHub Group. Detailed information regarding Mr. Lim can be found below. Subject to the Proposed Acquisition being approved, Mr. Lim will become the Managing Director of the Listed Entity.

(b) <u>Business model and strategy</u>

The Gashub Group is planning two key strategies:

- Expand its infrastructure business throughout the Asia Pacific region; and
- Introduce its fuel cell and energy generation technology throughout the Asia Pacific region including developed and developing jurisdictions.

Currently the GasHub Group is negotiating fuel cell and energy generation contracts in Australia (3), New Zealand (1), Myanmar (1) and Singapore (1).

The GasHub Group's intention is to focus on the industrial sector (not retail) which, has the highest use of electricity and gas in all jurisdictions.

The GasHub Group has patents relating to fuel cell technology and battery storage registered throughout the world via the 'World Intellectual Property Organisation'. The

GasHub Group has the necessary licenses, government approvals, intellectual property rights needed to conduct its business and operate within the stated jurisdictions.
The GasHub Group has strategic partnerships with several universities which involves research in relation to fuel cell development and lithium battery development.

The company has reviewed the benefits to maintaining its ASX listing and is of the view the following factors are advantageous:

i. When viewed by North American and European investors the ASX has a greater standing then other security exchanges in the Asia Pacific region;
ii. The Australian market has a greater appetite for technology stocks and those companies receive broader attention;
iii. Other securities exchanges around the world (outside of Asia and Australia) are perceived to be too large for companies similar to RAF and as a result those companies struggle;
iv. North American exchanges do not have the same liquidity or the same appetite to raise capital at attractive prices; and
v. The ASX is focused on attracting start-ups (technology companies) from key countries which includes Singapore.

(c) <u>GasHub Group's Financial Position</u>
The GasHub Group's financial reports comprising Engineering and Technology for the period ending 31 December 2016 is included at Annexure B.

10.2 Background to transaction

(a) On the 24th May 2017 the company announced the execution of a term sheet with the GasHub Group for the acquisition of 100% of the issued capital of the GasHub Group.

On the 7 August 2017, the company and GasHub Group executed the share purchase agreement pursuant to which the company agreed to buy 100% of the issued capital of the GasHub Group. The execution was announced to the market on the same day.

(b) Share sale agreement
The key terms of the share sale agreement are as follows:
(i) Conditions precedent – completion is conditional on:
- The company receiving conditional approval by ASX to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of the company and GasHub Group;
- The company undertaking the public offer and receiving valid applications for at least $10 million (provided that such minimum

amount will be sufficient to satisfy any conditions imposed by ASX as contemplated under the conditional approval above) which, once the relevant securities have been issued, will, together with the existing securities on issue, satisfy the spread requirements imposed by ASX for the reinstatement to quotation of the company's shares;

- Resolutions being passed at a meeting of shareholders to obtain all approvals that are required to give effect to the acquisition;
- Receipt by the company of restriction agreements in a form required by the ASX from each GasHub Group shareholder required to do so in order to comply with the listing rules and the requirements of ASX.

(ii) Consideration – the consideration payable to each vendor varies according to the number of GasHub Group shares they hold, but the company will be acquiring all the GasHub Group shares for the combined total of 150,000,000 shares; and

(iii) Warranties and indemnities – the share sale agreement contains standard vendor warranties and indemnities customary for transactions of this nature, along with usual threshold and limitation of liability provisions.

10.3 Director Profiles

(a) Existing Directors

(i) Abigail Zhang

Abigail Zhang is currently a director of Marvel Earn Ltd. She has exposure in investments and advisory services to Chinese companies seeking overseas listings, capital raisings and potential merger and acquisition opportunities.

Abigail's experience includes hands-on management and China business relationships in the bio-tech, agricultural, energy, mining and property sectors. She works closely with investment bankers, auditors, lawyers, valuers and other professionals to enhance the position of clients in preparation for their IPO, RTO and M&A activities. She holds a bachelor degree in Human Resource Management from the Beijing Jiao Tong University.

(ii) Benjamin Amzalak

Benjamin Amzalak has an extensive background in capital raising, investor relations and broking communications. He has been engaged in capital management, raising in excess of $250 million in new venture capital for mining and other public companies. He provides advisory services to public companies in many areas including Initial Public Offerings and Mergers and Acquisitions.

(iii) Richard Holstein

Richard Holstein has a B Bus (Accounting), FCPA, MBA (Macquarie Graduate School of Management). He has over 25 years experience primarily in the property and exploration sectors for listed and unlisted small and medium enterprises. He provides administration and secretarial services to a variety of companies including publicly listed companies.

If the resolutions relating to the proposed transaction are approved and the transaction is completed the current directors will remain in addition to the proposed directors below.

(b) Proposed Directors

(i) Sydney Kwan

Non-Executive Chairman

Mr. Kwan has accumulated a diversified range of engineering and business experience over the past 30 years. He began his career as a systems scientist developing real-time avionics systems within various military fighter jet programs for the US Government. He then transitioned to the commercial space to assist in the development of a document management system for a company who is now a division of IBM. At the same time, Mr. Kwan co-owned a small engineering company specialising in laboratory airflow control systems for many of the major pharmaceutical firms and educational institutions in the state of California. During his tenure of ownership, his interest began to focus on energy efficiency systems while interacting with the major utility providers in California. In the past six years, Mr Kwan assisted the Lippo Group to explore areas of investment in the renewable energy sector. He currently sits on the board of Proton Power, Inc, and also is the CEO of Proton Power Asia formed for the purpose of developing renewable energy projects in Asia.

Mr. Kwan holds a Master's degree in Computer Architecture from University of California, Los Angeles, and a Bachelors of Engineering degree in Computer Engineering from University of California, Los Angeles.

(ii) Aviers Lim

Managing Director and Chief Executive Officer

Mr. Lim is responsible for the overall performance as well as for the formulation of corporate strategies and the strategic future direction of the Group. Mr. Lim has over 25 years of industry experience in gas piping and installation business. He started off in the family business dealing with piping hardware in the oil & gas sector before founding the existing gas piping and installation business in the early 90s.

Mr. Lim is also the co-founder and Chief Operating Officer of Proton Power Asia Ltd, a green energy solution provider that converts biomass to a variety of energy products. He has more than 15 years of experience in green energy fields, including biomass, syngas, renewable fuel, biochar, hydrogen and fuel cells. He specialises in developing technology and commercialising them. He also has strong understanding and capability of techno-economics analysis, business strategies developing and company structuring.

Being an entrepreneur, Mr. Lim is a winner of Singapore Spirit of Enterprise Awards 2015 and his fuel cell company, Gashubin Technology Private Limited, is recipient of Singapore Green Technology Awards 2015.

(iii) Roger Khoo

Executive Director, Regional Business Development

Mr. Khoo currently leads the development of the Group's regional strategies and is responsible for enhancing existing business segments and developing potential markets in the Asia Pacific region. He started his career with British Telecom PLC in 1992 while pursuing a Bachelor of Science degree in Economics at the University of London.

In 1994, Mr. Khoo founded his first business in network solutions and hardware retail. In 1995, he invested into a second business in designing computer-based learning for primary schools in Singapore. In 2003, Mr. Khoo partnered Aviers Engineering Pte Ltd (now known as Gashubin Technology Private Limited) to venture into the renewable energy sector and succeeded in pioneering Singapore's first fuel cell company.

Between 2003 and 2009, he founded and developed an interior design and consultancy business with regional operations in China, Vietnam and Malaysia. The company was eventually acquired by a leading design practice firm, Ong&Ong Pte. Ltd., and he was appointed as their Regional Director for Interior Design, responsible for their Vietnam operations.

(iv) Samuel Siaw

Executive Director, Chief Financial Officer

Mr. Siaw is responsible for the Group's finance related functions including financial strategy and budgeting, mergers and acquisitions, management and statutory reporting, tax and treasury. Prior to joining the Group, Mr. Siaw accumulated over 20 years of experience in public accounting and venture capital work. He started his career with KPMG Singapore and subsequently with various firms, involved in work ranging from public accounting, IPO and private equity investments to venture capital consulting.

Mr. Siaw holds a Bachelor of Commerce and Administration degree in Accountancy and Finance from Victoria University of Wellington, New Zealand. He is a member of Singapore Institute of Directors and an associate member of Chartered Accountants Australia and New Zealand. He is also a certified coach with Gallup Inc., in talent management.

The proposed directors do not have any prior ASX experience.

10.4 Advantages of the Acquisition

The directors are of the view that the following non-exhaustive list of advantages may be relevant to shareholders' decisions on how to vote on the proposed resolutions:

(a) The consideration for the acquisition is comprised of equity interests in the company, thereby conserving cash for utilisation in the future;
(b) The company's ability to raise funds and attract strategic investors may be enhanced;
(c) The acquisition may encourage new investors in the company which may lead to increased liquidity of shares and greater trading depth than currently experienced by shareholder; and
(d) The company may be exposed to further investment opportunities that it did not have prior to the acquisition.

10.5 Disadvantages of the Acquisition

The directors are of the view that the following non-exhaustive list of disadvantages may be relevant to shareholders' decisions on how to vote on the proposed resolutions:

(a) the acquisition will involve the issue of a substantial number of new securities which will have a dilutionary effect on the current holdings of shareholders; and
(b) there are additional risk factors involved in the change in nature and scale of the company's activities and associated acquisition of Gashub Group; some of those risks are set out below.

10.6 Public Offer

The company proposes to lodge the prospectus with ASIC during the period between the date of this notice and the meeting.

Under the prospectus, the company proposes to raise $10 million by the issue of 50,000,000 at an issue price of $0.20 per share and issue the consideration shares to the vendors.

The issue of shares under the prospectus is conditional on all resolutions relation to the acquisition are passed at the general meeting, the company raising $10 million is achieved and completion occurring under the share sale agreement.

10.7 Indicative Timetable

The table below shows the expected timing for completion of the acquisition and the matters contemplated by the resolutions, subject to the compliance with regulatory requirements. These dates are indicative only and are subject to change. The directors reserve the right to amend the timetable without notice.

Date	
11-September-2017	lodgement of prospectus with ASIC
13-September-2017	General meeting
22-September-2017	Public offer opens
13-October-2017	Closing date
20-October-2017	Completion of proposed acquisition
20-October-2017	Issue date / shares entered into shareholders' security holdings
23-October-2017	Despatch of holding statements
27-October-2017	Re-commencement of trading shares on ASX

10.8 Effect of the Acquisition on the Company

(a) Pro forma statement of financial position

Set out in Schedule 4 is the pro forma consolidated statement of financial position as at 31 December 2016 based on the public offer being fully subscribed.

(b) Capital structure

The capital structure of the company following the acquisition and issue of securities under the resolutions relating to the acquisition are shown in Schedule 5.

10.9 Independent Expert's Report

For the purposes of this paragraph the term proposed acquisition refers to the acquisition of the GasHub Group by the company.

In circumstances where shareholder approval is sought for certain control transactions under section 611 of the Corporations Act and otherwise under listing rule 10.1 or 10.9, an independent expert's report is required to be provided to shareholders. The company does not consider that any approval is required under listing rule 10.1 but is required under section 611 of the Corporations Act.

The directors have engaged the independent expert to provide the independent expert's report to assist the non-associated shareholders in deciding how to vote on Resolution 2.

The independent expert has concluded that the proposed acquisition is **UNFAIR** but **REASONABLE** to non-associated shareholders. When considering the proposed acquisition, the independent expert included any impact the resolution relating to the proposed acquisition would have on fairness and reasonableness. The independent expert considered all related resolutions, conditions and terms as part of the proposed transaction because, without them, the proposed acquisition cannot complete.

The independent expert's report accompanies this Notice of Meeting as Annexure A. In summary, the independent expert considers the proposed acquisition to be:

(a) Unfair, because:
  i. The proposals pursuant to Resolution 2 is believed unfair to the company's non-associated shareholders if the value of the consideration offered is equal to or greater than the value of 100% of the GasHub Group to be acquired; and
  ii. The preferred fair value of a share in the company following the completion of the proposed acquisition on a minority basis has been assessed at $0.059 compared with a fair assessed preferred value of a share before the proposed acquisition of $0.125; and

(b) Reasonable, because, after taking into account the factors set out in the independent expert's report (at section 13) in respect of advantages, disadvantages and other factors, the independent expert is of the opinion that the advantages to shareholders outweigh the disadvantages and therefore the proposed acquisition may be considered to be reasonable to the existing non-associated shareholders as at the date of the independent expert's report.

10.10 Implications of Mr. Lim obtaining a Voting Power of 47.7%

As mentioned above, if shareholders approve the resolution and the proposed transaction proceeds, Mr. Lim (and his associates) will hold approximately 47.7% of the issued capital of the company (after the completion of the public offer). There are implications associated with shareholders who obtain significant voting power in an entity.

These implications include but are not limited to the ability to block special resolutions, the ability to approve or reject the appointment of a director at a shareholders' meeting, the ability to influence the direction of the company or influence the appointment or re-appointment of the company's auditors.

10.10 Intensions if the Acquisition does not Proceed

In the event the resolutions do not pass and the acquisition does not proceed, the company will continue to evaluate opportunities for asset and business acquisitions to provide a return to shareholders.

10.11 Expenditure Plan and Use of Funds

The table below sets out the intended use of funds raised under the public offer together with existing cash reserves over two years following reinstatement to quotation of shares (numbers are approximate).

Source of Funds	**Amount**
Funs raised under the public offer	$10,000,000
Cash on hand of the company and GasHub Group	600,000
Total Funds available	**$10,600,000**
Use of Funds	
Expansion of business operations	
- (mini) LNG storage and refilling facility	1,000,000
- 3GEX capital expenditure	4,000,000
Retail licensing security deposit	3,000,000
Working capital	1,500,000
Transaction and listing costs (incl. cost of public offer)	500,000
Total Use of Funds	**$10,000,000**

i. On completion of the acquisition, the board believes the company will have sufficient working capital to achieve the objectives detailed in the above table;

ii. The above table is a statement of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events (including technology development success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The board reserves the right to alter the way funds are applied on this basis;

iii. Expansion of business operation includes capex to enable the business operation to provide LNG capacity to gas fired electrical generators and the gas fired electrical generators;

iv. Retail licensing security deposit relates to strategic opportunities to provide electricity to the retail sector via gas fired electrical generators. The retail sector requires providers to place security deposits with regulators; and

v. Transaction and listing costs include costs in relation to preparation of documentation, legal costs, accounting costs, expert report costs, costs associated with both ASIC and ASX as well as costs associated with the public offer.

10.12 Risks

Shareholders should be aware that if the resolutions are approved, the company will be changing the nature and scale of its activities which will, because of its nature, be subject to various risk factors. These risks are both specific to the industry in which the company operates and also relate to the general business and economic environment in which the company will operate. An investment in the company is not risk-free and shareholders should consider the risk factors described below together with the information contained elsewhere in this notice. The following is not intended to be an exhaustive list of the risk factors to which the company will be exposed as a result of the proposed acquisition and changing the nature and scale of its activities.

Based on the information available, the principal risks facing the company upon completion of the proposed acquisition will be as follows:

(a) *Completion risk*

There is a risk that the conditions for completion of the Acquisition can't be fulfilled and, in turn, that completion of the acquisition does not occur.

If the is not completed, the company will incur costs relating to advisors and other costs without any material benefit being achieved.

(b) *Re-quotation of shares on ASX*

As part of the company's change in nature and scale of activities, ASX will require the company to re-comply with Chapters 1 and 2 of the listing rules. It is anticipated that the company's securities will be suspended from the date of the general meeting convened to seek shareholder approval for the Acquisition suspended until completion of the

Acquisition, the public offer, re-compliance by the company with Chapters 1 and 2 of the listing rules and compliance with any further conditions ASX imposes on such reinstatement.

There is risk that the company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from official quotation.

(c) *Liquidity Risk*

On completion of the Acquisition, the company proposes to issue RAF Shares to the GasHub Group vendors. The company understands that ASX will treat some of these securities as restricted securities in accordance with Chapter 9 of the listing rules.

This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) *Financial Market Risks*

Share market conditions may affect the value of the company's quoted securities regardless of the company's operating performance. Share market conditions are affected by many factors which include:

(i) General economic outlook;
(ii) Introduction of tax reform or other new legislation;
(iii) Interest rates and inflation rates;
(iv) Changes in investment sentiment towards market sectors;
(v) The demand for, and supply of, capital; and
(vi) Terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the company nor the directors warrant the future performance of the company or any return on an investment in the company.

(e) *Currency risk*

The company expects to derive its revenue from a variety of currencies. The company will also be required to make payments in various currencies as well. Accordingly, changes in exchange rates would be expected to have a direct effect on the performance of the company.

(f) *Economic and Government Risks*

The future viability of the company is also dependent on several other factors affecting performance of all industries and not just the industry the company operates including, but not limited to, the following:

(i) General economic conditions in jurisdictions in which the company operates:
(ii) Changes in government policies, taxation and other laws in jurisdictions in which the company operates;
(iii) The strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
(iv) Movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the company operates; and
(v) Natural disasters, social disturbance or war in jurisdictions in which the company operates.

(g) *Grant of Licences and Patents*

The company's activities are dependent upon the grant, or the maintenance of appropriate patents, licences, permits and/or regulatory consents which may be withdrawn or made subject to limitations. The obtaining of renewals or getting patents granted, often depends on the company being successful in obtaining the required statutory approvals for its proposed operations and that the renewals and/or patents will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection herewith.

(h) *Additional Requirements for Capital*

The funds to be raised under the Public offer are considered sufficient to meet the immediate objectives of the company. Additional funding may be required in the event costs exceed the company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the company may incur. If such events occur, additional funding will be required.

Following the public offer, the company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the company's activities and future projects may result in delay and indefinite postponement of their activities and potential development programs. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the company and might involve substantial dilution to shareholders.

(i) *Reliance on Key Personnel*
The company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the company's business.

(j) *Litigation Risk*
The company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claims or disputes if proven, may impact adversely the company's operations, financial performance and financial position.

Neither the company nor the GasHub Group is currently engaged in any litigation.

(k) *Reputational Risk*
The reputation of the company and its individual products are important in retaining and increasing the number of clients that utilise the Company's technology and services as well as may prevent the Company from successfully implementing its business strategy. Any reputational damage could adversely impact the company's business and its future growth and profitability.

(l) *Manufacturing*
The company currently manufactures several of its products and has several products in development that are yet to be manufactured at full scale. There are risks associated with disruption to its manufacturing facilities and with scaling up manufacture of products in development. Any such disruptions or failures to scale up manufacture may impact the company's financial performance.

(m) *Reliance on Suppliers*
The company relies on its suppliers to provide components used in the manufacture and assembly of its products. There is a risk the suppliers may not meet their obligations. Such failure to meet the company's requirements may significantly impede the company's

ability to implement its business strategy therefore impact any future growth and profitability.

(n) *Future Acquisitions*

As part of its business strategy, the company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the GasHub Groups business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, sort term strain on working capital requirements, achieving sales and margins anticipated and retaining key staff and customer and supplier relationships.

(o) *Consumer Demand Risk*

In relation to the company's technology products, including fuel cell technology and LNG electricity generation, there is no certainty that there will be sufficient demand for these technology products.

In addition, there is no assurance the company will be able to extend its product range or successfully develop new technology. If new technology is successfully developed the market's acceptance of this new technology is uncertain due to factors such as price, availability of the technology, reliability and effectiveness within a given sector and client perception.

(p) *Competition*

There is no assurance that that competitors will not succeed in developing technologies that are more effective or economic than the products manufactured or developed by the company or which would render the products obsolete and/or uncompetitive.

The company may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share. Such competition may result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the company's future business, operating results and financial position.

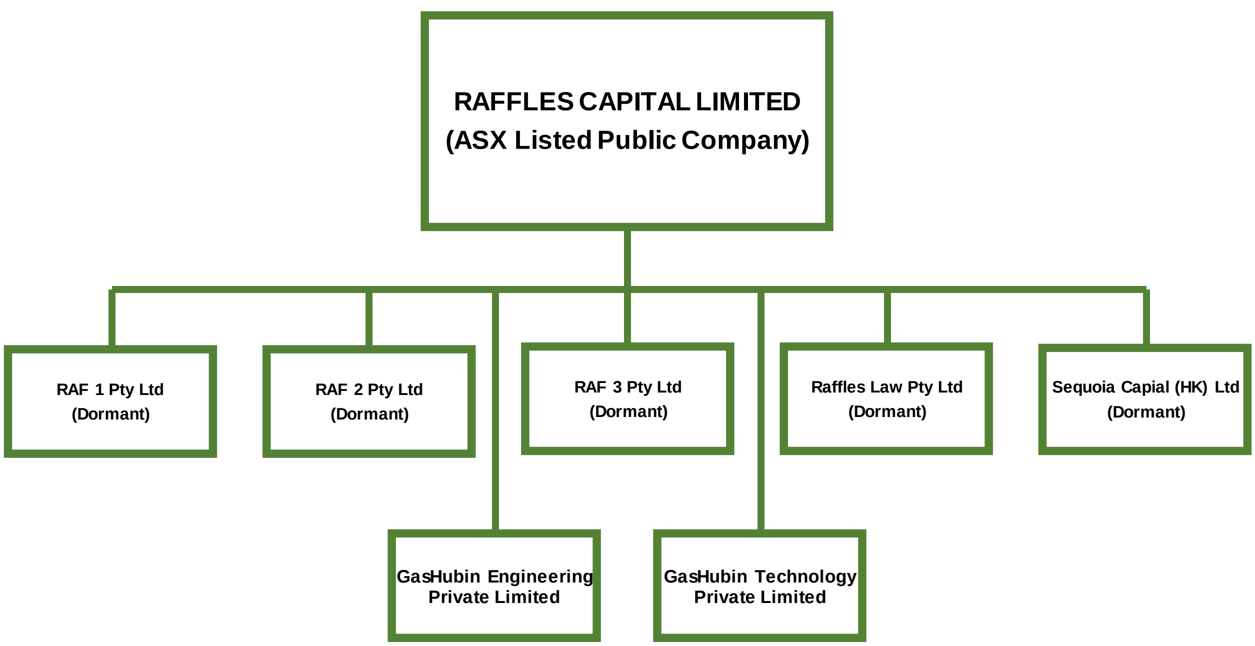
(q) *Risk of significant control of Major Shareholder*

Immediately after the completion of the transaction and public offer Mr. Lim and his associates will beneficially own approximately 47.7% of the issued capital of the company.

As a result, Mr. Lim and his associates, would be able to exert significant influence over the company's management and matters requiring shareholder approval.

10.13 Corporate Structure after Proposed Transaction and Public Offer are completed

The corporate structure after the proposed transaction and completion of the public offer will be as follows:



- RAF1 Pty Ltd, RAF2 Pty Ltd, RAF3 Pty Ltd were incorporated on 15 September 2011 by RAF to hold exploration licences. All three entities are currently dormant.
- Raffles Law Pty Ltd ("Raffles Law") was incorporated on 19 July 2011 by RAF to operate a litigation business. This entity is also dormant.

- Sequoia Capital (HK) Limited ("Sequoia") was acquired on 27 February 2015 through the issue of a convertible note with a face value of $1 million and a performance bond. The convertible note was converted to RAF ordinary shares in June 2015. The directors have advised that Sequoia will be discontinued from late 2017. Sequoia is currently dormant.
- RafflesCo Limited ("RafflesCo") is an unlisted public company, incorporated in 2014 by RAF as an investment company.
- The GasHub Group is made up of GasHubin Engineering Private Limited (Engineering) and GasHubin Technology Private Limited (Technology).

11. Schedule 3 – Additional Information

Scope of Disclosure

The law requires this explanatory statement to set out all other information which is known to the company that is reasonably required to enable shareholders to decide whether or not it is in the company's interests to pass the resolutions.

The company is not aware of any relevant information that is material to a decision on how to vote on the resolutions other than as is disclosed in this explanatory statement or has been previously disclosed to shareholders by announcement to the ASX.

Directors' Recommendations

The existing directors recommend that shareholders vote in favour of all resolutions.

As at the date of this notice, Ms. Abigail Zhang held 750,000 fully paid ordinary shares in the company and Mr. Richard Holstein held 100,000 fully paid ordinary shares in the company.

Indicative Value of Shares

The quantum of benefit to be received by holders of new securities proposed to be issued pursuant to resolutions 2 to 8 will depend on the price at which shares may trade on ASX.

ASX Role

The fact that the notice, explanatory statement and other relevant document has been received or reviewed by ASX should not be taken as an indication of the merits of the resolutions or the company itself. ASX and its respective officers take no responsibility for any decision a shareholder may take in reliance on any of that documentation.

12. Schedule 4 – Pro forma Consolidated Statement of Financial Position

Notes to the Pro Forma Consolidated Statement of Financial Position

This schedule contains the pro forma statement of financial position for the company as a merged group with the GasHub Group, reflecting the combined businesses of those entities. The pro forma statement of financial position is presented to provide shareholders with an indication of the merged group's consolidated financial position as if the proposed acquisition had been implemented as at December 2016 (audited financial accounts) and based on the public offer being fully subscribed.

As the proposed acquisition, if implemented, will be effected at a future date, the actual financial position of the merged group post-implementation will differ from that presented below.

Bases of Preparation

The financial information has been prepared in accordance with applicable accounting standards including the Australian equivalents of International Reporting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Material accounting policies have been adopted in the preparation of the historical and pro forma financial information shown below.

Balance Sheet	Raffles Capital Limited 31 December 2016 Audited	GasHub Engineering Balance Sheet 31 December 2016 Audited	GasHub Technology Balance Sheet 31 December 2016 Audited	GasHub & RAF Balance Sheet 31 December 2016 (Proforma)	Raffles Capital Limited Consolidated at completion of transaction (Proforma)
Current Assets					
Cash	4,390	222,645	68,602	295,637	8,295,637
Other (WIP)	-	3,879,697	277,233	4,156,930	4,156,930
Debtors	-	4,359,400	1,235,969	5,595,369	5,595,369
Prepayments	6,009	-	-	6,009	6,009
Total Current Assets	10,399	8,461,742	1,581,804	10,053,945	18,053,945
Non Current Assets					
Total Plant & Equipment	-	2,223,118	1,918,983	4,142,101	4,142,101
Accum. Depreciation	-	(922,503)	(555,660)	(1,478,163)	(1,478,163)
Debtors	-	1,200,367	81,540	1,281,907	1,281,907
Goodwill on Acquisition	-	-	-	-	27,170,701
Total Non Current Assets	-	2,500,982	1,444,863	3,945,845	31,116,546
Total Assets	10,399	10,962,724	3,026,667	13,999,790	49,170,491
Current Liabilities					
Trade Creditors	260,954	3,858,022	1,212,067	5,331,043	5,331,043
Provision for taxation	-	433,763	-	433,763	433,763
Borrowings - 1	-	535,453	356,695	892,148	892,148
Borrowings - 2	-	-	-	-	-
Total Current Liabilities	260,954	4,827,238	1,568,762	6,656,954	6,656,954
Non Current Liabilities					
Creditors	-	-	80,898	80,898	80,898
Borrowings	-	1,273,125	1,356,737	2,629,862	2,629,862
Deferred tax liability	-	53,332	-	53,332	53,332
Total Non-Current Liabilities	-	1,326,457	1,437,635	2,764,092	2,764,092
Total Liabilities	260,954	6,153,695	3,006,397	9,421,046	9,421,046
Net Assets	(250,555)	4,809,029	20,270	4,578,744	39,749,445
Shareholders Equity					
Equity	9,641,897			9,641,897	49,641,897
Equity (Subsidiary)	-	630,000	1,450,000	2,080,000	-
Reserve	4,525			4,525	4,525
Opening Balance Retained Earnings	(9,896,977)	3,397,668	-1,293,718	-7,793,027	(9,896,977)
Current Year Profit/(Loss)	0	781,361	-136,012	645,349	0
Total Retained Earnings	(9,896,977)	4,179,029	(1,429,730)	(7,147,678)	(9,896,977)
Total Shareholders Equity	(250,555)	4,809,029	20,270	4,578,744	39,749,445

Accounting for Acquisition

(a) The acquisition is deemed to be reverse acquisition whereby the GasHub Group is deemed to be the acquirer for accounting purposes. Therefore, the equity balances of the company are eliminated on consolidation;
(b) The value of the consideration shares should be the notional number of equity instruments that the GasHub Group shareholders would have had to issue to the company to give shareholders the same percentage ownership in the combined entity. This usually equates to the market capitalisation of the company. The pre-acquisition equity balances of the company are eliminated against the increase in share capital on consolidation and the balance is deemed to be the amount paid for the listed status of the company which goes to the income statement as a share based payment or cost of ASX listing (or accumulated losses in the pro forma); and
(c) As a result, the proposed acquisition gives rise to an amount in the proforma consolidated balance sheet of $27.2 million being 'Goodwill on Acquisition'. Goodwill on Acquisition can be described as the difference between the net asset value of the entities being acquired and the consideration.

The pro forma financial information contains the following pro forma adjustments:

(a) The issue of up to 50,000,000 shares at an issue price of $0.20 each to raise $10,000,000 before costs pursuant to the prospectus. Costs relating to the public offer are estimated to be 6% of the amount raised, which is to be offset against the contributed equity; and
(b) the issue of 150,000,000 fully paid ordinary shares in the company for the acquisition of the GasHub Group.

13. Schedule 5 – Capital Structure of the Company

An indicative table showing the capital structure of the company after completion of the acquisition is shown below:

	Number of Shares
Shares already on issue	5,983,380
Shares to be issued:	
to GasHub vendors	150,000,000
under the public offer	50,000,000
Total shares on issue	**205,983,380**

The company has no outstanding options.

ANNEXURE A
Independent Expert's Report

Nexia Australia

Raffles Capital Limited
The issue of 150 million RAF shares to the shareholders of GasHub Group

Independent Expert's Report
and Financial Services Guide

20 July 2017

In our opinion the Proposed Transaction is not fair but reasonable to the non-associated shareholders.

FINANCIAL SERVICES GUIDE

Dated: 20 July 2017

What is a Financial Services Guide ("FSG")?

This FSG is designed to help you decide whether to use any of the general financial product advice provided by Nexia Sydney Corporate Advisory Pty Ltd ABN 68 114 696 945 ("NSCA"), a corporate authorised representative of Nexia Sydney Financial Solutions Pty Ltd ("NSFS"), Australian Financial Services Licence Number 247300 ("AFSL").

This FSG includes information about:

- NSCA and how they can be contacted
- the services NSCA is authorised to provide
- how NSCA are paid
- any relevant associations or relationships of NSCA
- how complaints are dealt with as well as information about internal and external dispute resolution systems, and how you can access them; and
- the compensation arrangements that NSCA has in place.

Where you have engaged NSCA we act on your behalf when providing financial services. Where you have not engaged NSCA, NSCA acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NSCA.

Financial Services that NSCA is authorised to provide

NSCA is a corporate authorised representative of NSFS, which holds an AFSL authorising it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products.

NSCA's responsibility to you

NSCA has been engaged by the independent directors of Raffles Capital Limited ("RAF" or the "Client") to provide general financial product advice in the form of an independent expert's report to be included in the Notice of Meeting ("Document") sent to RAF shareholders dated on or about 21 July 2017 ("Report").

You have not engaged NSCA directly but have received a copy of the Report because you have been provided with a copy of the Document. NSCA or the employees of NSCA are not acting for any person other than the Client.

NSCA is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As NSCA has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.
You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Scheme.

Fees NSCA may receive

NSCA charges fees for preparing Reports. These fees will usually be agreed with, and paid by the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NSCA $23,000 (excluding GST and out of pocket expenses) for preparing the Report. NSCA and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

Referrals

NSCA does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and Relationships

Through a variety of corporate and trust structures NSCA is controlled by and operates as part of the Nexia Sydney Partnership. NSCA's directors and authorised representative may be partners in the Nexia Sydney Partnership. Mr Brent Goldman, authorised representative of NSFS and partner in the Nexia Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by NSCA and not by the Nexia Sydney Partnership.

From time to time NSCA, the Nexia Sydney Partnership and related entities ("Nexia entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Complaints Resolution

If you have a complaint, please let NSFS know. Formal complaints should be sent in writing to:

Nexia Sydney Financial Solutions Pty Ltd
Head of Compliance
PO Box H195
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External Complaints Resolution Process

If NSFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001

Telephone:	1300 56 55 62
Facsimile	(03) 9613 6399
Email:	info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation Arrangements

NSCA has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details
You may contact NSCA at:

Nexia Sydney Corporate Advisory Pty Ltd
PO Box H195
Australia Square NSW 1215

Nexia Australia

20 July 2017

The Directors
Raffles Capital Limited
Level 13
167 Macquarie Street
Sydney NSW 2000

Dear Sirs,

Independent Expert's Report on the issue of 150 million ordinary shares to the shareholders of GasHub Group

1. OUTLINE OF THE TRANSACTION

On 24 May 2017, RAF announced that it has entered into a binding Heads of Agreement in relation to the acquisition of all of the securities in Singapore domiciled GasHubIn Engineering Private Limited ("GasHub Engineering") and GasHubIn Technology Private Limited ("GasHub Technology"), collectively referred to as GasHub Group, whereby RAF will issue 150 million shares to the shareholders of GasHub Group ("Proposed Transaction").

The Proposed Transaction is conditional on the following:

- Completion of due diligence investigations on GasHub Group by RAF.
- GasHub Group shareholders entering into a binding sale agreement with RAF on terms consistent with the provisions of the Heads of Agreement or otherwise acceptable to RAF.
- RAF receiving conditional approval by ASX to reinstate its securities and those conditions being satisfied to the reasonable approval of RAF and GasHub Group.
- RAF to commence a capital raising
- All necessary shareholder approvals are received under the Corporations Act and the ASX listing rules.

In order to re-comply with Chapters 1 and 2 of the ASX listing rules, RAF will conduct a capital raising under a full form prospectus and issue up to 50 million ordinary shares at $0.20 per share ("Public Offer").

Upon completion of the Proposed Transaction, Mr. Lim and his associates will hold 47.7% of the share capital of RAF.

The current directors will remain on board until December 2017. From December 2017, the entire board of RAF will be replaced by GasHub Group's nominees.

Following successful completion of the Proposed Transaction, RAF will change its name to GasHubUnited Holdings Limited.

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w nexia.com.au

2. PURPOSE OF REPORT

The purpose of this Report is to advise the shareholders of RAF on the fairness and reasonableness of the Proposed Transaction.

Under s606 of the Corporations Act, a transaction that would result in an entity and its associates increasing their voting power in an entity from:

- 20% or below to greater than 20%; or
- a position above 20% and below 90%

is prohibited without making a takeover offer to all shareholders unless an exemption applies.

Item 7 of s611 of the Corporations Act provides an exemption from the above if the transaction is approved by shareholders in a general meeting.

Lim Shao-Lin's interest in GasHub Group is 100%. After the Proposed Transaction and Public Offer, Lim Shao-Lin and his associates' interest in RAF will be 47.7%. As Lim Shao-Lin's voting power increases to a position that is greater than 20% and below 90%, the transaction requires shareholder approval.

The Australian Securities and Investments Commission ("ASIC") has issued Regulatory Guide 74: Acquisitions approved by members ("RG 74") that sets out the material disclosure requirements to shareholders when seeking their approval under item 7 of s611 of the Corporations Act. As part of the disclosure requirements, ASIC requires a detailed analysis of the transaction that complies with Regulatory Guide 111: Content of experts Report ("RG111"). This can either be undertaken by the directors if they believe they have sufficient skill and expertise or an independent expert.

3. SUMMARY AND OPINION

This section is a summary of our opinion and cannot substitute for a complete reading of this Report. Our opinion is based solely on information available as at the date of this Report.

The principal factors that we have considered in forming our opinion are summarised below.

3.1 Assessment of Fairness

In determining whether the Proposed Transaction is fair, we have considered the substance of the transaction in accordance with RG111. In considering whether the transaction is fair to the shareholders of RAF, we have compared the fair value of a controlling interest in RAF prior to the Proposed Transaction to the fair value of a minority interest in RAF after the Proposed Transaction. The comparative positions are summarised below:

$/share	Low	Preferred	High
Fair value of RAF share on controlling basis prior to the Proposed Transaction	0.000	0.125	0.250
Fair value of RAF share on minority basis after the Proposed Transaction	0.056	0.059	0.063

The fair value of a RAF share on a minority basis is lower at the preferred and high level. Therefore **we have concluded that the Proposed Transaction is not fair**.

3.2 Assessment of Reasonableness

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

In forming our opinion we have considered the following relevant factors (see section 13).

Advantages	Disadvantages
• GasHub Group is a profitable business, the acquisition of which will provide opportunities for shareholders to receive future value • The acquisition will allow RAF to relist on the ASX	• Lim Shao-Lin and his associates' voting power in RAF will be 47.7% allowing him to exert influence over the business

The Directors have advised that there are currently no alternatives to the Proposed Transaction. If the Proposed Transaction is not approved, RAF will continue to evaluate opportunities for assets and business acquisitions to provide a return to shareholders.

Based on the above **we have concluded that the Proposed Transaction is reasonable**.

3.3 Opinion

Accordingly, in our opinion, the Proposed Transaction is not fair but reasonable to the RAF shareholders.

The ultimate decision on whether to approve the Proposed Transaction should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Notice of Meeting, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

Yours faithfully
Nexia Corporate Advisory Pty Ltd

Brent Goldman
(Authorised Representative of Nexia Sydney Financial Solution Pty Ltd, AFSL 247300)
Director

STRUCTURE OF REPORT

Our Report is set out under the following headings:

APPENDICES

4. BASIS OF EVALUATION

RG 74 and RG 111 provide guidance as to matters that should be considered in determining whether a transaction is fair and reasonable in a range of circumstances.

RG 74 and RG 111 state that in deciding an appropriate form of analysis, the expert needs to consider that the main purpose of the Report is to deal with the concerns that could reasonable be anticipated by those persons affected by the transaction. An expert should focus on the purpose and outcome of the transaction; that is the substance of the transaction, rather than the legal mechanism used to effect the transaction.

RG 111 requires analysis of a transaction under two distinct criteria being:

- is the offer fair?; and
- is it reasonable?

That is the opinion of fair and reasonable is not considered as a compound phrase.

In determining what is fair and reasonable for a control transaction, RG 111 states that:

- an offer is fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer, assuming a 100% interest of the target and irrespective of whether consideration is cash or scrip; and

- an offer is reasonable if it is fair, or if the offer is not fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of a higher bid before the close of an offer.

In determining whether the transaction is fair, the fair value is assumed to be based on a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

For the purpose of considering whether or not the Proposed Transaction is fair we have compared the fair value of a share in RAF on a control basis prior to the Proposed Transaction to the fair value of a share in RAF on a minority basis after the Proposed Transaction.

In our assessment of the reasonableness of the Proposed Transaction, our consideration has included the following matters:

- GasHub Group's shareholders pre-existing voting power in securities in RAF;
- other significant security holding blocks in RAF;
- the liquidity of the market in RAF's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of GasHub Group;
- any special value to RAF, such as technology, the potential to write-off outstanding loans etc.;
- the likely market price if the Proposed Transaction does not proceed;
- the value to an alternate bidder and the likelihood of an alternative bid being made;
- other significant matters set out in section 13.

4.1 Individual shareholders' circumstances

The ultimate decision whether to approve the Proposed Transaction should be based on each shareholder's assessment of the Proposed Transaction, including their own risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Transaction or matters dealt with in this Report, shareholders should seek independent professional advice.

4.2 Limitations on reliance on information

The documents and information relied on for the purposes of this Report are set out in Appendix B. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that documents and material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit or extensive examination might disclose.

We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles.

An important part of the information used in forming an opinion of the kind expressed in this Report is the opinions and judgement of Directors and management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

NSCA are not the auditors of RAF. We have analysed and reviewed information provided by the Directors and management of RAF and made further enquiries where appropriate. Preparation of this Report does not imply that we have in any way audited the accounts or records of RAF.

In forming our opinion we have assumed:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;

- the information set out in the Notice of Meeting to be sent to shareholders is complete, accurate and fairly represented in all material respects; and

- the publicly available information relied upon by NSCA in its analysis was accurate and not misleading.

This Report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this Report which may impact upon this Report or which may impact upon the assumptions referred to in the Report.

5. OVERVIEW OF RAF

5.1 Corporate History

RAF was incorporated on 10 August 1984 in Western Australia, and is now based in Sydney, NSW. The Company was initially registered under the name of Parenna Pty Ltd and changed its name to Raffles on 21 December 2009. Since 1984, the Company has undergone the following name changes:

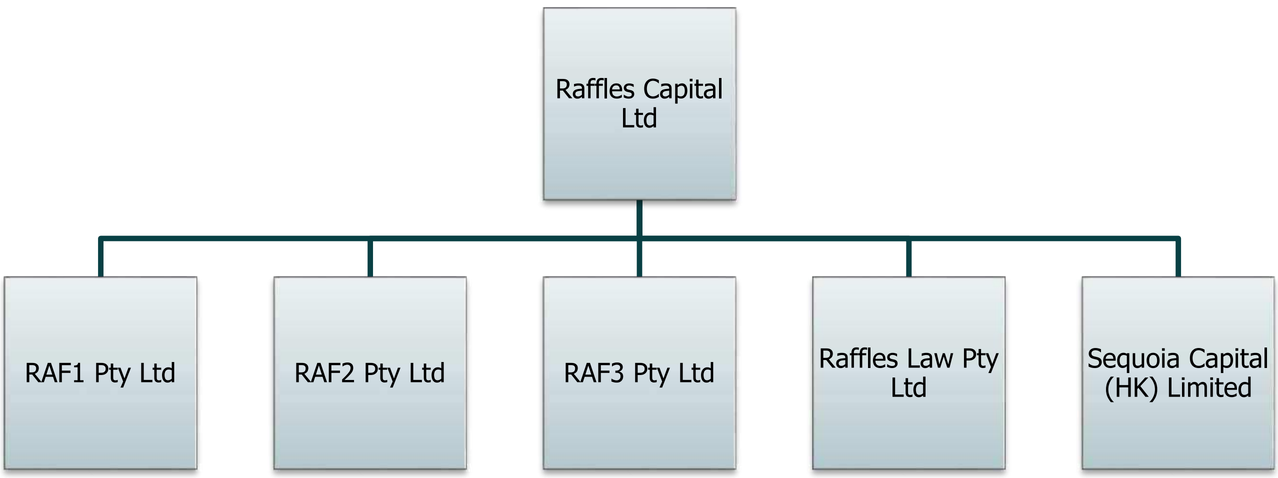
Date	Name
29/10/1985	Resource Information Unit Pty Limited
27/06/1986	Resource Information Unit Limited
12/12/1994	Caxton Holdings Limited
14/01/1997	Freight Links Express Holdings (Australia) Limited
21/12/2009	Raffles Capital Limited

The Company was admitted to the ASX on 24 December 1991 under the name of Resources Information Unit Limited, and currently has 6,583,380 ordinary shares on issue.

Since 1991, RAF's shares were suspended from the ASX on 24 April 2007 and 21 April 2016. RAF's share were reinstated on 31 May 2011 and continued trading on the ASX until its suspension in April 2016. This suspension was the result of failing to comply with ASX listing rule 1.1 condition 1, which requires an entity's structure and operations to be appropriate for a listed entity, by 21 April 2016. RAF's shares remains suspended from the ASX.

5.2 Corporate Structure

Set out below is the corporate structure of RAF. As of the date of this Report, RAF has five wholly owned subsidiaries.



Source: Raffles Capital Limited's financial statements for the year ended 30 June 2016 and information provided by management.

- RAF1 Pty Ltd, RAF2 Pty Ltd, RAF3 Pty Ltd were incorporated on 15 September 2011 by RAF to hold exploration licences. All three entities are currently dormant.

- Raffles Law Pty Ltd ("Raffles Law") was incorporated on 19 July 2011 by RAF to operate a litigation business. This entity is also dormant.
- Sequoia Capital (HK) Limited ("Sequoia") was acquired on 27 February 2015 through the issue of a convertible note with a face value of $1 million and a performance bond. The convertible note was converted to RAF ordinary shares in June 2015. The directors have advised that Sequoia will be discontinued from late 2017. Sequoia is currently dormant.
- RafflesCo Limited ("RafflesCo") is an unlisted public company, incorporated in 2014 by RAF as an investment company.

5.3 Business Activities

Historically, through its subsidiaries, RAF provided funding, investment management, and corporate advisory services primarily in China. The Company also provided consulting and management services to help companies to raise funding through the issuance of asset-backed bonds, investment trusts, preference shares, warrants, and sale-and-leaseback schemes.

Since 2014 RAF has been relatively inactive, whilst seeking new investment opportunities and RAF currently has no remaining operating subsidiaries.

5.4 Directors and Key Management

Following is a list of the board and management of RAF as at the date of this Report:

Name	Role	Appointment date
Li Ying Zhang	Executive Chairman	03/03/2015
Richard Holstein	Non-executive director (and company secretary)	05/12/2014 (and 01/06/2017)
Benjamin Amzalak	Non-executive director	05/02/2010

Significant movements that have occurred in the last three years are as follows:

Name	Comments	Date
Henry Kinstlinger	retired as company secretary	01/06/2017
Charlie In	retired as director	24/11/2016
Tan Sri Ibrahim Menudin	retired as chairman and non-executive director	27/02/2015
Vincent Tan	retired as managing director	05/12/2014
Richard Yap	retired as non-executive director	05/12/2014

After the Proposed Transaction all current directors will resign from the board and the following new directors will be appointed. The date of resignation and appointment is yet to be decided:

Name	Role
Sydney Kwan	Non-Executive Chairman
Aviers Lim	Managing Director and Chief Executive Officer
Roger Khoo	Executive Director and Regional Business Development
Samuel Siaw	Executive Director and Chief Financial Officer

Nexia Australia

5.5 Financial Information

The financial statements for the years ended 31 December 2014 and 2015 received an unqualified audit report. A disclaimer of opinion was issued by the auditor in respect of the financial statements for the year ended 31 December 2016. The auditor's disclaimer of opinion was on the basis that the auditor could not obtain appropriate audit evidence to support management's assertion that the company will be able to pay its debts as when they fall due.

5.5.1 Financial Performance

Set out below are the consolidated profit and loss accounts of RAF for the years ended 31 December 2014, 2015 and 2016:

$	Note	FY2014 Audited	FY2015 Audited	FY2016 Disclaimer of opinion
Revenue	**1**	**11,936**	**10**	**9**
Other income	2	736,876	-	-
Professional fees		(191,795)	(493,050)	(117,563)
Directors fees		(180,000)	(377,000)	(327,000)
Other admin expenses	3	(926,355)	(345,226)	(116,517)
Costs related to deed of settlement	4	-	-	(476,205)
Doubtful debt provision	5	(78,000)	-	-
Depreciation and amortisation		(334)	(460)	-
Interest paid	6	(107,726)	(30,817)	-
Other finance expenses	7	(36,626)	(760)	(797)
Other expenses		-	(14)	-
Profit before tax		**(772,024)**	**(1,247,317)**	**(1,038,073)**
Income tax		(185,092)	-	-
Net Profit		**(957,116)**	**(1,247,317)**	**(1,038,073)**
Impairment losses	8	(10,152,731)	-	-
De-merger and distribution in specie	9	-	1,209,133	-
Total other comprehensive income		**(10,152,731)**	**1,209,133**	**-**
Total comprehensive loss/income attributable to members of Raffles Capital Limited		**(11,109,847)**	**(38,184)**	**(1,038,073)**

Source: RAF's 31 December 2014, 2015 and 2016 audited financial statements

1. No revenue derived over the Review Period other than interest income.
2. This consists of gains on the disposal of investments and the reversal of long outstanding dividend cheques of $43k.
3. Other admin expenses includes a service fee paid to Hudson Corporate Limited ("HCL"), as well as other office running expenses.
4. Costs relating to a share buy-back.
5. The doubtful debt expense relates to an amount owed by a related party in respect of an equity investment transferred to it.
6. Interest paid on convertible note and loans from HCL and Hudson Resources Limited ("HRL"). Interest paid to HCL and HRL in FY14A is $95,935.
7. Other finance expenses include facilities fees and bank charges.
8. Relates to investments in Hudson Investment Group Ltd ("HGL"), HRL, Sovereign Gold Company Ltd ("SGCL") and Precious Metal Resources Ltd ("PMRL").

9. This relates to the demerger of RafflesCo, a former investment of RAF (discussed further below).

5.5.2 Financial Position

Set out below is the audited consolidated balance sheets of RAF as at 31 December 2014, 2015 and 2016.

$	Note	FY2014 Audited	FY2015 Audited	FY2016 Disclaimer of opinion
Current assets				
Cash and cash equivalents		468,591	263,739	4,390
Trade and other receivables	1	9,598	352,995	5,677
Financial assets	2	693,134	10	10
Other current assets		325	314	322
		1,171,648	**617,058**	**10,399**
Non-current assets				
Financial assets	3	3,729,600	-	-
Plant & equipment		460	-	-
		3,730,060	**-**	**-**
Total assets		**4,901,708**	**617,058**	**10,399**
Current liabilities				
Trade and other payables		(83,372)	(24,065)	(260,954)
		(83,372)	**(24,065)**	**(260,954)**
Non-current liabilities				
Trade and other payables	4	(1,741,054)	-	-
		(1,741,054)	**-**	**-**
Total liabilities		**(1,824,426)**	**(24,065)**	**(260,954)**
Net assets/Deficiency in net funds		**3,077,282**	**592,993**	**(250,555)**
Equity				
Issued Capital	5	11,898,002	9,451,897	9,641,897
Reserves		-	-	4,525
Retained profits / accumulated losses		(8,820,720)	(8,858,904)	(9,896,977)
Total equity attributable to equity holders of parent entity		**3,077,282**	**592,993**	**(250,555)**
Total equity		**3,077,282**	**592,993**	**(250,555)**

Source: RAF's 31 December 2014, 2015 and 2016 audited financial statements

1. Trade and other receivables consists of GST, share placement funds held in trust, and receivables from related entities.
2. Financial assets are carried at cost and represents RAF's interest in HRL, Tialo Co Limited, SGCL, PMRL, and DRK, which is a dormant company. All investments, except DRK, were disposed in FY2015.
3. This represents RAF's interest in HGL which was subsequently sold in FY2015.
4. Non-current trade and other payables consists of borrowings from related entities, and a convertible note.
5. In February 2015 RafflesCo demerged from RAF through a 1 for 1 in-specie distribution. This resulted in a reduction of capital by $5.2 million. Following the demerger, the RAF undertook a 1 for 1 consolidation of its shares. All outstanding convertible notes were converted to 10,000,000 ordinary shares in June 2015. The convertible notes had a combined issue value of $2 million.

5.6 Capital Structure and Ownership

RAF's issued capital as at 29 June 2017 comprised of 6,583,380 fully paid ordinary shares. The top 10 shareholders, as at 5 June 2017, hold 76.6% of the issued capital of RAF and are set out below:

Shareholder	Shareholding	% Total
Pacific Portfolio Investments	1,193,309	18.1%
Max Strategic Ltd	960,000	14.6%
Marvel Earn Ltd	750,000	11.4%
New Inspiration Development	540,000	8.2%
Poly-jinsha Financial Limited	500,000	7.6%
Mile Oak Investments Limited	300,000	4.6%
Code Nominees Pty Ltd	278,504	4.2%
Hudson Corporate Limited	184,000	2.8%
Charlie In	170,000	2.6%
TA Financial Services Pty Ltd	164,461	2.5%
Total top 10 shareholders	**5,040,274**	**76.6%**
Other shareholders	1,543,106	23.4%
Total shareholders	**6,583,380**	**100.0%**

Source: Share registry at 29 June 2017

Recent share movements are as follows:

- On 28 April 2017, 600,000 ordinary shares were issued at $0.20 per share
- On 15 March 2016, 1,900,000 ordinary shares were issued at $0.10 per share
- On 10 December 2015, 1,750,000 ordinary shares were issued at $0.20 per share

The table below summarises shareholders by size of shareholding at 29 June 2017:

Range	No. of holders	Shares	% of Total
100,001 and over	11	5,190,274	78.84%
10,001 – 100,000	14	541,520	8.23%
5,001 – 10,000	62	613,621	9.32%
1,001 – 5,000	21	59,240	0.90%
1 – 1,000	448	178,725	2.71%
Total	**556**	**6,583,380**	**100.00%**

Source: Share registry at 29 June 2017

6. OVERVIEW OF GASHUB GROUP

6.1 Corporate History

GasHub Group is made up of GasHub Engineering and GasHub Technology.

GasHub Engineering was formed 25 years ago. The principal activities of the company are water and gas pipeline and sewer construction and engineering services. GasHub Technology was formed in 2001. Both companies are based in Singapore.

6.2 Business Activities

The Proposed Transaction will enable the GasHub Group to expand its Technology and Engineering businesses throughout the Asia Pacific region, commencing with Australia and New Zealand.

6.2.1 GasHub Engineering

GasHub Engineering provides consultation, design, construction and installation services for various project types relating to gas pipe installation, diversion, termination and capping off, re-commissioning, repair and extension for residential, commercial and industrial clients around Singapore.

The company has been operating for 25 years. Completed projects include condominiums such as Reflections at Keppel Bay, Spa Esta, One Canberra, and Minton. Commercial projects include Ion Orchard, Wisma Atria, and Kopitiam. Healthcare institution projects include Ng Teng Fong General Hospital and SengKang General Hospital. Hotel projects include Genting Hotel and Windsor Hotel.

6.2.2 GasHub Technology

GasHub Technology was incorporated in 2001 with a focus on the integration and commercialisation of green technology, including Fuel Cell systems.

GasHub Technology has successfully commercialised Proton Exchange Membrane Fuel Cells ("PEMFC") and is currently expanding into Solid Oxide Fuel Cell technology. This existing product line will see a significant enhancement in the next few years.

GasHub Technology has formed strategic partnerships with Nanyang Technological University, National University of Singapore and Temasek Polytechnic, which have all been supporting GasHub Technology in the design, development, and innovation of hydrogen based PEMFC technologies and other renewable energy areas that are of mutual interest to the institutions and the GasHub Group.

GasHub Technology has an in-house R&D tam to value-add to both its gas piping and technology business, developing the following range of products over the years:

- Fire-rated box-up design for gas piping, which has been granted a patent for gas detection of hydrogen gas, town gas, natural gas and liquid petroleum gas;
- Hydrogen based fuel cell to provide back-up to lift lighting and fans in Singapore domiciled public housing;
- Design, certification and outsource the manufacturing of gas piping materials like gas pipe to API5L Gr.B, seamless galvanize BSEN 1033 pipe, ball valves BSEN311 and galvanised fittings;
- Licensed technology from Temasek Polytechnic for portable handheld power pack operated by chemical fuel; and
- OEM LPG powered fuel cell for remote power and/or back up power application.

GasHub Technology is in the process of completing a fuel cell that can produce both heat and power for residential, commercial and industrial cogeneration use, otherwise known as a Combined Heat and Power System.

6.3 Directors and Key Management

The sole director of GasHub Engineering and GasHub Technology is Lim Shao-Lin.

6.4 Financial Information

Provided below are the audited financial statements of GasHub Engineering and GasHub Technology, which are presented on an aggregated basis.

The audit reports of both companies for the years ended 31 December 2014, 2015 and 2016 were unqualified. As the audited financial statements are reported in Singapore dollars, we have converted the financial information to Australian dollars using the following exchange rates:

	FY2014	FY2015	FY2016
Exchange rate as at 31 December	SGD 1 = AUD 1.0836	SGD 1 = AUD 1.0307	SGD 1 = AUD1.0465
Average exchange rate	SGD 1 = AUD 1.1432	SGD 1 = AUD 1.0337	SGD 1 = AUD 1.0272

Source: Reserve bank of Australia

6.4.1 Financial Performance of GasHub Group

Set out below are the aggregated profit and loss accounts of GasHub Engineering and GasHub Technology for the years ended 31 December 2014, 2015 and 2016:

$	Note	FY2014 Aggregated	FY2015 Aggregated	FY2016 Aggregated
Revenue		10,901,854	11,266,621	10,458,815
Cost of sales		(7,066,224)	(7,204,292)	(7,364,268)
Gross profit	**1**	**3,835,630**	**4,062,329**	**3,094,547**
Other income	2	257,850	309,727	335,540
Distribution and marketing expenses		(34,285)	(35,524)	(32,769)
Administrative expenses	3	(1,623,766)	(1,878,442)	(2,162,747)
Other operating expenses	4	(123,460)	(51,102)	(6,322)
EBITDA		**2,311,968**	**2,406,988**	**1,228,249**
Depreciation		(282,859)	(304,276)	(329,128)
Impairment loss	5	(97,792)	(35,454)	(51,194)
EBIT		**1,931,317**	**2,067,257**	**847,926**
Interest income		-	-	196
Interest expense	6	(52,300)	(70,879)	(145,550)
Profit before tax		**1,879,017**	**1,996,378**	**702,572**
Income tax		-	(243,317)	(39,666)
Net Profit		**1,879,017**	**1,753,061**	**662,907**

Source: GasHub Engineering and GasHub Technology's Financial Statements for the years ended 31 December 2014, 2015, and 2016.

1. Gross margins decreased in FY2016 due to an economic downturn, affecting both the GasHub Engineering and GasHub Technology business.
2. Other income is predominantly made up of government grants and licensing income. Licensing income relate to the exclusive sublicensing of technology from GasHub Technology to Precitone Technology (Beijing) Co. Ltd ("Precitone Technology"). The licensing agreement ceased in FY2015 as the project was unsuccessful. Government grants in FY2016 made up 50% of other income.
3. Administrative expenses consists of remuneration, insurances, and motor vehicles expenses. Staff remuneration and employment benefits in particular have increased over the Review Period in order to prepare the business for future growth strategies and an economic upturn.
4. Other operating expenses are predominantly made up of bad debts. In FY2014, SGD$80k of director loans were written off. In FY2015, SGD$35k of staff loans and SGD$15k from Precitone Technology were also written off.

5. This relates to impairment on loans and receivables. Loans and receivables comprise of trade and other receivables, cash and cash and cash equivalents.
6. Interest expenses relates to hire purchase, term loan, and property loan. Borrowings increased during the Review Period, predominantly for working capital purposes.

6.4.2 Financial Position of GasHub Group

Set out below are the aggregated balance sheets of GasHub Engineering and GasHub Technology as at 31 December 2014, 2015 and 2016.

$	Note	FY2014 Aggregated	FY2015 Aggregated	FY2016 Aggregated
Current assets				
Cash and cash equivalents		590,281	1,169,644	304,790
Inventories	1	608	42,878	275,473
Due from customers for contract work-in-progress	2	2,222,679	2,861,221	4,074,754
Trade and other receivables	2	1,422,998	3,332,953	5,236,377
Total current assets		**4,236,566**	**7,406,696**	**9,891,395**
Non-current assets				
Property, plant and equipment	3	1,835,299	1,494,266	2,787,811
Trade and other receivables	2	674,040	794,634	1,341,516
Total non-current assets		**2,509,339**	**2,288,899**	**4,129,327**
Total assets		**6,745,905**	**9,695,595**	**14,020,721**
Current liabilities				
Due to customers for contract work-in-progress	2	(319,899)	(644,773)	(793,317)
Trade and other payables	2	(1,899,941)	(2,619,340)	(3,893,355)
Borrowings	4	(408,579)	(421,492)	(933,633)
Provision for taxation		(206,645)	(402,152)	(453,933)
Total current liabilities		**(2,835,064)**	**(4,087,757)**	**(6,074,238)**
Non-current liabilities				
Borrowings	4	(1,483,853)	(1,157,090)	(2,752,151)
Deferred tax liabilities		(57,791)	(54,969)	(55,812)
Trade and other payables	2	(30,735)	(83,382)	(84,660)
Total non-current liabilities		**(1,572,378)**	**(1,295,440)**	**(2,892,622)**
Total liabilities		**(4,407,442)**	**(5,383,198)**	**(8,966,860)**
Net Assets		**2,338,463**	**4,312,397**	**5,053,861**
Equity				
Share capital		1,896,300	2,143,856	2,176,720
Retained earnings		442,163	2,168,541	2,877,141
Equity attributable to owners of the company		**2,338,463**	**4,312,397**	**5,053,861**

Source: GasHub Engineering and GasHub Technology's Financial Statements for the years ended 31 December 2014, 2015, and 2016.

1. Inventories are held within GasHub Technology and consists of raw materials.
2. Costs incurred during the financial year in respect of future activity on a contract are shown as construction contract work in progress if the stage of completion is measured by reference to the value of work done. Where costs exceed progress billings, the balance is represented as due from customers for contract work in progress. Where progress billings exceed costs incurred, the balance is represented as due to customers for contract work in progress.

   Where the stage of completion is measured by reference to the proportion of costs incurred, the difference between costs incurred and progress billings is represented in trade receivables or trade payables. When costs exceed billings, the balance is represented in trade receivables. When billings exceed costs, the balance is represented in trade payable.

Management has advised that during the current economic downturn, there was a build-up of contract work in progress. Customer payments were slower during this period, resulting in an increase in the amounts due from customers. To manage this, GasHub Group stretched their payments to suppliers, which also resulted in an increase to trade payables.

3. This consists of leasehold land and buildings, motor vehicles, office equipment and fittings, and plant and machinery. In FY2016 additional motor vehicles and machinery were purchased, as well as a leasehold property.
4. Borrowings include finance lease obligations and term loans used to purchase property and for working capital purposes. All borrowings are between third parties and are guaranteed by Lim Shao-Lin.
5. As at March 2017, the net receivable from external parties is $257,463.

6.5 Capital Structure and Ownership

GasHub Group's issued capital is set out below. As at the date of this Report, Lim Shao-Lin holds 100% of GasHub Engineering and GasHub Technology.

Shareholder	Shareholding	% Total
GasHub Engineering		
Lim Shao-Lin	630,000	100%
GasHub Technology		
Lim Shao-Lin	750,005	100%

Source: GasHub Engineering and GasHub Technology financial statements and information provided by management

7. INDUSTRY ANALYSIS[1]

The general outlook for Singapore's construction sector is poor over the coming years, with a relatively small domestic labour market and slowing economic growth. Nonetheless, Singapore's economy is stronger than most developed South East Asian countries, with highly regulated and rated business environment and developed transport and energy sectors providing investment opportunities. To support growth in construction, government has initiated projects to develop the country as a services transport hub, expand metro systems, and turn Singapore into a regional green energy hub.

7.1 Residential and non-residential building

Growth is forecast to slow down at an average of 2.0% per annum from 2016 to 2026 in residential and non-residential building industry. Potential increase in interest rates, fall in home prices for the third straight year in 2016 (according to data from the flash estimate released by the Urban Redevelopment Authority) will weigh down the market.

A key factor for growth in Singapore's non-residential buildings is the maturity of current infrastructure. Government proposed developments of CBD, and institutionalised building activity is set to grow with an increase of hospitals and expansion of Nanyang Technological University. Recently, Singapore completed construction of the world's largest sports infrastructure PPP, giving a boost to the economy by hosting world class sporting events. JV projects between Malaysian & Singapore companies have a 20% stake in a mixed-use development, which will include a commercial component, hotel and residential project.

Governments proposes additional cooling measures for the private property market in 2016. These measures includes down payment for home buyers, increasing the timeframe to three years for permanent residents to purchase public housing flats in the resale market, shortening the maximum loan tenure to 25 years from 30 years, and cutting the mortgage servicing ratio cap to 30% from 35% of the borrower's gross monthly salary. This latest round of measures has further curbed investor appetite for Singapore properties, which could in turn deter developers from carrying out new building project. However, there are opportunities beyond 2020, with the planned relocation of Singapore's container ports to Tuas could free up around 1,000ha of prime land in Tanjong Pagar.

7.2 Construction and infrastructure

The residential property market remains on a downtrend due to the slowing economy, and the construction sector remaining stagnant over coming years. Due to stricter immigration policy, tightening a labour market and shortage of worker, Singapore could expect delays in construction activity. However, long term growth opportunities remain considerable in public infrastructure, with plans to development large city pipelines, expansion of city state's urban railway network from the current 178km to about 360km and the Kuala Lumpur-Singapore high-speed rail (HSR) project set to complete in 2022. Additionally, there are plans to redevelop Jurong Lake District to serve as a commercial hub and a leisure centre.

7.3 Energy & Utilities infrastructure

The structural trends in energy and utilities infrastructure are continuing in renewable energies to sustain economic and population growth, whilst starting to develop in the water sector.

Currently, Singapore is building their fourth desalination plant, and is focusing on renewable energy by converting solid waste to energy via combustion. Power plant and transmission projects account for around

[1] Singapore Infrastructure Report Q2 2017, BMI Research, Business Monitor International Ltd.

two thirds of activity in the energy and utilities. Nonetheless the advantages of technical proficiency, high GPD per capita, regulatory advantages, continue to make energies a good investment in Singapore.

7.3.1 Gas

Singapore’s electricity is generated domestically (80% gas based and 20% from fuel & oil), solid waste and solar energy. Completed in 2014, SGD1.2bn Island Power project operated by Singapore-based PacificLight, located on Jurong Island is the largest consumer of Liquefied natural gas (LNG) in the country. This 800MW facility contributes to about 6% of Singapore's total power generation capacity. As Singapore has no gas reserves, all gas based power plants are reliant on piped gas from Malaysia and Indonesia. This is subject to price and supply risks, with both countries uninterested to sell their gas reserves and more likely to use it for domestic purposes. As a result, Singapore is proposing the construction of 1,200MW gas-fired cogeneration power plant in Pengerang, Johor and the construction of two power plants - a 110MW coal-fired power plant and120MW gas-fired power plant in Batam, an Indonesian island near Singapore. To support this, Government is developing necessary storage facilities for imported LNG, to be completed in 2017.

7.3.2 Renewables

As an alternative source of electricity, Singapore is exploring solution for green energy by investing SGD30m over the next five years. Potential areas include biomass (waste to energy plants) and rooftop solar panels. Currently, there is a completed wood chip-fuelled plant in Singapore’s Jurong Island able to produce 60 tonnes of process steam per hour, followed by Tuas power with the development of 160MW biomass and clean coal co-generation plant. Additionally, Sembcorp Industries are building waste to energy plant which reduces greenhouse gas emissions by 50% and likely to process about 1,000 tonnes of industrial and commercial waste each day.

US-based Apple announced in late 2015 that it will power all of its operations in Singapore with renewable energy from January 2016, after reaching a deal with solar power developer Sunseap Group.

7.3.3 Transmissions

To handle the increase in power facilities, Singapore needs to construct additional transmission cables. SP Power (Singapore’s only electricity utility) is working with five parties for the construction of the SGD2bn (USD1.6bn) Transmission Cable Tunnel Project by constructing two underground cable tunnels.

7.3.4 Water

Currently Singapore relies on water imports from Malaysia and with agreements setting to expire in 2061, water projects present significant growth opportunities.

Government plans to diversify its four main sources of water supply (1) local water catchments areas (i.e. reservoirs); (2) imported water from Johor; (3) NEWater, which is the treatment of wastewater through dual-membrane purification processes and desalinated water; and (4) the desalting of seawater through reverse osmosis (RO). Currently Singapore plans on constructing few desalination plants to increase water supply.

8. VALUATION METHODOLOGIES

8.1 Definition of market value

In forming our opinion as to whether or not the Proposed Transaction is fair and reasonable to the RAF shareholders, we have assessed the value of the issued shares of RAF and the GasHub Group on a fair value basis. RG 111 defines fair value as the amount:

"Assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length..."

8.2 Selection of Methodology

RG 111 provides guidance on the valuation methods that an independent expert should consider. These methods include:

- the discounted cash flow method and the estimated realisable value of any surplus assets;
- the application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;
- any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets; and
- the amount that an alternative bidder might be willing to offer if all the securities in the target were available for purchase.

Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly applied in valuing such an asset and the availability of appropriate information.

In determining the fair value of RAF, we have considered the net asset position of the Company and recent share placements. We have determined these to be the most appropriate methodologies as:

- RAF had operating losses over the Review Period, therefore a capitalisation of earnings would not be appropriate.
- RAF's shares have been suspended from trading since April 2016, therefore it is not possible to value the company by reference to the trading price of its shares.
- RAF has recently placed shares with third party investors.

In determining the fair value of GasHub Group, we have applied the application of earnings methodology. We have determined this to be the most appropriate methodology as:

- GasHub Group has an established trading history and is a participant in a defined industry, which allows for a comparison to be made to similar entities to be made.

- GasHub Group is a private company so it is not possible to value the company by reference to the trading price of its shares.
- GasHub Group has not received any recent offers for the acquisition of a part or whole of the business, from which an indication of value can be determined.

As the operations of GasHub Group have limited capital expenditure that relate to the operations of the business, EBITDA has been determined as the appropriate profit level.

9. FAIR VALUE OF RAF ON A CONTROL BASIS PRIOR TO THE PROPOSED TRANSACTION

As discussed in section 4, in evaluating the transaction we have considered the fair value of RAF on a control basis prior to the Proposed Transaction, in accordance with RG 111.

9.1 Net assets method

In determining the fair value of RAF, we have considered the value of RAF's net assets. As discussed in section 5, RAF had net liabilities of $250k. Therefore, we have determined the fair value of RAF under the net assets method to be nil.

The value of a share under the net assets method inherently reflects a controlling interest, therefore no further adjustment is required.

9.2 Recent share placements

As a secondary valuation method, we have considered the value of a share in RAF based on recent share placements. In April 2017, RAF issued 600,000 ordinary shares at $0.20 per share, raising $120,000. Therefore, we have determined the fair value of a share in RAF to be $0.20 per share.

The value of a share based on recent share placements reflect a minority interest. In order to determine the value of a share on a control basis, an adjustment is required to include a control premium. Studies suggest that an appropriate control premium is between 20% and 30%, and we have applied the mid-range of recent studies.

9.3 Conclusion on fair value of a share in RAF on a control basis

In determining the fair value of a controlling interest in RAF prior to the Proposed Transaction by using the methods above, we have concluded that the fair value of a share in RAF on a control basis is as follows:

$/share	Low	Preferred	High
Fair value of a share in RAF	0.00	0.10	0.20
Adjustments:			
Control premium	0%	25%	25%
Fair value of a share in RAF on a control basis	**0.00**	**0.13**	**0.25**

10. FAIR VALUE OF GASHUB GROUP

10.1 Capitalisation multiple

The capitalisation multiple has been determined with reference to identified listed companies and transaction. The mean and median EBITDA multiples are summarised below and details are set out in appendix E and F:

	Comparable companies	Comparable transactions
Mean EBITDA multiple	10.0x	12.1x
Median EBITDA multiple	9.6x	18.9x

Source: S&P Capital IQ as at 21 June 2017

It is difficult to identify companies that are of the exact nature of GasHub Group's business operations, however, the companies identified share similar industry characteristics, and consequently, have been used as the basis for determining the capitalisation multiple.

In order to determine appropriate adjustments to the multiple, consideration has been given to the differences in size, negotiability, EBITDA levels and level of control. Based on the considerations above, we have determined an appropriate capitalisation to be between **4.4x and 4.8x**.

10.2 Conclusion on fair value of GasHub Group

In calculating the fair value of GasHub Group, we have used the EBITDA for 2016 (refer to section 10.1 above), as it provides a view of the most recent trading performance of the Group. The calculation of fair value of GasHub Group is summarised below:

($'000)	Note	Low	Preferred	High
Maintainable EBITDA		1,228	1,228	1,228
Multiple applied		4.2x	4.5x	4.8x
Enterprise value		**5,159**	**5,527**	**5,896**
Net cash/debt	1	(3,124)	(3,124)	(3,124)
Equity value		**2,035**	**2,404**	**2,772**

1. Net debt is taken from the FY2016 aggregated accounts (see section 6) and calculated as follows:

	$000
Cash and cash equivalents	305
Borrowings	(3,686)
Net loans receivable from related parties	257
Net debt	**(3,124)**

Nexia Australia

11. VALUATION OF A MINORITY INTEREST IN RAF AFTER THE PROPOSED TRANSACTION

In determining the value of the Combined Entity we have considered the fair value of RAF and GasHub Group, and the consequences of the Public Offer. Our calculation of a minority interest is as follows:

$	Note	Low	Preferred	High
Fair value of a share in RAF on control basis		0.000	0.125	0.250
Shares on issue in RAF	1	6,583,380	6,583,380	6,583,380
Fair value of RAF prior to the Proposed Transaction on a control basis		**-**	**822,923**	**1,645,845**
Minority discount		25%	25%	25%
Fair value RAF prior to the Proposed Transaction on a minority basis		**-**	**658,338**	**1,316,676**
Fair value of GasHub Group		2,035,114	2,403,588	2,772,063
Funds raised from Public Offer	2	10,000,000	10,000,000	10,000,000
Transaction costs of Public Offer	2	(500,000)	(500,000)	(500,000)
Fair value of the Combined Entity		**11,535,114**	**12,561,926**	**13,588,739**
Shares on issue in RAF	1	206,583,380	206,583,380	206,583,380
Fair value of RAF after the Proposed Transaction on a minority basis		**0.056**	**0.061**	**0.066**

1. Shares on issue in RAF prior to and after the transaction is as follow. This includes the issue of shares under the public offer:

	No. of shares
Shares on issue prior to the Proposed Transaction	6,583,380
Shares issued to GasHub Group shareholders under the Proposed Transaction	150,000,000
Shares issued under the Public Offer	50,000,000
Shares on issue after the Proposed Transaction	**206,583,380**

2. Subject to the approval of shareholders, as part of the Proposed Transaction, RAF will conduct a capital raising to raise $10 million under a Public Offer through the issue of 50 million shares at $0.20 per share. We have assumed capital raising costs of 5%.

12. ASSESSMENT OF FAIRNESS

In determining whether the Proposed Transaction is fair, we have considered the substance of the transaction in accordance with RG111. In considering whether the transaction is fair to the shareholders of RAF, we have compared the fair value of a controlling interest in RAF prior to the Proposed Transaction to the fair value of a minority interest in RAF after the Proposed Transaction. The comparative positions are summarised below:

$/share	Low	Preferred	High
Fair value of RAF share on controlling basis prior to the Proposed Transaction	0.000	0.125	0.250
Fair value of RAF share on minority basis after the Proposed Transaction	0.056	0.059	0.063

The fair value of a RAF share on a minority basis is lower at the preferred and high level. Therefore **we have concluded that the Proposed Transaction is not fair**.

13. ASSESSMENT OF REASONABLENESS

13.1 Approach to assessing Reasonableness

In forming our conclusions in this Report, we have compared the advantages and disadvantages to shareholders if the Proposed Transaction proceeds.

13.2 Advantages of the transaction

We outline below potential advantages of the Proposed Transaction:

Advantage	Explanation
GasHub Group is a profitable business, the acquisition of which will provide opportunities for shareholders to receive future value	RAF currently has no operations, net liabilities and is incurring losses. GasHub Group is a profitable business with further growth potential to be realised. The acquisition of GasHub Group provides RAF shareholders with an interest in a profitable business and therefore the opportunity to receive value for their investment.
The Proposed Transaction will allow RAF to relist on the ASX	RAF is currently suspended from trading and therefore shareholders in RAF have not market through which to trade their shares. Under the Proposed Transaction, RAF will apply for readmission to the ASX. On completion of the listing RAF shareholders will have the potential to trade their shares should they wish to exit providing them with a potential liquidity event.

13.3 Disadvantages of the transaction

We outline following the potential disadvantages of the Proposed Transaction:

Disadvantage	Explanation
Lim Shao-Lin and his associates' voting power in RAF will be 47.7% allowing him to exert influence over the business	If the Proposed Transaction proceeds, Lim Shao-Lin and his associates will have voting power of 47.7% following the Proposed Transaction. This will allow Shao-Lin to exert influence over the business and block any special resolutions where 75% voting power is required. The ability to block transactions and the significant interest may also impact on the ability for shareholders to receive any future control premium for their shares.

13.4 Alternatives to the Proposed Transaction

The Directors have advised us that there are currently no alternatives to the Proposed Transaction.

13.5 Implications of the transaction not proceeding

If the Proposed Transaction is not approved, RAF will continue to evaluate opportunities for assets and business acquisitions to provide a return to shareholders.

13.6 Conclusion as to Reasonableness

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

Based on the above we have concluded that the Proposed Transaction is reasonable.

14. OPINION

Accordingly, in our opinion, the Proposed Transaction is not fair but reasonable to the RAF shareholders.

The ultimate decision on whether to approve the Proposed Transaction should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Notice of Meeting and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

APPENDIX A – GLOSSARY

Term	Definition
Notice of meeting	Document to be sent to shareholders on or about the date of this Report in which this Report is included
AFSL	Australian Financial Services Licence Number 247300
ASIC	Australia Securities and Investment Commission
ASX	Australian Securities Exchange
Combined Entity	RAF and GasHub Group
Company or RAF or Client	Raffles Capital Limited (ACN 009 106 049)
Corporations Act	Corporations Act 2001 (Cth)
Document	Notice of meeting
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY2012	the financial year ended or as at 30 June 2012
FY2013	the financial year ended or as at 30 June 2013
FY2014	the financial year ended or as at 30 June 2014
GasHub Engineering	GasHubIn Engineering Private Limited
GasHub Group	GasHub Engineering and GasHub Technology and its subsidiaries
GasHub Technology	GasHubIn Technology Private Limited
HCL	Hudson Corporate Limited, investment held by RAF
HGL	Hudson Investment Group Limited, investment held by RAF
HRL	Hudson Resources Limited, investment held by RAF
Nexia Entities	NSCA, the Nexia Sydney Partnership and related entities
NSCA	Nexia Sydney Corporate Advisory Pty Ltd
NSFS	Nexia Sydney Financial Solutions Pty Ltd (AFSL 247300)
PMRL	Precious Metal Resources Limited, investment held by RAF
Precitone Technology	Precitone Technology (Beijing) Co. Limited
Proposed Transaction	The issue of 150 million shares in RAF to the shareholders of GasHub Group for the acquisition of 100% of the securities on issue in GasHub Group
Public offer	A capital raising under a full form prospectus to raise $10 million through the issue of 50 million shares in RAF
PEMFC	Proton Exchange Membrane Fuel Cells
RafflesCo	RafflesCo Limited, wholly owned subsidiary of RAF
Raffles Law	Raffles Law Pty Ltd, wholly owned subsidiary of RAF
Report	Independent Expert's Report
RG 111	ASIC Regulatory Guide 111: Content of expert Reports
RG 112	ASIC Regulatory Guide 112: Independence
RG 74	ASIC Regulatory Guide 74: Acquisitions approved by members
Sequoia	Sequoia Capital (HK) Limited, wholly owned subsidiary of RAF
SGCL	Sovereign Gold Company Limited, investment held by RAF
TCL	Tialo Co Limited
VWAP	Volume Weighted Average Price of shares

APPENDIX B - SOURCES OF INFORMATION

- APES 225 – Valuation Services
- ASX announcement dated 24 May 2017
- Australia Securities and Investment Commission's (ASIC) database
- Audited financial statements of GasHub Engineering and GasHub Technology for the years ended 31 December 2014, 2015 and 2016
- Audited financial statements of RAF for the years ended 31 December 2014, 2015 and 2016
- BMI Singapore Infrastructure Report, Q2 2017
- Consolidated financial statements of RAF to April 2017
- Draft Notice of Annual General Meeting and Explanatory Memorandum prepared by RAF
- Guide 74: Acquisitions approved by members
- GasHub Group's forecast model to 2021
- GasHub Group's patent documents and licencing agreement
- Reserve Bank of Australia
- Regulatory Guide 111: Content of expert Reports
- Regulatory Guide 112: Independence of expert's Reports
- S&P Capital IQ

APPENDIX C - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement Nexia Sydney Corporate Advisory Pty Ltd ("NSCA") determined its independence with respect to RAF and GasHub Group with reference to ASIC Regulatory Guide 112: Independence of expert's Reports ("RG 112"). NSCA considers that it meets the requirements of RG 112 and that it is independent of RAF and GasHub Group.

Also, in accordance with s648(2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with RAF or GasHub Group, its related parties or associates that would compromise our impartiality.

Mr Brent Goldman, authorised representative of NSCA, has prepared this Report. Neither he nor any related entities of NSCA have any interest in the promotion of the Proposed Transaction nor will NSCA receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this Report. Our fee is not contingent upon the success or failure of the Proposed Transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, NSCA does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

NSCA provided a draft copy of this Report to the Directors and management of RAF for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of NSCA alone. Changes made to this Report, as a result of the review by the Directors and management of RAF, have not changed the methodology or conclusions reached by NSCA.

Reliance on Information

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report NSCA has relied upon information provided on the basis it was reliable and accurate. NSCA has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. NSCA evaluated the information provided to it by RAF and GasHub Group as well as other parties, through enquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its Report. Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards. NSCA does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix B of this Report.

Qualifications

NSCA carries on business at Level 16, 1 Market Street, Sydney NSW 2000. NSCA is an authorised corporate representative of Nexia Sydney Financial Solutions Pty Ltd, which holds Australian Financial Services Licence No 247300 authorising it to provide financial product advice on securities to retail clients. NSCA's representatives are therefore qualified to provide this Report.

Nexia Australia

Brent Goldman specifically was involved in the preparing and reviewing this Report. Brent Goldman is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Business Valuation Specialist of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Financial Services Institute of Australasia. He has over 15 years of corporate finance experience in both Australia and the UK.

Consent and Disclaimers

The preparation of this Report has been undertaken at the request of the Directors of RAF. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the Report should be used for any other purpose than to accompany the Notice of Meeting to be sent to RAF shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of NSCA's opinion as to whether or not the Proposed Transaction is fair and reasonable to RAF shareholders.

NSCA consent to the issue of this Report in the form and context in which it is included in the Notice of Meeting to be sent to RAF shareholders.

Shareholders should read all documents issued by RAF that consider the issue of options in their entirety, prior to proceeding with a decision. NSCA had no involvement in the preparation of these documents, with the exception of our Report.

This Report has been prepared specifically for the non-associated shareholders of RAF. Neither NSCA, nor any member or employee thereof undertakes responsibility to any person, other than a shareholder of RAF, in respect of this Report, including any errors or omissions howsoever caused. This Report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards.

Our opinions are based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of this Report, our conclusions and opinions may differ from those stated herein. There is no requirement for NSCA to update this Report for information that may become available subsequent to its date.

APPENDIX D - VALUATION METHODOLOGIES

In preparing this Report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- the discounted cash flow method;
- the capitalisation of earnings method;
- asset based methods; and
- analysis of share market trading.

Discounted Cash Flow Method

Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- a forecast of expected future cash flows;
- an appropriate discount rate; and
- an estimate of terminal value.

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under capitalisation of future maintainable earnings below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

Use of the Discounted Cash Flow Method

A discounted cash flow approach is usually preferred when valuing:

- early stage companies or projects;
- limited life assets such as a mine or toll concession;
- companies where significant growth is expected in future cash flows; or
- projects with volatile earnings.

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if reliable forecasts of cash flow are not available and cannot be determined.

Capitalisation of Earnings Method

Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- a level of future maintainable earnings; and
- an appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

Revenue – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

EBITDA - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

EBIT - in most cases EBIT will be more reliable than EBITDA as it takes account of the capital intensity of the business.

NPAT - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT value the whole businesses, or its enterprise value irrespective of the gearing structure. NPAT (or P/E) values the equity of a business

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources.

Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX or the NSX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. In Australia this has been called the comparable transaction methodology.

Use of the Capitalisation of Earnings Method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- there are no suitable listed company or transaction benchmarks for comparison;
- the asset has a limited life;
- future earnings or cash flows are expected to be volatile; or
- there are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets.

Asset Based Methods

Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- orderly realisation;
- liquidation value;
- net assets on a going concern basis;
- replacement cost; and
- reproduction cost.

The orderly realisation of assets method estimates Fair Market Value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame.

Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimate the market values of the net assets of a company but do not take account of realisation costs.

The asset / cost approach is generally used when the value of the business's assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

Use of Asset Based Methods

An asset-based approach is a suitable valuation method when:

- an enterprise is loss making and is not expected to become profitable in the foreseeable future;
- assets are employed profitably but earn less than the cost of capital;
- a significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments); or
- it is relatively easy to enter the industry (for example, small machine shops and retail establishments).

Asset based methods are not appropriate if:

- the ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets; or
- a business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets.

Analysis of Share Trading

The most recent share trading history provides evidence of the Fair Market Value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

APPENDIX E – COMPARABLE COMPANIES

Name	Business Description
Chip Eng Seng Corporation Ltd	Chip Eng Seng Corporation Ltd, an investment holding company, engages in the construction, property development and investment, and hospitality businesses primarily in Singapore, Australia, Malaysia, Vietnam, and Maldives. The company operates through Construction, Property Developments, Property Investments, Hospitality, and Corporate and Others segments. The company constructs public housing projects, modular buildings, condominiums, and executive condominiums, as well as industrial and commercial projects; develops residential, commercial, and industrial properties, as well as manages development projects; and provides real estate management and consultancy services. It also leases investment properties, such as shophouses, and commercial and industrial properties; operates hotels and island resort; engages in treasury functions; and invests in marketable securities. In addition, the company acts as general building contractor; manufactures and trades in precast products; and provides general building engineering services. Chip Eng Seng Corporation Ltd was incorporated in 1998 and is headquartered in Singapore.
Boustead Singapore Limited	Boustead Singapore Limited, an investment holding company, provides infrastructure-related engineering and geo-spatial services. The company's Energy-Related Engineering Division is involved in the design, engineering, and supply of process heater systems, waste heat recovery units, process control systems, and steam generators to the downstream oil and gas, and petrochemical industries, as well as offers water and wastewater treatment plants. Its Real Estate Solutions Division provides design-and-build expertise for industrial facilities, as well as design-build-and-lease arrangements for industrial facilities. The company's Geo-Spatial Technology Division distributes Esri geographic information systems, as well as provides location intelligence solutions. The company operates primarily in the Asia Pacific, Australia, North and South America, the Middle East, and Africa. The company was founded in 1828 and is headquartered in Singapore.
Rotary Engineering Limited	Rotary Engineering Limited operates as an oil and gas infrastructure services company worldwide. The company provides integrated engineering design, procurement, and construction services to the oil and gas, petroleum, petrochemical, and pharmaceutical industries. It operates through Project Services, and Maintenance and Trading segments. The company offers process/chemical, civil and structural, mechanical and equipment, piping, tankage, electrical, instrumentation, automation, and commissioning engineering services; procurement and logistic services; construction services; project management services; fabrication services; and integrated maintenance services. It also operates as an electrical and engineering contractor and supplier; mechanical piping and related works contractor; engineering and scaffolding works contractor; insurance broker; and electrical and engineering materials, medical products and equipment, construction materials and equipment, and oil and gas products trader. In addition, it offers electrical and switchgear testing, ship leasing and cargo vessel operation, vessel chartering, installation and repair, marine transportation, and trading agency services; and imports, exports, and distributes ex-proof lightings and equipment, cables and cable support system, heat tracing materials, valves, piping and fittings, and other related products. Further, the company is involved in the manufacture and sale of electrical distribution and control apparatus, lighting equipment, machinery, and industrial equipment; and recruitment, training, and deployment of engineers to projects. Rotary Engineering Limited was founded in 1972 and is headquartered in Singapore.

Name	Business Description
Ley Choon Group Holdings Limited	Ley Choon Group Holdings Limited, an investment holding company, provides underground utilities infrastructure construction and road works services in Singapore, Brunei, China, and Sri Lanka. It operates through two segments, Pipes and Roads, and Construction Materials. The Pipes and Roads segment constructs and maintains underground utilities infrastructure, including water pipes, NEWater pipes, high-pressure gas pipes, high-voltage power cables, and fibre optic cables, as well as roads, airfield taxiways, and aprons; and offers sewer pipeline rehabilitation services. The Construction Materials segment is involved in the manufacture of asphalt premix, a raw material for the construction and maintenance of roads, airfields, and road resurfacing; and recycling of construction waste. The company also offers building cleaning and maintenance services, as well as dry mortar concrete, concrete blocks, and sands. It serves Singapore government agencies and various companies. The company was founded in 1990 and is headquartered in Singapore. Ley Choon Group Holdings Limited is a subsidiary of Zheng Choon Holding Pte Ltd.
TEE International Limited	TEE International Limited, together with its subsidiaries, engages in integrated engineering, real estate, and infrastructure businesses. The company's Engineering segment provides mechanical and electrical engineering services relating to large-scale and complex engineering, and infrastructure-related projects in the areas of plumbing and sanitary, fire protection, extra low voltage, integrated building management system, and plants and processes, as well as electrical, air conditioning, and mechanical ventilation. This segment is also involved in constructing commercial, industrial, and institutional buildings; converting existing buildings and facilities for new uses; offering turnkey approaches to the construction of infrastructure; and system development activities, including system definition, system deployment, and system development. Its Real Estate segment develops and sells residential properties; invests in hotels and properties; and provides rental accommodation services. The company's Infrastructure segment offers infrastructure solutions in the areas of water and energy related projects. The company has operations in Singapore, Thailand, Malaysia, Hong Kong, Australia, Brunei, New Zealand, Cambodia, the Philippines, China, and Macao. TEE International Limited was founded in 1980 and is based in Singapore.
King Wan Corporation Limited	King Wan Corporation Limited operates as an integrated building services company for the building and construction industry in Singapore. Its Plumbing and Sanitary segment offers plumbing and sanitary services, including the design and installation of water distribution systems, and pipe network for sewage and waste water drainage. The company's Electrical segment provides electrical engineering services, such as the design and installation of electricity distribution systems, fire protection, alarm systems, and communications and security systems, as well as air conditioning and mechanical ventilation systems. Its Toilet Rental segment is involved in the ownership, operation, and rental of mobile lavatories and other facilities. The company also develops, markets, and sells residential and commercial properties; offers vessel ownership and chartering services; and operates workers' dormitories. King Wan Corporation Limited was founded in 1977 and is based in Singapore.
Sanli Environmental Limited	Sanli Environmental Limited, an environmental engineering company, operates in the water and waste management field primarily in Singapore. The company operates through two segments, Engineering, Procurement and Construction; and Operations and Maintenance. The Engineering, Procurement and Construction segment provides engineering, procurement, and construction services, such as process upgrading of existing water treatment plants, upgrading of pumping station capacities, replacement of aged mechanical and electrical equipment, and design and building various treatment process systems. It offers engineering solutions and services for the treatment of raw water before it is channelled to residences, businesses, and industries; used water released from residences, businesses, and industries; and refuse in incineration plants. The Operations and Maintenance segment provides operations and maintenance services for the equipment used in water and waste management infrastructure. The company was incorporated in 2017 and is based in Singapore.

Listed company comparables Name	Multiples Revenue	EBITDA	EBIT
Chip Eng Seng Corporation Ltd	1.6x	14.1x	15.3x
Boustead Singapore Limited	0.9x	6.8x	8.3x
Rotary Engineering Limited	0.7x	10.8x	34.9x
Ley Choon Group Holdings Limited	1.0x	8.7x	32.0x
Sanli Environmental Limited	1.2x	9.6x	10.2x
Mean	**1.1x**	**10.0x**	**20.2x**
Median	**1.0x**	**9.6x**	**15.3x**

APPENDIX F – COMPARABLE TRANSACTIONS

Name	Business Description
Super Strong Holdings Limited	Super Strong Holdings Limited, an investment holding company, provides property construction services in Hong Kong. The company undertakes general and specialized building works, including the construction works for residential, commercial, and industrial buildings, as well as for general superstructure erection works; the erection of architectural superstructures; renovation, fitting out, alteration, and addition works; and demolition, site formation, and foundation works, as well as electrical and mechanical engineering works. Super Strong Holdings Limited was incorporated in 2015 and is headquartered in Kowloon, Hong Kong.
Kwan On Holdings Limited	Kwan On Holdings Limited, an investment holding company, engages in the construction and maintenance works on civil engineering contracts in Hong Kong. It undertakes works related to buildings, waterworks, site formation, roads, and drainage, as well as landslip preventive and mitigation works to slopes and retaining walls services. The company is also involved in the provision of contracting work on civil plumbing, fire protection, insulation, concrete repair, and related activities; construction site workmen services; and trading of diesel. Kwan On Holdings Limited was founded in 1975 and is headquartered in Sheung Wan, Hong Kong.
Asia Allied Infrastructure Holdings Limited	Asia Allied Infrastructure Holdings Limited, an investment holding company, engages in the civil engineering, electrical and mechanical engineering, and foundation and building construction work businesses in Hong Kong and internationally. The company operates in three segments: Construction Work; Property Development and Investment; and Professional Services. It engages in the construction of various buildings, highways and streets, railway works, waterworks, sewerage works, and underground works; and specialized contractor activities in maintenance and minor works projects, as well as undertakes fitting out works for various types of buildings. The company is also involved in the development, investment, sale, lease, and management of properties; and provision of security, cleaning, and other property management related services. In addition, it provides interior design and decoration services; and consultancy services. The company was formerly known as China City Construction Group Holdings Limited and changed its name to Asia Allied Infrastructure Holdings Limited on October 20, 2016. Asia Allied Infrastructure Holdings Limited was founded in 1968 and is headquartered in Cheung Sha Wan, Hong Kong.
New Concepts Holdings Limited	New Concepts Holdings Limited, an investment holding company, operates in the construction industry in Hong Kong. The company operates through four segments: Foundation Works, Civil Engineering Construction, General Building Works, and Environmental Protection. Its foundation works include bored piling, driven H-piling, socketed H-piling, mini-piles, footing foundation, and pile cap works; and civil engineering works primarily comprise site formation, and roads and drainage works, as well as landslip preventive and remedial works to slopes and retaining walls. The company also operates as a contractor for building projects, as well as sub-contractor in projects of alterations and additions, renovation, and fitting-out for existing buildings. In addition, it sells construction materials; designs, develops, manufactures, and sells environmental protection facilities; and provides technology and consultancy services. The company was founded in 1996 and is headquartered in Central, Hong Kong.

Nexia Australia

Name	Business Description
Camus Engineering & Construction Inc.	Camus Engineering & Construction Inc. engages in the construction business in South Korea. The company constructs office buildings, housing and building projects, and civil engineering projects. It also manufactures and sells precast concrete. The company was formerly known as Samwhan Camus Co., Ltd. and changed its name to Camus Engineering & Construction Inc. in December 2015. The company was founded in 1978 and is headquartered in Seoul, South Korea. As of December 18, 2015, Camus Engineering & Construction Inc. operates as a subsidiary of Basehd Co. Ltd.
Asia Allied Infrastructure Holdings Limited	Asia Allied Infrastructure Holdings Limited, an investment holding company, engages in the civil engineering, electrical and mechanical engineering, and foundation and building construction work businesses in Hong Kong and internationally. The company operates in three segments: Construction Work; Property Development and Investment; and Professional Services. It engages in the construction of various buildings, highways and streets, railway works, waterworks, sewerage works, and underground works; and specialized contractor activities in maintenance and minor works projects, as well as undertakes fitting out works for various types of buildings. The company is also involved in the development, investment, sale, lease, and management of properties; and provision of security, cleaning, and other property management related services. In addition, it provides interior design and decoration services; and consultancy services. The company was formerly known as China City Construction Group Holdings Limited and changed its name to Asia Allied Infrastructure Holdings Limited on October 20, 2016. Asia Allied Infrastructure Holdings Limited was founded in 1968 and is headquartered in Cheung Sha Wan, Hong Kong.

Comparable transactions					Multiples	
Date	% acquired	Buyer	Target	Revenue	EBITDA	EBIT
20/02/2017	12.5	NA	Super Strong Holdings Limited	0.3x	10.6x	10.7x
16/10/2015	29	NA	New Concepts Holdings Limited	1.0x	9.8x	12.3x
18/12/2015	14.89	Basehd Co. Ltd.	Samwhan Camus Co., Ltd. (nka:Camus Engineering & Construction Inc.)	0.6x	15.8x	17.3x
Mean				**0.6x**	**12.1x**	**13.4x**
Median				**0.6x**	**10.6x**	**12.3x**

ANNEXURE B

Financial Report of GasHub Group Companies

GASHUBIN ENGINEERING PRIVATE LIMITED

Incorporated in the Republic of Singapore
Company Registration No. 200514507H

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016

Lee & Jonathan PAC
Public Accountants and
Chartered Accountants

CONTENT

The director is pleased to present the statement to the member together with the audited financial statements of Gashubin Engineering Private Limited (the "Company") for the financial year ended 31 December 2016.

1. Opinion of the director

In the opinion of the director,

a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and

b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Director

The director of the Company in office at the date of this statement is:

Lim Shao-Lin

3. Arrangements to enable director to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

4. Director's interests in shares or debentures

According to the register of director's shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the director of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company and its related corporations except as detailed below:

	Number of ordinary shares held in the name of director	
	1 January 2016	**31 December 2016**
Lim Shao-Lin	630,000	630,000

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 under options in the Company as at the end of the financial year.

6. Auditor

Lee & Jonathan PAC has expressed their willingness to accept re-appointment as auditor.

By the Sole Director

LIM SHAO-LIN
Director

Singapore, 26 APR 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GASHUBIN ENGINEERING PRIVATE LIMITED

Opinion

We have audited the accompanying financial statements of Gashubin Engineering Private Limited (the "Company"), which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Director's Statement.

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

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

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

L + J PAC

LEE & JONATHAN PAC
Public Accountants and
Chartered Accountants

Singapore, 26 APR 2017

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AZ@Paya Lebar Singapore 409015
Tel: 6298 3059 Fax: 6291 9389

GASHUBIN ENGINEERING PRIVATE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 $	2015 $
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,300,615	1,358,160
Trade and other receivables	6	1,200,367	674,954
		2,500,982	2,033,114
Current assets			
Due from customers for contract work-in-progress	5	3,879,697	2,652,536
Trade and other receivables	6	4,359,400	3,332,578
Cash and cash equivalents	7	222,645	710,016
		8,461,742	6,695,130
Total assets		10,962,724	8,728,244
EQUITY AND LIABILITIES			
Equity			
Share capital	8	630,000	630,000
Retained earnings		4,179,029	3,397,668
Equity attributable to owners of the company		4,809,029	4,027,668
Non-current liabilities			
Borrowings	9	1,273,125	1,110,152
Deferred tax liabilities	10	53,332	53,332
		1,326,457	1,163,484
Current liabilities			
Due to customers for contract work-in-progress	5	758,067	625,568
Trade and other payables	11	3,099,955	2,128,030
Borrowings	9	535,453	393,320
Provision for taxation		433,763	390,174
		4,827,238	3,537,092
Total equity and liabilities		10,962,724	8,728,244

The accompanying notes form an integral part of these financial statements.

GASHUBIN ENGINEERING PRIVATE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Revenue	12	9,854,713	10,218,372
Cost of sales		(7,062,329)	(6,710,579)
Gross profit		2,792,384	3,507,793
Other operating income	13	197,478	141,571
Expenses:			
Distribution and marketing expenses		(65,257)	(48,309)
Administrative expenses		(1,954,360)	(1,642,244)
Finance costs	15	(94,276)	(67,398)
Other operating expenses		(55,993)	(33,007)
		(2,169,886)	(1,790,958)
Profit before tax	14	819,976	1,858,406
Income tax expense	16	(38,615)	(235,383)
Profit for the financial year, representing total comprehensive income for the year		781,361	1,623,023

The accompanying notes form an integral part of these financial statements.

GASHUBIN ENGINEERING PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital $	Retained earnings $	Total $
At 1 January 2015		300,000	1,774,645	2,074,645
Profit for the financial year, representing total comprehensive income		-	1,623,023	1,623,023
Issue of shares during the financial year		330,000	-	330,000
At 31 December 2015		630,000	3,397,668	4,027,668
At 1 January 2016		630,000	3,397,668	4,027,668
Profit for the financial year, representing total comprehensive income		-	781,361	781,361
At 31 December 2016		630,000	4,179,029	4,809,029

The accompanying notes form an integral part of these financial statements.

GASHUBIN ENGINEERING PRIVATE LIMITED

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Cash flows from operating activities		
Profit before tax	819,976	1,858,406
Adjustments for:		
Depreciation of property, plant and equipment	245,479	257,448
Finance costs	94,276	67,398
Gain on disposal	(562)	-
Operating profit before working capital changes	1,159,169	2,183,252
Due from/to customers for contract work-in-progress	(1,094,662)	(692,809)
Trade and other receivables	(1,552,235)	(1,725,516)
Trade and other payables	971,925	830,818
Cash (used in)/generated from operations	(515,803)	595,745
Interest expenses paid	(94,276)	(67,398)
Income tax refund / (paid)	4,974	(35,911)
Net cash (used in) / generated from operating activities	(605,105)	492,436
Cash flows from investing activities		
Purchase of plant and equipment	(198,940)	(18,352)
Proceeds from disposal of plant and equipment	11,568	-
Net cash used in investing activities	(187,372)	(18,352)
Cash flows from financing activities		
Proceeds from borrowings	1,545,146	133,380
Repayment of borrowings	(1,240,040)	(332,629)
Net cash generated from / (used in) financing activities	305,106	(199,249)
Net (decrease) / increase in cash and cash equivalents	(487,371)	274,835
Cash and cash equivalents at the beginning of the financial year	710,016	435,181
Cash and cash equivalents at the end of the financial year	222,645	710,016

Significant non-cash transaction:

In 2015, there was an issuance of additional share capital to Mr. Lim Shao-Lin in the amount of $330,000. The issuance was made through the settlement of the director's loan account by the same amount.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

Gashubin Engineering Private Limited (the "Company") is incorporated and domiciled in Singapore with its registered office and its principal place of business at 8 New Industrial Road #06-02 LHK 3 Singapore 536200.

The principal activities of the Company are those of water and gas pipeline and sewer construction and engineering services.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($), which is the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

The following standards that have been issued but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
FRS 115: Revenue from Contracts with Customers	1 Jan 2018
Amendment to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	date to be determined
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116 Leases	1 Jan 2019
Amendments to FRS 102: Classification and Measurement of Share-Based Payment Transactions	1 Jan 2018

Except for FRS 115, the director expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 is described below:

FRS 115 *Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)*

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the Company's financial statements and at this stage, the Company is not able to estimate the impact of the new rules on the Company's financial statements. The Company will make more detailed assessment of the impact over the next twelve months.

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured 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 property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Leasehold land and building	46
Motor vehicles	5
Plant and machinery	5
Office equipment, fittings, and computers	3-5
Renovation	5

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 useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate. During the year, the estimated useful life of the leasehold land and building was changed from 20 to 46 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised

2.7 Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, gross amount due from customers for contract work-in-progress and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables and bank borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.8 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 Impairment of financial assets (Continued)

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Cash and cash equivalents

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

2.10 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.11 Borrowing costs

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

2.12 Employee benefits

a) Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Summary of significant accounting policies (Continued)

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

b) Rendering of services

Revenue from rendering of services and handling fees is recognised when the services have been performed and rendered.

c) Construction contract

Revenue from construction contracts is recognised as disclosed in Note 2.15 "Construction contract".

2.14 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. Summary of significant accounting policies (Continued)

2.14 Taxes (Continued)

b) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.15 Construction contract

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured either by reference to the professional or customer's certification of value of work done to date or by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

Where the stage of completion is measured by reference to the professional or customer's certification of value of work done to date, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "due from customers on construction contracts" within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "due to customers on construction contracts" within "current liabilities".

2. Summary of significant accounting policies (Continued)

2.15 Construction contract (Continued)

Where the stage of completion is measured by reference to the proportion of contract costs incurred to date compared to the estimated total costs for the contract, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "accrued billings on construction contracts" within "trade receivables".

Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "advance billings on construction contracts" within "trade payables."

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received and retentions withheld from subcontractors are included within "trade payables"

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "current liabilities".

Progress billings not yet paid by customers are included within "trade receivables". Advances received are included within "trade payables".

2.16 Leases

Operating leases as lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.17 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (Continued)

2.18 Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the group and Company if that person:

- Has control or joint control over the Company;

- Has significant influence over the Company; or

- Is a member of the key management personnel of Company or of a parent company.

b) An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a company of which the other entity is a member).

- Both entities are joint ventures of the same third party.

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

- The entity is controlled or jointly controlled by a person identified in (a);

- 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).

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

3. Significant accounting estimates and judgments (Continued)

3.2 Construction contracts

The Company recognises contract revenue and contract costs using the percentage-of-completion method. The stage of completion is measured by reference to the professional's certification of value of work done to-date or by reference to the proportion of contract costs incurred to date. Please refer to Note 2.15 "Construction contract" for the Company's accounting policy on construction contract work-in-progress.

Significant assumptions are required to estimate the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation of the variation works that are recoverable from customers. In making these estimates, management has relied on past experience and the work of specialists. If the remaining estimated contract costs increase/decrease by 10% (2015: 10%) from management estimates, the Company's profit before income tax will decrease/increase by approximately $312,163 (2015: $202,696 as restated).

3.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's property, plant and equipment as at 31 December 2016 was $1,300,615 (2015: $1,358,160).

b) Impairment of loans and receivables

The impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 December 2016 were $5,599,767 (2015: $4,007,532).

c) Income taxes

Significant judgements are involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made. The carrying amount of the Company's current income tax payable as at 31 December 2016 was $433,763 (2015: $390,174 as restated).

4. Property, plant and equipment

	Leasehold land and building	Motor vehicles	Plant and machinery	Office equipment, fittings and computers	Renovation	Total
	$	$	$	$	$	$
Cost						
At 1 January 2015	1,050,000	717,145	177,674	103,189	17,218	2,065,226
Additions	-	-	5,600	12,752	-	18,352
At 31 December 2015	1,050,000	717,145	183,274	115,941	17,218	2,083,578
Additions	-	125,625	65,588	7,727	-	198,940
Disposals	-	(59,400)	-	-	-	(59,400)
At 31 December 2016	1,050,000	783,370	248,862	123,668	17,218	2,223,118
Accumulated depreciation						
At 1 January 2015	100,625	263,491	51,993	47,850	4,011	467,970
Charges for the financial year	52,500	142,206	36,108	23,190	3,444	257,448
At 31 December 2015	153,125	405,697	88,101	71,040	7,455	725,418
Charges for the financial year	20,858	157,803	42,924	20,451	3,443	245,479
Disposals	-	(48,394)	-	-	-	(48,394)
At 31 December 2016	173,983	515,106	131,025	91,491	10,898	922,503
Net book value						
At 31 December 2015	896,875	311,448	95,173	44,901	9,763	1,358,160
At 31 December 2016	876,017	268,264	117,837	32,177	6,320	1,300,615

The carrying amounts of motor vehicles held under finance leases are $244,964 (2015: $305,133) at the reporting date (Note 9).

The land and building held by the Company as at 31 December 2016 is as follows:

Description and location	Existing use
10 Admiralty Street #02-65 Singapore 757695	Operations and office

The above property with net book value of $876,017 (2015: $896,875) is mortgaged to secure the bank borrowings (Note 9).

Depreciation expense classification:

	2016	2015
	$	$
Distribution and marketing expenses	42,924	36,108
Administrative expenses	202,555	221,340
	245,479	257,448

4. Property, plant and equipment (Continued)

Change in estimate

During the year ended 31 December 2016, the Company conducted a review of its leasehold land and building, which resulted in changes in the expected usage of the leasehold land and building. These leasehold land and building, which management previously expected to be in use for a period of 20 years from the date of purchase, are now expected to be in use for a period of 46 years from the date of purchase. As a result, the estimated useful lives of such plant and machinery have been revised from 20 years to 46 years. The director is of the view that the revised useful lives better reflect the estimated period of usage of the leasehold land and building by the Company.

The change has been applied prospectively, and comparatives have not been restated. The effect of this change on depreciation expense, recognised in cost of sales in current financial year is as follows:

	2016
	$
Decrease in depreciation expense	(31,642)

Management is of the view that it is impracticable to estimate the amount of the effect of the change in useful lives in the future periods.

5. Due from/(to) customers for contract work-in-progress

	2016	2015
	$	$
Cost incurred and attributable profits	28,716,588	17,883,423
Less: progress billings received/receivable	(25,594,958)	(15,856,455)
	3,121,630	2,026,968
Represented by:		
Gross amount due from customers for contract work-in-progress	3,879,697	2,652,536
Gross amount due to customers for contract work-in-progress	(758,067)	(625,568)
	3,121,630	2,026,968

6. Trade and other receivables

	2016	2015
	$	$
Non-current		
Retention money receivable - third parties	1,200,367	674,954
	1,200,367	674,954
Current		
Trade receivables - related parties	633,182	588,322
Trade receivables - third parties	462,730	227,268
	1,095,912	815,590
Retention money receivable - related parties	81,911	80,968
Retention money receivable - third parties	971,108	1,059,973
Accrued revenue - related parties	1,324,114	971,799
Accrued revenue - third party	221,945	-
	3,694,990	2,928,330
Less: allowance for doubtful accounts	(8,656)	(8,656)
	3,686,334	2,919,674
Other receivables:		
Deposit	127,590	125,420
Other receivables - third parties	51,890	-
Prepayments	14,098	4,047
Staff loan	25,579	19,529
Amount due from related parties	453,909	263,908
	673,066	412,904
Total current	4,359,400	3,332,578
Total trade and other receivables	5,599,767	4,007,532

The trade receivables – third parties are non-interest bearing and are generally on 30 to 90 days' term.

The non-current trade receivables from third parties and related parties are presented at amortised cost and computed based on cash flows discounted at market borrowing rates. The market borrowing rates used is 4.70% (2015: 4.48%)

The amounts due from related parties, both trade and non-trade, are unsecured, non-trade in nature, interest-free and repayable on demand. However, it is the intention of both parties that the amount will not be repayable within the foreseeable future.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The carrying amounts of trade and other receivables approximate their fair values.

All trade and other receivables are denominated in Singapore dollar.

6. Trade and other receivables (Continued)

Receivables that are past due but not impaired

The Company had trade receivables amounting to $825,815 (2015: $572,510) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2016	2015
	$	$
Trade receivables past due but not impaired:		
Not past due	270,097	243,080
1-30 days	86,553	66,692
31-60 days	29,492	18,175
Over 60 days	709,770	487,643
	1,095,912	815,590

	2016	2015
	$	$
Movement in allowance account:		
At 1 January	8,656	17,313
Reversal of allowance	-	(8,657)
At 31 December	8,656	8,656

7. Cash and cash equivalents

	2016	2015
	$	$
Cash at banks	222,645	710,016
Total cash and cash equivalents	222,645	710,016

The carrying amounts of the cash and cash equivalents approximate their fair values.

Cash and cash equivalents are denominated in Singapore dollar.

8. Share capital

	2016		2015	
	No of Shares	$	No of Shares	$
Issued and fully paid:				
At 1 January	630,000	630,000	300,000	300,000
Issuance of shares	-	-	330,000	330,000
At 31 December	630,000	630,000	630,000	630,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

9. Borrowings

	2016	2015
	$	$
Non-current		
Finance leases	363,633	350,796
Term loan	909,492	759,356
	1,273,125	1,110,152
Current		
Finance leases	81,592	86,523
Term loan	453,861	306,797
	535,453	393,320
Total borrowings	1,808,578	1,503,472

Term loans consist of the following:

(i) $656,010 (2015: $700,547) refer to property term loan repayable at bank's prevailing interest rate minus rates ranging from 3.00% to 3.97% p.a. (2015: 3.00% to 3.65% p.a.) on daily rests basis for a tenure of 180 months. The loan is secured by a legal mortgage over the Company's property located at 10 Admiralty Street #02-65 Northlink Building Singapore 757695 and a personal guarantee from the director.

(ii) $22,222 (2015: $88,889) term loan repayable at fixed interest rate of 4.00% p.a. (2015: 4.00% p.a.) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(iii) $13,350 (2015: $45,564) working loan facility repayable at fixed interest rate of 5.50% p.a. (2015: 5.50% p.a.) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(iv) $6,094 (2015: $40,547) working loan facility repayable at fixed interest rate of 8.00% p.a. (2015: 8.00% p.a.) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(v) $21,156 (2015: $60,443) term loan repayable at bank's prevailing rate plus 2.00% p.a. ranging from 8.00% to 10.00% (2015: 8.00% to 10.00%) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(vi) $89,519 (2015: 130,163) term loan repayable at bank's prevailing rate plus 1.50% p.a. ranging from 8.00% to 10.00% (2015: 8.00% to 10.00%) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(vii) $174,162 (2015: nil) term loan repayable at flat rate of 4.75% p.a. (2015: Nil) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(viii) $164,976 (2015: nil) term loan repayable at flat rate of 5.145% p.a. (2015: Nil) for a tenure of 35 months. This loan is secured by a personal guarantee from the director.

(ix) $215,864 (2015: nil) term loan repayable at flat rate of 8% p.a. (2015: Nil) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

9. Borrowings (Continued)

Finance lease obligations:

	Minimum lease payments		Present value of minimum lease payment	
	2016	2015	2016	2015
	$	$	$	$
Minimum obligations due:				
Within one year	102,676	107,434	81,592	86,523
After one year but not more than five years	387,370	398,186	324,421	345,173
After five years	41,070	16,296	39,212	5,623
Total minimum lease payments	531,116	521,916	445,225	437,319
Less: Amounts representing finance charges	(85,891)	(101,527)	-	
Present value of finance lease liabilities	445,225	420,389	445,225	437,319

Finance lease financing bears effective interest rates ranging from 3.50% to 6.50% (2015: 3.50% to 6.50%) per annum.

Finance lease liabilities of the Company are effectively secured over the leased motor vehicles (Note 4), as the legal title is retained by the lessor and will be transferred to the Company upon full settlement of the finance lease liabilities. The director of the Company also issued a letter of guarantee in favour of the lessor.

10. Deferred tax liabilities

Movements in deferred tax assets/(liabilities) during the financial year were as follows:

	At 1 January 2015	Recognised in profit or loss	At 31 December 2015	Recognised in profit or loss (Note 15)	At 31 December 2016
	$	$	$	$	$
Deferred tax assets / (liabilities)					
Differences in depreciation for tax purposes	53,332	-	53,332	-	53,332
	53,332	-	53,332	-	53,332

11. Trade and other payables

	2016	2015
	$	$
Trade payables - related parties	1,911,170	1,093,642
Trade payables - third parties	792,735	479,091
GST payables	66,754	99,772
	2,770,659	1,672,505
Other payables:		
Accruals	243,740	359,231
Amount owing to director	37,532	49,644
Other creditors	48,024	46,650
	329,296	455,525
Total trade and other payables	3,099,955	2,128,030

These amounts are non-interest bearing. Trade payables are normally settled on 30-120 days' terms.

The amounts owing to director and the related parties are current, unsecured, non-interest bearing and repayable on demand. However, it is the intention of both parties that the amount will not be repayable within the foreseeable future.

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

All trade and other payables are denominated in Singapore dollar.

12. Revenue

	2016	2015
	$	$
Sales-contract and progress billing	8,989,074	9,844,473
Sales-supply and service	310,703	115,677
Supply of labour	25,380	118,026
Sales-term contract	529,416	-
Sales of goods	140	140,196
	9,854,713	10,218,372

13. Other operating income

	2016	2015
	$	$
Bad debts recover	-	8,656
Insurance claims	17,535	-
Gain or loss on disposal	562	4,000
Government grants	105,350	48,575
Interest income	24	-
Services and supply	-	4,140
Office rental	24,000	24,000
Other income	43,952	-
Vehicle rental	-	12,600
Worker dormitory	6,055	39,600
Total other income	197,478	141,571

14. Profit before taxation

	2016	2015
	$	$
Profit before tax has been arrived at after charging/(crediting):		
Employee benefits expense:		
Director Central Provident Fund	12,240	11,560
Director remuneration	96,000	104,000
Staff salaries and other costs	504,887	486,670
Central Provident Fund contributions	62,689	47,289
	675,816	649,519
Other operating expenses include:		
Depreciation of property, plant and equipment	245,479	257,448
Office and vehicle rental	113,700	87,950
Transportation and travel	103,417	87,136
Service charges and subscription fee	172,410	95,952
Upkeep of motor vehicle	119,749	79,412

15. Finance costs

	2016	2015
	$	$
Loan interest	18,320	16,930
Interest expense on finance lease obligations	75,956	50,468
	94,276	67,398

16. Income tax expense

The major components of income tax expense recognised in profit or loss for the financial years ended 31 December 2016 and 2015 were:

	2016	2015
	$	$
Current income tax		
- Current tax	38,615	235,383

<u>Relationship between tax expense and accounting profit</u>

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2016 and 2015 were as follows:

	2016	2015
	$	$
Profit before income tax	819,976	1,858,406
Income tax using the statutory tax rate of 17% (2015: 17%)	139,396	315,929
Tax effects of:		
Income not subject to tax	(5,603)	(3,396)
Non-deductible expenses	62,473	56,936
Enhanced deductions	(83,371)	(71,040)
Utilisation of current year capital allowances	(23,355)	(17,121)
Statutory exempted amount	(25,925)	(25,925)
CIT rebate	(25,000)	(20,000)
Income tax expense recognised in profit or loss	38,615	235,383

The Singapore Government has announced that for Years of Assessment ("YA") 2016 and 2017, all companies will receive a 50% Corporate Income Tax ("CIT") rebate that is subject to a cap of $25,000 per YA (YA 2013 to YA 2015: cap of $30,000 per YA).

17. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2016	2015
	$	$
Compensation of key management personnel		
- Director's remuneration	96,000	104,000
- Director's Central Provident Fund Contributions	12,240	11,560

17. Significant related party transactions (Continued)

Sale and purchase of goods and services

	2016	2015
	$	$
Transactions with related parties		
- Sales - contract and progress billing	-	955,626
- Supply of labour	25,380	118,026
- Sales of goods	32,021	140,196
- Purchases / subcontractor charges	1,255,305	915,386
- Other income	37,380	76,199
- Other expenses	17,700	-

18. Financial risk management

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The director reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company 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 Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

<u>Excessive risk concentration</u>

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

18. Financial risk management (Continued)

Credit risk (Continued)

Exposure to credit risk

The Company has no significant concentration of credit risk other than those balances with related companies comprising 55% (2015: 45%) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables and gross amount due from customers for contract work-in-progress that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 6.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The director is satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year	Within 2 to 5 years	After five years
	$	$	$	$	
At 31 December 2016					
Trade and other payables	3,099,955	(3,099,955)	(3,099,955)	-	-
Term loans	1,363,353	(1,363,353)	(453,861)	(519,041)	(390,451)
Finance lease obligations	445,225	(531,116)	(102,676)	(387,370)	(41,070)
	4,908,533	(4,994,424)	(3,656,492)	(906,411)	(431,521)
At 31 December 2015					
Trade and other payables	2,128,030	(2,128,030)	(2,128,030)	-	-
Term loans	1,066,153	(1,066,153)	(306,797)	(377,347)	(382,009)
Finance lease obligations	437,319	(521,916)	(107,434)	(398,186)	(16,296)
	3,631,502	(3,716,099)	(2,542,261)	(775,533)	(398,305)

18. Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Company does not expect any significant effect on the Company'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.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	Profit after tax	
	2016	2015
Fixed rate instruments	$	$
Financial liabilities	1,041,893	612,320
Variable rate instruments		
Financial liabilities	766,685	891,152

At the reporting date, if the interest rates had been 100 (2015: 100) basis points higher/lower with all other variables held constant, the Company's profit before tax would have been $7,667 (2015: $8,911) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

As at reporting date, the Company is not exposed to significant foreign currency risk.

19. Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

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

19. Fair values (Continued)

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances) approximate their fair values as they are subject to normal trade credit terms.

Gross amounts due from / (to) customers for contract work-in-progress

The carrying amounts of these gross amounts due from customers for contract work-in-progress approximate their fair values as they are subject to normal trade credit terms.

Borrowings

The carrying amounts of borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

20. Fair value hierarchy

As at the reporting date, there are no financial instruments carried at fair value by valuation method.

21. Operating lease commitment

The Company leases office and workers' accommodation under non-cancellable operating lease agreements. This leases have varying terms, escalation clauses and renewal rights.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2016	2015
	$	$
Within 1 year	284,400	284,400
	284,400	284,400

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2016 amounted to $ $565,081 (2015: $ 574,461) for the accommodation and office rental.

22. Financial instruments by category

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

	2016	2015
	$	$
Loans and receivables		
Due from customers for contract work-in-progress	3,879,697	2,652,536
Trade and other receivables (excluding prepayments)	5,585,669	4,003,485
Cash and cash equivalents	222,645	710,016
Total loans and receivables	9,688,011	7,366,037
Financial liabilities measured at amortised cost		
Gross amount due to customers for contract work-in-progress	758,067	625,568
Trade and other payables	3,099,955	2,128,030
Borrowings	1,808,578	1,503,472
Total financial liabilities measured at amortised cost	5,666,600	4,257,070
Total net undiscounted financial assets	4,021,411	3,108,967

23. Capital management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2016 and 31 December 2015.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2015.

24. Comparative information

In 2015, the Company had erroneously classified certain revenue as net of cost of sales. The comparative amounts have been recalculated and restated to rectify this error. As a result, $692,809 was reclassified from 'cost of sales' to 'revenue'.

In 2016, the Company modified the classification of the worker dormitory expenses to reflect more appropriately the way in which economic benefits are derived. Comparative amounts in the statement of profit or loss and other comprehensive income were restated for consistency. As a result, $488,461 recorded in 2015 was reclassified from 'administrative and other expenses' to 'cost of sales'.

Since the amounts are reclassifications within operating activities in the statement of profit or loss and other comprehensive income, these reclassifications did not have any effect on the statements of financial position and cash flows.

25. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Sole Director of the Company on the date of Director's Statement.

GASHUBIN ENGINEERING PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Sales-contract and progress billing	8,989,074	9,844,473
Sales-supply and service	310,703	115,677
Sales-term contract	529,416	-
Sold of goods	140	140,196
Supply labour	25,380	118,026
	9,854,713	10,218,372
Less: Cost of sales		
Carriage inwards	3,138	8,246
Construction staff salaries	585,410	454,922
Foreign worker levy	1,372,782	1,305,456
Hiring of machinery	140,184	123,901
Purchases	2,281,007	2,235,406
Subcontractor expenses	949,205	883,183
Workers' dormitory	451,381	488,461
Workers' wages	1,279,222	1,211,004
	7,062,329	6,710,579
Gross profit	2,792,384	3,507,793
Add: Other income		
Bad debts recovered	-	8,656
Car rental	-	12,600
Gain on disposal	562	4,000
Government grants	105,350	48,575
Insurance claims	17,535	-
Interest income	24	-
Office rental	24,000	24,000
Other income	43,952	-
Services and supply	-	4,140
Worker dormitory	6,055	39,600
	2,989,862	3,649,364
Less: Operating Expenses	2,169,886	1,790,958
Profit before tax	819,976	1,858,406

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN ENGINEERING PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Distribution and marketing expenses		
Advertisement	120	1,000
Depreciation of property, plant and equipment	42,924	36,108
Entertainment expense	18,457	7,966
Gifts and hampers	3,756	3,235
	65,257	48,309
Finance costs		
Finance lease interest	18,320	16,930
Term loan interest	75,956	50,468
	94,276	67,398
Administrative expenses		
Bank charge	3,202	7,573
Consultancy and professional fee	42,138	19,738
Courier service	2,267	1,138
Depreciation of property, plant and equipment	202,555	221,340
Director Central Provident Fund	12,240	11,560
Director remuneration	96,000	104,000
Filing, documentation and registration fee	5,634	8,155
Finance charge	800	10
Insurance	73,241	86,855
Leasing of equipment	3,696	3,080
Local and oversea travelling	894	12,262
Local transport and travelling	1,746	1,312
Management and membership fees	8,440	8,702
Medical expenses	31,610	31,707
Patent	1,705	2,955
Postage, newspaper and periodical	4,193	815
Printing	11,749	8,731
Professional fee	19,931	19,440
Property tax	5,718	6,314
Recruitments	6,525	4,820
Rental - office	96,000	86,000
Rental-motor vehicle	17,700	1,950
Research and development	70,363	-
Service charges and subscription fee	172,410	95,952
Site expenses and refreshment	45,854	-
Skill development levy	5,667	-
Staff Central Provident Fund	62,689	47,289
Staff salaries	504,887	486,670
Staff welfare	85,453	64,177
Stamp duty	1,207	706
Stationery	9,696	9,457

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN ENGINEERING PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Telecommunication	28,192	27,544
Training of employees	32,820	60,181
Transport charges	98,925	-
Transportation	4,492	87,136
Upkeep of machinery	18,095	-
Upkeep of motor vehicles	119,749	79,412
Upkeep of office	15,175	16,375
Water and electricity	30,702	18,888
	1,954,360	1,642,244
Other operating expenses		
Fines	5,051	(1,591)
General expenses	1,104	300
Impairment loss on other financial assets	49,838	34,298
	55,993	33,007
	2,169,886	1,790,958

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN TECHNOLOGY PRIVATE LIMITED

Incorporated in the Republic of Singapore
Company Registration No. 200500294D

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016

Lee & Jonathan PAC
Public Accountants and
Chartered Accountants

CONTENT

The director is pleased to present the statement to the members together with the audited financial statements of Gashubin Technology Private Limited (the "Company") for the financial year ended 31 December 2016.

1. Opinion of the director

In the opinion of the director,

a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and

b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Director

The director of the Company in office at the date of this statement is:

Lim Shao-Lin

3. Arrangements to enable director to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

4. Director's interests in shares or debentures

According to the register of director's shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the director of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company and its related corporations except as detailed below:

	Number of ordinary shares held in the name of director	
	1 January 2016	**31 December 2016**
Lim Shao-Lin	750,005	750,005

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 under options in the Company as at the end of the financial year.

6. Auditor

The auditors, Lee & Jonathan PAC, have expressed their willingness to accept re-appointment as auditor.

The Sole Director,

LIM SHAO-LIN
Director

Singapore, 26 APR 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GASHUBIN TECHNOLOGY PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gashubin Technology Private Limited (the "Company"), which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Director's Statement.

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

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

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

L+JPAC

LEE & JONATHAN PAC
Public Accountants and
Chartered Accountants

Singapore, 26 APR 2017

140 Paya Lebar Road #07-20
AZ@Paya Lebar Singapore 409015
Tel: 6298 3059 Fax: 6291 9389

GASHUBIN TECHNOLOGY PRIVATE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 $	2015 $
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,363,323	91,598
Trade and other receivables	7	81,540	96,011
		1,444,863	187,609
Current assets			
Inventories	5	263,233	41,601
Due from customers for contract work-in-progress	6	14,000	123,462
Trade and other receivables	7	1,235,969	714,084
Cash and cash equivalents	8	68,602	424,789
		1,581,804	1,303,936
Total assets		3,026,667	1,491,545
EQUITY AND LIABILITIES			
Equity			
Share capital	9	1,450,000	1,450,000
Accumulated losses		(1,429,730)	(1,293,718)
Equity attributable to owner of the Company		20,270	156,282
Non-current liabilities			
Borrowings	10	1,356,737	12,473
Trade and other payables	11	80,898	80,898
		1,437,635	93,371
Current liabilities			
Borrowings	10	356,695	15,618
Trade and other payables	11	1,212,067	1,226,274
		1,568,762	1,241,892
Total equity and liabilities		3,026,667	1,491,545

The accompanying notes form an integral part of these financial statements.

GASHUBIN TECHNOLOGY PRIVATE LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Revenue	12	990,074	2,019,205
Cost of sales		(769,874)	(1,597,127)
		220,200	422,078
Other operating income	13	147,066	158,057
Administrative expenses		(430,988)	(433,196)
Distribution and marketing expenses		(24,871)	(22,165)
Finance costs	15	(47,419)	(1,170)
Other operating expenses		-	(50,727)
		(356,212)	(349,201)
(Loss)/profit before tax	14	(136,012)	72,877
Income tax expense		-	-
(Loss)/profit for the financial year, representing total comprehensive income for the year		(136,012)	72,877

The accompanying notes form an integral part of these financial statements.

GASHUBIN TECHNOLOGY PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Share capital	Accumulated losses	Total
	$	$	$
At 1 January 2015	1,450,000	(1,366,595)	83,405
Profit for the financial year, representing total comprehensive income for the year	-	72,877	72,877
At 31 December 2015	1,450,000	(1,293,718)	156,282
At 1 January 2016	1,450,000	(1,293,718)	156,282
Loss for the financial year, representing total comprehensive income for the year	-	(136,012)	(136,012)
At 31 December 2016	1,450,000	(1,429,730)	20,270

The accompanying notes form an integral part of these financial statements.

GASHUBIN TECHNOLOGY PRIVATE LIMITED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
(Loss)/Profit before tax		(136,012)	72,877
Adjustments for:			
Depreciation expenses		74,932	36,907
Bad debts expenses		-	50,727
Operating (loss)/profit before working capital changes		(61,080)	160,511
Due from customers for contract work-in-progress		109,462	298,359
Inventories		(221,632)	(41,040)
Trade and other receivables		(507,414)	(636,846)
Trade and other payables		(14,207)	581,919
Net cash (used in)/generated from operating activities		(694,871)	362,903
Cash flows from investing activity			
Acquisition of property, plant and equipment		(1,346,657)	(32,056)
Net cash used in investing activity		(1,346,657)	(32,056)
Cash flows from financing activities			
Proceeds from borrowings		1,811,566	-
Payments for borrowings		(126,225)	(15,618)
Net cash generated from/(used in) financing activities		1,685,341	(15,618)
Net (decrease)/increase in cash and cash equivalents		(356,187)	315,229
Cash and cash equivalents at the beginning of the financial year		424,789	109,560
Cash and cash equivalents at the end of the financial year		68,602	424,789

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

Gashubin Technology Private Limited (the "Company") is incorporated and domiciled in Singapore with its registered office and its principal place of business at 8 New Industrial Road #06-02 LHK 3 Building, Singapore 536200.

The principal activities of the Company are those of relating to water and gas pipeline and sewer construction.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($), which is the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

The following standards that have been issued but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
FRS 115: Revenue from Contracts with Customers	1 Jan 2018
Amendment to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	date to be determined
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116 Leases	1 Jan 2019
Amendments to FRS 102: Classification and Measurement of Share-Based Payment Transactions	1 Jan 2018

Except for FRS 115, the director expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 is described below:

FRS 115 *Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)*

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the Company's financial statements and at this stage, the Company is not able to estimate the impact of the new rules on the Company's financial statements. The Company will make more detailed assessment of the impact over the next twelve months.

2. Summary of significant accounting policies (Continued)

2.4 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured either by reference to the professional or customer's certification of value of work done to date or by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

Where the stage of completion is measured by reference to the professional or customer's certification of value of work done to date, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "due from customers on construction contracts" within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "due to customers on construction contracts" within "current liabilities".

Where the stage of completion is measured by reference to the proportion of contract costs incurred to date compared to the estimated total costs for the contract, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "accrued billings on construction contracts" within "trade receivables".

Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "advance billings on construction contracts" within "trade payables."

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received and retentions withheld from subcontractors are included within "trade payables".

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "current liabilities".

2. Summary of significant accounting policies (Continued)

2.4 Construction contracts (Continued)

Progress billings not yet paid by customers are included within "trade receivables". Advances received are included within "trade payables".

2.5 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured 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 property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Computers	3
Laboratory equipment	5
Motor vehicles	5
Office equipment	5
Leasehold property	43

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 useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (Continued)

2.7 Impairment of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Financial instruments

a) **Financial assets**

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, gross amount due from customers for contract work-in-progress and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

b) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables and bank borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.9 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.9 Impairment of financial assets (Continued)

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and banks and are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance in provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.12 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.13 Borrowing costs

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

2.14 Employee benefits

a) Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (Continued)

2.14 Employee benefits (Continued)

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.15 Finance costs

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

b) Rendering of services

Revenue from rendering of services and handling fees is recognised when the services have been performed and rendered.

c) Construction contract

Revenue from construction contracts is recognised as disclosed in Note 2.5 "Construction contracts".

2.17 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (Continued)

2.17 Taxes (Continued)

b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) **Sales tax**

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.18 Leases

Operating leases as lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. Summary of significant accounting policies (Continued)

2.18 Leases (Continued)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.19 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.20 Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the group and Company if that person:

- Has control or joint control over the Company;

- Has significant influence over the Company; or

- Is a member of the key management personnel of Company or of a parent company.

b) An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a company of which the other entity is a member).

- Both entities are joint ventures of the same third party.

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

- The entity is controlled or jointly controlled by a person identified in (a);

- 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).

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Construction contracts

The Company recognises contract revenue and contract costs using the percentage-of-completion method. The stage of completion is measured by reference to the professional's certification of value of work done to-date or by reference to the proportion of contract costs incurred to date. Please refer to Note 2.5 "Construction contract" for the Company's accounting policy on construction contract work-in-progress.

Significant assumptions are required to estimate the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation of the variation works that are recoverable from customers. In making these estimates, management has relied on past experience and the work of specialists. If the remaining estimated contract costs increase/decrease by 10% (2015: 10%) from management estimates, the Company's profit before income tax will decrease/increase by approximately $1,400 (2015: $12,346).

3.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's property, plant and equipment as at 31 December 2016 was $1,363,323 (2015: $91,598).

3. Significant accounting judgments and estimates (Continued)

3.3 Key sources of estimation uncertainty (Continued)

b) Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Company's inventories as at 31 December 2016 was $263,233 (2015: $41,601).

c) Impairment of loans and receivables

The impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 December 2016 were $1,317,509 (2015: $810,095) respectively.

d) Income taxes

Significant judgements are involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made. The carrying amount of the Company's current income tax payable as at 31 December 2016 was nil.

4. Property, plant and equipment

	Computers	Laboratory equipment	Motor vehicles	Office equipment	Leasehold property	Total
	$	$	$	$	$	$
Cost						
At 1 January 2015	46,585	359,255	85,500	48,930	-	540,270
Additions	2,056	30,000	-	-	-	32,056
At 31 December 2015	48,641	389,255	85,500	48,930	-	572,326
Additions	1,522	26,800	186,554	3,681	1,128,100	1,346,657
At 31 December 2016	50,163	416,055	272,054	52,611	1,128,100	1,918,983
Accumulated depreciation						
At 1 January 2015	37,680	343,582	13,629	48,930	-	443,821
Charges for the financial year	4,096	7,472	25,339	-	-	36,907
At 31 December 2015	41,776	351,054	38,968	48,930	-	480,728
Charges for the financial year	4,280	12,152	43,013	184	15,303	74,932
At 31 December 2016	46,056	363,206	81,981	49,114	15,303	555,660
Net book value						
At 31 December 2015	6,865	38,201	46,532	-	-	91,598
At 31 December 2016	4,107	52,849	190,073	3,497	1,112,797	1,363,323

The carrying amounts of motor vehicles held under finance leases are $190,073 (2015: $46,532) at the reporting date (Note 10).

The details of the leasehold property are as follows:

Description and location	**Existing use**
10 Admiralty Street, #01-36, Singapore 757695	Operations and warehouse

The above property with net book value of $1,112,797 is mortgaged to secure the bank borrowings (Note 10).

4. Property, plant and equipment (Continued)

Depreciation expenses are classified in the statement of profit or loss and other comprehensive income as follows:

	2016	2015
	$	$
Statement of profit or loss:		
Distribution and marketing expenses	15,303	-
Administrative expenses	59,629	36,907
	74,932	36,907

5. Inventories

	2016	2015
	$	$
Statement of financial position:		
Raw materials and finished goods	234,192	41,601
Materials in transit	29,041	-
	263,233	41,601
Statement of profit or loss:		
Inventories recognised as an expense in cost of sales	263,336	58,026

6. Due from/(to) customers for contract work-in-progress

	2016	2015
	$	$
Cost incurred and attributable profits	2,754,814	2,651,473
Allowance for foreseeable losses	-	-
	2,754,814	2,651,473
Less: **progress billings received/receivable**	(2,740,814)	(2,528,011)
	14,000	123,462

Represented by:	2016	2015
	$	$
Gross amount due from customers for contract work-in-progress	14,000	123,462
	14,000	123,462

7. Trade and other receivables

	2016	2015
	$	$
Trade receivables – non-current		
- Retention monies	81,540	96,011
Trade receivables – current		
- Third parties	4,340	19,292
- Related parties	535,492	126,116
- Retention monies	36,495	96,010
- Accrued revenue – related party	591,664	411,925
	1,167,991	653,343
Other receivables:		
- Deposit	12,622	8,222
- Prepayments	-	1,416
- Staff loan	500	100
- Amount due from related party	50,393	39,401
- Income tax recoverable	4,463	11,602
	67,978	60,741
Non-current	81,540	96,011
Current	1,235,969	714,084
Total trade and other receivables	1,317,509	810,095

The trade receivables – third parties are non-interest bearing and are generally on 30 to 90 days' term.

The amounts due from related parties, both trade and non-trade, are unsecured, interest-free and repayable on demand. However, it is the intention of both parties that the amount will not be repayable within the foreseeable future.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The carrying amounts of trade and other receivables approximate their fair values.

All trade and other receivables are denominated in Singapore Dollars.

7. Trade and other receivables (Continued)

Receivables that are past due but not impaired

The Company had trade receivables amounting to $149,752 (2015: $51,338) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2016	2015
	$	$
Trade receivables past due but not impaired:	390,080	94,070
Not past due		
1-30 days	11,670	1,391
31-60 days	5,941	17,290
61-90 days	7,490	16,780
Over 60 days	124,651	15,877
	539,832	145,408

8. Cash and cash equivalents

	2016	2015
	$	$
Cash at banks	68,102	424,289
Cash on hand	500	500
Total cash and cash equivalents	68,602	424,789

The carrying amounts of the cash and cash equivalents approximate their fair values.

Cash and cash equivalents are denominated in Singapore dollars.

9. Share capital

	2016		2015	
	No of Shares	$	No of Shares	$
Issued and fully paid:				
At 1 January and 31 December	750,005	1,450,000	750,005	1,450,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

10. Borrowings

	2016	2015
	$	$
Non-current		
Finance lease obligations	121,955	12,473
Term loan	1,234,782	-
	1,356,737	12,473
Current		
Finance lease obligations	34,702	15,618
Term loan	321,993	-
	356,695	15,618
Total borrowings	1,713,432	28,091

Term loans consist of the following:-

(i) $181,852 (2015: $Nil) refer to term loan secured by deed of guarantee and indemnity for all monies from the director. The business term loan is interest bearing at the rate of 9% P.A. (2015: Nil) on monthly rests, payable in 48 monthly instalments.

(ii) $80,036 (2015: $Nil) refer to business term loan secured by deed of guarantee and indemnity for all monies from the director. The business term loan is interest bearing at the rate of 7% P.A. (2015: Nil), payable in 36 monthly instalments.

(iii) $162,515 (2015: $Nil) refer to Islamic Business Term Financing facility on Commodity Murabaha basis secured by deed of guarantee and indemnity for all monies from the director. The business term loan is payable in 36 monthly instalments. Islamic term loans do not incur interest expense, however, the Company is required to pay a profit to the bank of 9.88% P.A. on the loan.

(iv) $282,984 (2015: $Nil) refer to business term loan secured by deed of guarantee and indemnity for all monies from the director. The business term loan is interest bearing at the rate of 6.75% P.A. (2015: Nil), payable in 60 monthly instalments.

(v) $849,388 (2015: $Nil) refer to business term loan secured by first legal mortgage over the property at 10 Admiralty Street #01-36 Northlink Building Singapore 757695 and deed of guarantee and indemnity for all monies from the director. The business term loan is interest bearing at the rate of 1.58% P.A. (2015: Nil), payable in 156 monthly instalments.

10. Borrowings (Continued)

	Minimum lease payments		Present value of minimum lease payment	
	2016	2015	2016	2015
	$	$	$	$
Minimum obligations due:				
Within one year	40,075	16,743	34,702	15,618
After one year but not more than five years	106,896	13,395	88,915	12,473
More than five years	39,714	-	33,040	-
Total minimum lease payments	186,685	30,138	156,657	28,091
Less: Amounts representing finance charges	(30,028)	(2,047)	-	
Present value of finance lease liabilities	156,657	28,091	156,657	28,091

Finance lease financing bears effective interest rates ranging from 5.34% to 5.70% (2015: 2.28%) per annum.

Finance lease liabilities of the Company are effectively secured over the leased motor vehicles (Note 4), as the legal title is retained by the lessor and will be transferred to the Company upon full settlement of the finance lease liabilities. The director of the Company also issued a letter of guarantee in favour of the lessor.

11. Trade and other payables

	2016	2015
	$	$
Trade payables – non-current		
- Retention monies	80,898	80,898
Trade payables – current		
- Third parties	32,785	40,695
- Related parties	1,086,163	1,085,570
- GST payables	22,441	17,696
	1,141,389	1,143,961
Other payables:		
- Accruals	54,513	66,148
- Other payables	13,062	13,062
- Amount due to related party	3,103	3,103
	70,678	82,313
Non-current	80,898	80,898
Current	1,212,067	1,226,274
Total trade and other payables	1,292,965	1,307,172

These amounts are non-interest bearing. Trade payables are normally settled on 60 days' terms.

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

11. Trade and other payables (Continued)

The amounts payable to related parties are current, non-interest bearing, and repayable on demand.

All trade and other payables are denominated in Singapore Dollars.

12. Revenue

	2016	2015
	$	$
Sale of goods	297,245	8,645
Supply and services	26,412	17,210
Contracts and progress billings	128,540	1,519,010
Labour supply	537,877	474,340
Total revenue	990,074	2,019,205

13. Other income

	2016	2015
	$	$
Licensing	-	100,000
Miscellaneous income	11,092	-
Service charges	53,788	37,448
Car rental income	26,800	15,600
Government grants	54,264	5,009
Interest gains	167	-
Labour supply	955	-
Total other income	147,066	158,057

14. Profit before taxation

	2016	2015
	$	$
Profit before tax has been arrived at after charging/(crediting):		
Employee benefits expense:		
Director's Central Provident Fund contributions	12,240	10,200
Director's remuneration	72,000	72,000
Staffs' salaries	101,552	87,629
Staffs' Central Provident Fund and Skill Development Levy contributions	17,119	20,195
	202,911	190,024
Other operating expenses include:		
Depreciation of property, plant and equipment	74,932	36,907
Bad debts expense	-	50,727
Patent and trademark registration	12,629	56,902
Research and development expenses	31,308	77,793

15. Finance costs

	2016	2015
	$	$
Loan interest	43,933	-
Interest expense on finance lease obligations	3,486	1,170
	47,419	1,170

16. Income tax expense

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2016 and 2015 were as follows:

	2016	2015
	$	$
(Loss) / Profit before income tax	(136,012)	72,877
Income tax using the statutory tax rate of 17% (2015: 17%)	(23,122)	12,389
Tax effects of:		
Non-taxable income	(5,284)	-
Non-deductible expenses	15,202	14,516
Enhanced deductions	(23,249)	(69,748)
Current year losses for which no deferred tax asset was recognised	36,453	42,843
Income tax expense recognised in profit or loss	-	-

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of $1,956,135 (2015: $1,741,712), capital allowances of $341,632 (2015: $311,880) and donation allowances of $750 (2015: $750) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

17. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2016	2015
	$	$
Compensation of key management personnel		
- Director's remuneration	72,000	72,000
- Director's Central Provident Fund Contributions	12,240	10,200
- Director's fee	-	9,960

17. Significant related party transactions (Continued)

Sale and purchase of goods and services

	2016	2015
	$	$
Transactions with related party		
- Sales / services rendered	279,102	534,868
- Sales – supply of labour	537,877	-
- Purchases / subcontractor charges	594	1,093,699
- Other income	82,687	-

18. Financial risk management

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Sole Director reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company 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 Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

<u>Excessive risk concentration</u>

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

<u>Exposure to credit risk</u>

The Company has significant concentration of credit risk other than those balances with related companies comprising 89% (2015: 71%) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

18. Financial risk management (Continued)

Credit risk (continued)

Financial assets that are neither past due nor impaired

Trade and other receivables and gross amount due from customers for contract work-in-progress that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The director is satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year	Within 2 to 5 years	More than five years
	$	$	$	$	$
At 31 December 2016					
Trade payables	1,292,965	1,292,965	1,212,067	80,898	-
Finance lease obligations	156,657	186,685	40,075	106,896	39,714
Term loans	1,556,775	1,556,775	321,993	760,035	474,747
	3,006,397	3,036,425	1,574,135	947,829	514,461
At 31 December 2015					
Trade and other payables	1,307,172	1,307,172	1,226,274	80,898	-
Finance lease obligations	28,091	30,138	16,743	13,395	-
	1,335,263	1,337,310	1,243,017	94,293	-

As at 31 December 2016, the Company has the following facilities which are unused:

a) An unsecured bank overdraft facility amounting to S$10,000;
b) A business credit card facility amounting to S$10,000

Both facilities are secured by a fresh continuing personal guarantee by the director.

18. Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents and bank borrowings.

The Company does not expect any significant effect on the Company'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.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	Profit after tax	
	2016	**2015**
Fixed rate instruments	**$**	**$**
Financial liabilities	864,044	28,091
Variable rate instruments		
Financial liabilities	849,388	-

At the reporting date, if the interest rates had been 100 (2015: 100) basis points higher/lower with all other variables held constant, the Company's profit before tax would have been $8,494 (2015: $Nil) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) **Foreign currency risk**

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

As at reporting date, the Company is not exposed to significant foreign currency risk.

19. Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

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

19. Fair values (Continued)

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances) approximate their fair values as they are subject to normal trade credit terms.

Due from / (to) customers for contract work-in-progress

The carrying amounts of these amounts due from customers for contract work-in-progress approximate their fair values as they are subject to normal trade credit terms.

Borrowings

The carrying amounts of borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

20. Fair value hierarchy

As at the reporting date, there are no financial instruments carried at fair value by valuation method.

21. Financial instruments by category

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

	2016	2015
	$	$
Loans and receivables		
Due from customers for contract work-in-progress	14,000	123,462
Trade and other receivables (excluding prepayments)	1,317,509	808,679
Cash and cash equivalents	68,602	424,789
Total loans and receivables	1,400,111	1,356,930
Financial liabilities measured at amortised cost		
Trade and other payables	(1,292,965)	(1,307,172)
Borrowings	(1,713,432)	(28,091)
Total financial liabilities measured at amortised cost	(3,006,397)	(1,335,263)
Total net undiscounted financial assets / (liabilities)	(1,606,286)	21,667

22. Capital management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2016 and 31 December 2015.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2015.

23. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Sole Director of the Company on the date of Director's statement.

GASHUBIN TECHNOLOGY PRIVATE LIMITED
DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Sales-contract and progress billing	128,540	1,519,010
Sales-supply and services	26,412	17,210
Sales-supply of labour	537,877	474,340
Sales of goods	297,245	8,645
	990,074	2,019,205
Less: Cost of sales		
Opening inventories	41,601	-
Foreign workers levy	259,387	220,767
Purchases	484,968	58,027
Site expenses	-	6,048
Sub-contractor expenses	5,255	1,116,699
Upkeep of machinery	160	1,665
Wages and labour cost	241,736	235,522
	1,033,107	1,638,728
Less: Closing inventories	(263,233)	(41,601)
	769,874	1,597,127
Gross profit	220,200	422,078
Add: Other income		
Licensing	-	100,000
Miscellaneous income	11,092	-
Service charges	53,788	37,448
Car rental income	26,800	15,600
Government grants	54,264	5,009
Interest gains	167	-
Labour supply	955	-
	367,266	580,135
Less: Operating Expenses	503,278	507,258
(Loss)/profit before tax	(136,012)	72,877

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN TECHNOLOGY PRIVATE LIMITED
DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 $	2015 $
Administrative expenses		
Air ticket, airport tax and visa	617	-
Bank charges	12,814	360
Communications, fax and internet	7,276	3,570
Consultancy fee	5,000	1,500
Courier and postage fees	8,076	213
Central Provident Fund - director	12,240	10,200
Central Provident Fund - staff and SDL	17,119	20,195
Depreciation expenses	59,629	36,907
Director fees	-	9,960
Director remuneration	72,000	72,000
Discount given	1,052	-
Documentation fee	1,073	915
Donation and subscription	-	900
Fine and penalty	1,134	380
General expenses	-	360
Insurance	15,933	9,350
Inventories written off	-	561
Local travelling and transport	24,005	22,795
Management fees	1,396	-
Medical expenses	7,139	3,178
Oversea accommodation and hotel	1,247	-
Oversea-miscellaneous	352	-
Oversea-petrol, toll and transport	15	-
Oversea-staff meals	266	-
PIC-patents, trademarks registration	12,629	56,902
PIC-staff training	1,649	2,065
Printing and stationery	2,080	120
Professional fees	1,958	1,160
Research and development expenses	31,308	77,793
Recruitment expenses	390	2,070
Registration and subscription fee	835	820
Repair and maintenance	4,197	-
Service charge	11,258	-
Staff salary	101,552	87,629
Staff welfare	752	426
Staff welfare-refreshments	-	3,040
Stamp duty	-	600
Taxation - property tax	3,576	-
Upkeep of motor vehicles	7,694	7,227
Upkeep of office expenses	1,753	-
Water and electricity	974	-
	430,988	433,196

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN TECHNOLOGY PRIVATE LIMITED
DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Distribution and marketing expenses		
Entertainment	146	14,040
Depreciation expenses	15,303	-
Handling charges	9,422	8,125
	24,871	22,165
Finance costs		
Hire purchase interest	3,486	1,170
Term loan interest	43,933	-
	47,419	1,170
Other operating expenses		
Bad debts expense	-	50,727
	503,278	507,258

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

ANNEXURE C

Questions from Shareholders

This form is provided with the notice of the Extraordinary General Meeting of Raffles Capital Limited ACN 009 106 049 to be held at Level 2, 131 Macquarie Street, Sydney, NSW, on 13 September 2017 at 10.30 a.m. (Sydney Time), to assist shareholders in asking questions of:

- the directors of the company in relation to the management of the company.

The board of directors will endeavor to respond to the questions received by shareholders as the chair of the meeting determines is reasonable given the time available at the meeting.

Name of Shareholder/s:

____

Questions (please place an X in the box next to the question if your question is directed at the auditor)

____ ☐

____ ☐

Lodging this form

If you wish to ask questions using this form, you should submit this form as described below by no later than 48 hours before the commencement of the meeting.

By mail: Richard Holstein, Company Secretary,
Raffles Capital Limited
level 13, 167 Macquarie Street
Sydney, NSW 2000
Australia
- or -
Fax: +61 2 9251 7500

Please ensure there is a cover page.

ANNEXURE D

Appointment of Corporate Representative
Section 250D of the Corporations Act 2001

Raffles Capital Limited
ACN 009 106 049

Shareholder Details

This is to certify that by a resolution of the directors of:

……………………………………………………………...…………………………………………………

(Company),
Insert name of shareholder Company

the Company has appointed:

……………………………………………………………..…………..………………………………………………….………..…

Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at the meeting of the members of Raffles Capital Limited to be held at Level 2, 131 Macquarie Street, Sydney, NSW, on 13 September 2017 at 10.30 a.m. (Sydney Time) and at any adjournments of that meeting.

DATED ………………………………………………………. 2017

Please sign here

Executed by the Company)
in accordance with its constituent documents)
)

....……………..……..	....……………………….....
Signed by Authorised Representative	Signed by Authorised Representative
....…………..…..	....…..…………….…...
Name of Authorised Representative (print)	Name of Authorised Representative (print)
....…………….…...	....…..…………..……..
Position of Authorised Representative (print)	Position of Authorised Representative (print)

Instructions for Completion

1. Insert name of appointer Company and the name or position of the appointee (eg John Smith or each director of the Company).
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (e.g. director) of each Company officer who signs this Certificate on behalf of the Company.
4. Insert the date of execution where indicated.
5. Mail or Deliver the Certificate to the office at Raffles Capital Limited, Level 2, 131 Macquarie Street, Sydney, NSW 2000, Australia - or - Fax: +61 2 9251 7500.

ANNEXURE E

Proxy and Voting Entitlement Instructions

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be lodged:

In person or by Mail: or Fax: +61 2 9250 7500
Raffles Capital Limited
Level 2, 131 Macquarie Street
Sydney NSW 2000

not later than 48 hours before the time for holding the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Voting Entitlement

The company may specify a time, not more than 48 hours before the meeting, at which a "snapshot" of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting.

The company's directors have determined that all shares of the company that are quoted on ASX at 7.00 p.m. (Sydney Time) on 11 September 2017 shall, for the purposes of determining voting entitlements at the Extraordinary General Meeting, be taken to be held by the persons registered as holding the shares at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Appointment of a Proxy

A member of the company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy. The proxy may, but need not be, a member of the company.

If you wish to appoint the Chairman of the meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the meeting will be your proxy. A proxy need not be a shareholder of the company.

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as he or she chooses. If you mark more than one box on a resolution your vote on that resolution will be invalid.

Proxy and Voting Entitlement Instructions

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the Shareholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a

Company Secretary. Please indicate the office held by signing in the appropriate place.

If a Representative of the Corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is either included in the notice or may be obtained from the company's share registry.

RAFFLES CAPITAL LIMITED

(ACN 009 106 049)

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS
PROXY FORM

Please complete, sign and return this document to:

To: The Secretary
Raffles Capital Limited
Level 2,
131 Macquarie Street
SYDNEY NSW 2000

fax executed form to: +61 (2) 9251 7500
email executed form to: corporate@rafflescapital.com.au
By 10:30 pm AEST on 11 September 2017.

I / We ………………………………………………………………

being a member of Raffles Capital Limited (the **Company**) appoint:

Name of proxy: ………………………………………………………………………………………

Address of proxy: ……………………………………………………………………………………

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my / our proxy to act generally at the Meeting on my / our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of the Company on 13 September 2017 and at any adjournment of or postponement of that Meeting.

Items of Business

Please mark ☒ to indicate your directions

PLEASE NOTE: If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or poll and your votes will not be counted in computing the required majority.

RESOLUTIONS	**FOR**	**AGAINST**	**ABSTAIN**
Resolution 1 – Ordinary Resolution, Approval for Change to Nature and Scale of Activities	☐	☐	☐
Resolution 2 – Ordinary Resolution, Approval for the Issue of Consideration Shares to Vendors	☐	☐	☐
Resolution 3 – Ordinary Resolution, Approval for the Issue of Shares Under the Public Offer	☐	☐	☐
Resolution 4 – Special Resolution, Change of Company's Name	☐	☐	☐
Resolution 5 – Ordinary Resolution, Approve an Issue of Securities to Abigail Zhang (or her nominee).	☐	☐	☐
Resolution 6 – Ordinary Resolution, Approve an Issue of Securities to Benjamin Amzalak (or his nominee).	☐	☐	☐
Resolution 7 – Ordinary Resolution, Approve an Issue of Securities to Richard Holstein (or his nominee).	☐	☐	☐

RESOLUTIONS	**FOR**	**AGAINST**	**ABSTAIN**
Resolution 8 – Ordinary Resolution, Approve an Issue of Securities to Hudson Corporate Limited (or his nominee).	☐	☐	☐

The Chairman of the meeting intends to vote all undirected proxies in favour of each item of business.

SIGNATURE OF MEMBER (S)

Individual or Member 1	**Member 2**	**Member 3**
Sole Director/Company Secretary	**Director**	**Director/Company Secretary**

Date: ___________________________

Contact Name: ___________________________ **Contact Phone (daytime)**: ____________________

Notes on Proxies

1. Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.
2. A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead pursuant to the Constitution.
3. If a member appoints one proxy only, that proxy shall be entitled to vote on a show of hands, but if a member appoints two proxies neither shall be entitled to vote on a show of hands.
4. Where more than one proxy is appointed, each proxy must be appointed to represent a specific portion of the member's voting rights. Otherwise each proxy may exercise half of your votes.
5. A proxy need not be a security holder of the Company.
6. Signing instructions:

   Individual: Where the holding is in one name, the security holder must sign.

   Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

   Power of Attorney: If you have not already lodged the Power of Attorney with the registry or the Company, please attach a certified photocopy of the Power of Attorney to this form when you return it.

   Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to Section 204A of the *Corporations Act* 2001 (Cth)) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

   For your vote to be effective, the completed proxy form must be received by 10:30 am AEST on 11 September 2017.

   Please advise of any change of address by completion of the section below:

   My new address is:

   ____

   ____

   ____