

This replacement information memorandum is dated 24 November 2017



CTG FIBERSWAY INTERNATIONAL LIMITED

[ARBN 622 412 186 | NSX Code : CFW]

REPLACEMENT INFORMATION MEMORANDUM

issued in connection with the proposed listing
on the National Stock Exchange of Australia

Nominated adviser



**BIZTRACK CONSULTANTS
PRIVATE LIMITED**
企道策略



IMPORTANT NOTICE

This replacement information memorandum is dated 24 November 2017 and has been prepared by CTG Fibersway International Limited (ARBN 622 412 186) in connection with its application for a compliance listing on the National Stock Exchange of Australia ("NSX"). This replacement information memorandum replaces the information memorandum dated 8 June 2017 issued by the Company's predecessor-in-title, CTG Fibersway Limited (ARBN 616 657 642). No offer of securities is being made under this information memorandum.

Not a disclosure document under the Corporations Act 2001

This document is not a prospectus, nor is it an offer information statement, both of which are disclosure documents under the Corporations Act 2001 which must be lodged with the Australian Securities and Investment Commission ("ASIC"). Consequently, this information memorandum should be regarded as having a lower level of disclosure than a prospectus or an offer information statement. This information memorandum will not be lodged with ASIC. Therefore, ASIC takes no responsibility for the contents of this information memorandum.

Application for compliance listing on NSX

Application has been made for listing of the Company's securities described in this information memorandum to the National Stock Exchange of Australia Limited.

The fact that NSX may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or its listed securities. NSX takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

Unauthorised representations

No person is authorised to provide any information or make any representation in connection with the Listing which is not contained in this information memorandum or is not publicly disseminated through the official announcement platform of NSX.

Suitability of investment and risks

Before deciding to invest in the Company following its admission to the Official List, prospective investors should read entirely this information memorandum and, in particular, the summary of the Company's business in Section 3 and the risk factors in Section 5. Prospective investors should carefully consider these factors in light of their personal circumstances (including financial and taxation issues) and consider seeking professional advice from their accountant, bank manager, stockbroker, lawyer or other professional adviser before deciding to invest.

Definitions and photographs

Certain terms and abbreviations used in this information memorandum have defined meanings which are explained in the Definitions Section. The assets depicted in the photographs in this document are not the assets of the Company unless otherwise stated.

Forward-looking statements

This information memorandum includes, or may include, forward-looking statements including, without limitation, forward-looking statements regarding the Company's financial position, business strategies, and plans and objectives for its business and future operations (including development plans and objectives), which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements. These statements reflect views held only as at the date of this information memorandum. In light of these risks, uncertainties and assumptions, the forward-looking statements in this information memorandum might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

Foreign exchange rates

In this information memorandum, Australian Dollar equivalents of sums denominated in currencies other than Australian Dollar have been translated into Australian Dollar using a fixed exchange rates of RMB1 = A\$0.1936 (being the approximate exchange rate applicable as at Latest Practicable Date).

DEFINITIONS

Unless the context otherwise permits or unless otherwise stated, the following summary key terms and definitions are used in this information memorandum:

“A\$”	The Dollar, the official currency of Australia
“ASIC”	Australian Securities and Investments Commission
“ASX Settlement”	ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited
“Act”	The Corporations Act 2001 (Cth), as amended from time to time
“CHES”	The Clearing House Electronic Subregister System operated by ASX Settlement
“CFW-BVI”	CTG Fibersway Limited (ARBN 616 657 642), a company incorporated in and under the laws of the British Virgin Islands and registered under the Act in Australia
“CTG Fibersway”	Hangzhou Fibersway Communication Technology Co., Ltd [official name: 杭州光为通信技术有限公司], an indirect wholly-owned subsidiary of the Company
“CTG Hangzhou”	Hangzhou Xitingqi Electron Co., Ltd [official name: 杭州喜天奇电子有限公司], a company in which SHENG Zejun (Richard), a director, has an interest
“CTG ImpEx”	Hangzhou Linan Xitianqi Import & Export Co., Ltd [Official name: 杭州临安喜天奇进出口有限公司], an indirect wholly-owned subsidiary of the Company
“CTG Jiangsu”	CTG (Jiangsu) Electronics Co., Ltd [official name: 喜天奇 (江苏) 电子有限公司], an indirect wholly-owned subsidiary of the Company
“Company”	CTG Fibersway International Limited (ARBN 622 412 186)
“Constitution”	Collectively, the Memorandum and Articles of Association, being the constituting documents of the Company
“Existing Shareholders”	Shareholders as at the date of this information memorandum, all being legal and/or beneficial owners of the Operating Companies before completion of the Restructuring, and whose shareholdings in the Company are in proportion to their interests in the combined equity capital of the Operating Companies prior to the Restructuring.
“FiberswaySG”	Fibersway Singapore Pte. Ltd., a direct wholly-owned subsidiary of the Company

“Founder Shareholders”	Holders of the equity capital of CTG Hangzhou, including former holders who owned shares of its equity capital at the relevant times
“Group”	The Company and its wholly-owned subsidiaries
“Latest Practicable Date”	23 May 2017, being the latest practicable date before the original information memorandum was approved by directors of CFW-BVI for issue
“Listing”	The Company's application to NSX for a compliance listing of the Shares on NSX or, where the context so require, the Company's listing of the Shares on NSX
“Listing Rules”	The Listing Rules of NSX, as amended from time to time
“NSX”	The National Stock Exchange of Australia Limited, or the securities exchange which it operates, as the case may be
“Official List”	The list of issuers maintained by NSX in accordance with the Listing Rules
“Operating Companies”	Collectively, CTG Fibersway, CTG ImpEx and CTG Jiangsu
“RMB” or “Yuan”	<i>Renminbi</i> or the <i>Chinese Yuan</i> , the official currency of China, often indicated by the symbol “¥”
“Restructuring”	The restructuring of corporate holdings of the Group described in Section 3.1
“Share”	One ordinary share in the issued and paid-up share capital of the Company
“Shareholder”	A shareholder of the Company, that is, a holder of a Share
“Trademarks”	The trademarks described in Section 3.4
“WFOE”	Zhejiang CTG Communication Technology Co., Ltd [official name: 浙江喜天奇通信技术有限公司], an indirect wholly-owned subsidiary of the Company

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing one gender shall include the other gender. Reference to persons shall include corporations.

Any reference in this information memorandum to a “Rule” is a reference to the relevant Rule in the Listing Rules for the time being.

1. CHAIRMAN'S STATEMENT



Photo of Richard SHENG (R) with the Company's sales team at a recent trade show in Shenzhen, China

Dear investor

In this modern world which we now live in, communication and the technologies that support such communication have become increasingly important in all aspects of our lives, be it in commerce, finance, education, public service or even personal entertainment. In this area, technological developments continue to focus on increasing the speed and volume which data can be transmitted. Much of our computing and storage needs are now met *"on the cloud"* with applications and services such as Office 365, Google Docs, Dropbox, Microsoft One Drive and Google Drive just to name only a few. All

over the world, data centres are being built at every increasing pace to cater to the demand created as a result of these changes. In this move for better and faster communication and the move towards cloud computing, demand for networking cables, both in terms of quantity and quality, will only increase.

On this note, it gives me great pleasure to introduce to you our company, CTG Fibersway International Limited and its subsidiaries. While the Company, CTG Fibersway International Limited, was only recently incorporated specifically for the purpose of its NSX listing, it can trace its history back to October 1996 when CTG Hangzhou was established. The Group has more than 20 years' track record of manufacturing network and communication cables, and today exports its products to customers and end-users in countries all over the world, primarily in North America. The Group manufactures and sells a wide range of networking cables and optic fibre cables.

The Group's products have met market demands for network cabling products for a number of years and, I believe, will continue to do so for many more years to come. We have a good track record and hard-earned reputation for fair and ethical dealing, quality products, competitive pricing and good customer service. For these reasons, I am confident that the Group is well placed to profit from the growing demand of these network cabling products.

The Company considers a listing on NSX to be an important next step for its corporate development. A listing gives the Company additional options to raise funds in the future as it grows its business and expands its operations. It will also allow the Company's suppliers, customers and other strategic partners to take an equity stake in the Company so as to align their interests with that of the Company and its other shareholders. A listing on an established securities exchange such as NSX will, in the opinion of my fellow directors and I, increase the Company's profile which, in turn, will promote the "CTG" and "Fibersway" product brand.

This information memorandum is issued in connection with the Company's application for a compliance listing on NSX. It sets out more information about the Company, its current operations, its financial information and the more significant risks faced by the Company and its investors. Shareholders and interested investors should read this information memorandum carefully and in its entirety and, if so required, seek professional advice before deciding whether to invest or trade in the Company's shares after its listing on NSX.

The Group has grown due to steadfast adherence to its core corporate culture of being people oriented, innovative and constantly improving ourselves and, if we continue to maintain this core corporate culture, the Group will continue to grow. On behalf of my fellow directors, I encourage you to spend some time to get to know us and our business and to understand what we, as a company, are trying to achieve. Hopefully, you will share our vision and, if you do, to join us as a shareholder as we embark our journey to bring the Company to greater heights.

Yours sincerely



SHENG Zejun (Richard)
Chairman and chief executive officer

2. INVESTMENT OVERVIEW

This information is a selective overview only and is not intended to provide full information for investors intending to invest in the Shares. Prospective investors should read this information memorandum in full before deciding whether to invest in the Shares.

Question	Response	Where to find more information
Who is issuing this replacement information memorandum?	CTG Fibersway International Limited, a company incorporated in Cayman Islands (registration number 328400) and registered in Australia under the Corporations Act (ARBN 622 412 186).	Section 3.1
What is the purpose of this replacement information memorandum?	This replacement information memorandum is issued in connection with the Company's application for a compliance listing of its Shares on NSX.	Section 7.1
Why does the Company want to list on NSX?	<p>Directors believe that a listing on NSX will:</p> <ul style="list-style-type: none"> ● allow Shareholders who may wish to trade their shares through a stock exchange to do so; ● broaden the Company's shareholder base; ● facilitate the Group to raise further capital when such additional capital is required to expand the Group's business operations or for such other purposes as they may arise; ● raise the Group's profile and promote the "CTG" and "Fibersway" product brands; and ● allow suppliers, customers and other strategic partners to take an equity stake in the Company so as to align their interests with that of the Company. 	Section 7.2
Who is the Company and what does it do?	The Company is an investment holding company, and it indirectly holds 100% of the equity capitals of three operating companies in China, namely CTG ImpEx, CTG Jiangsu and CTG Fibersway (<i>i.e.</i> , the Operating Companies). CTG Jiangsu manufactures networking (or LAN) cables from its owned factory, while CTG Fibersway manufactures optic fibre cables from its factory sited in premises	Sections 3.1 to 3.7

Question	Response	Where to find more information
	secured on a long term lease. These products are marketed and exported globally by CTG ImpEx.	
What are the benefits of investing in the Company?	<p>The benefits of investing in the Company include investing in a company which:</p> <ul style="list-style-type: none"> ● has a long track record of more than 20 years managed by the same management team; ● has wide customer base, including a number of customers of many years standing; and ● manufactures and sells products for a growing market segment. 	
What are the key risks of investing in the Company?	<p>There are a number of risks associated with investing in the share market generally and in the Company specifically. Full details of these risks are set out in Section 5 and include:</p> <ul style="list-style-type: none"> ● increased trade protectionism measures imposed by governments of countries the Group exports to; ● rapid advancements in communication technologies may render products manufactured by the Group obsolete; ● the Group not being able to procure sufficient raw material, particularly optic fibre, for its production; ● competitive activities of direct competitors; and ● shortage of skilled workers for certain manufacturing processes which can not be further mechanized efficiently. 	Section 5, particularly 5.1(a) to 5.1(e)
What is the financial position of the Company?	<p>The Company is a new company formed on 6 January 2017 to hold 100% of the equity capital of the Operating Companies. Two of the Operating Companies, namely CTG ImpEx and CTG Jiangsu are existing companies, each with an operating track record of more than three financial years. CTG Fibersway was incorporated subsequent to 30 November 2016, the end of the most recent financial year. Therefore, the financial information set out in this information memorandum is the</p>	Section 8

Question	Response	Where to find more information
	audited combined financial statements of CTG ImpEx and CTG Jiangsu for the past three financial years.	
Who are directors of the Company?	<p>Directors of the Company are:</p> <ul style="list-style-type: none"> ● SHENG Zejun (Richard) (Chairman of the board and chief executive officer) ● SHENG Yanjun (Angel) (Executive director) ● HU Yuxing (Paul) (Independent non-executive director) <p>Their qualifications, work experience and shareholdings in the Company (if any) are set out in Section 6.</p>	Section 6
Who are shareholders of the Company?	<p>All existing Shares were issued to satisfy in full the purchase consideration for the Company's (indirect) acquisition of the Operating Companies. Therefore, all existing Shares are held by the registered and/or beneficial owners of the Operating Companies, each holding such number of Shares in proportion to his or her interest in the combined equity capital of the Operating Companies before completion of the Restructuring.</p> <p>Further shareholding information, including substantial shareholdings, is set out in Section 4.</p>	Section 4
What important contracts have the Company and its subsidiaries entered into?	<p>The Company or the Operating Companies is a party to a number of important contracts. They include:</p> <ul style="list-style-type: none"> ● Material contracts in relation to the Restructuring; ● Material contracts in relation CTG ImpEx and CTG Fibersway lease of premises from CTG Hangzhou ● State Land Use Rights Acquisition by Auction Confirmation of Successful Bid in relation to a plot of industrial land dated 6 May 2010 signed by Land Resource Administration Bureau of Jinhua City and CTG Jiangsu ● Trademark Transfer Agreement in relation to 	Section 3.9

Question	Response	Where to find more information
	the transfer of the Trademarks entered into by and between CTG Hangzhou and CTG ImpEx	
Will the Company pay any dividend?	The Company's current focus will be on generating capital growth. The Company has no immediate plan to declare or distribute dividends. However, where possible, directors intend to declare the highest possible rates of dividends after taking into account factors such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by directors.	Section 3.10
Where will the Shares be quoted?	An application has been made to NSX for quotation of the Shares under the trading symbol "CFW".	
Where can I obtain additional advice?	By speaking to your accountant, bank manager, stockbroker, lawyer or other professional adviser.	

3. COMPANY AND BUSINESS OVERVIEW

3.1. Introduction

The Company was incorporated in Cayman Islands on 23 October 2017, and was registered under the Act on 20 November 2017 with a registration number ARBN 622 412 186.

In connection with and for the purpose of the Listing, Existing Shareholders carried out a restructuring of their interests in the Operating Companies (*i.e.*, the Restructuring). The Operating Companies comprise CTG ImpEx and CTG Jiangsu, two companies with operating track records since 2005 and 2009 respectively and CTG Fibersway, a currently operating company established in 2016. The purpose of the Restructuring was so that Existing Shareholders hold their interests in the Operating Companies indirectly through their shareholdings in the Company in the proportion of their interests in the combined equity capital of the Operating Companies prior to the Restructuring.

The corporate structure of the Group on completion of the Restructuring and as at the date of this information memorandum is as follows:



Brief information of the companies within the Group are set out below:

Country	Date of incorporation or registration	Principal activities
(a) CTG Fibersway International Limited		
Cayman Islands	23 October 2017 (Cayman Islands) 20 November 2017 (Australia)	Investment holding

Country	Date of incorporation or registration	Principal activities
(b) Fibersway Singapore Pte. Ltd. Singapore	20 December 2016	Investment holding
(c) Zhejiang CTG Communication Technology Co., Ltd China	14 April 2017	Investment holding
(d) Hangzhou Fibersway Communication Technology Co., Ltd China	17 October 2016	Manufacture and sale of optic fibre cables and ancillary products and services
(e) Hangzhou Linan Xitianqi Import and Export Co., Ltd China	15 March 2005	Sales and marketing of networking cables and optic fibre cables, and ancillary products
(f) CTG (Jiangsu) Electronics Co., Ltd China	15 September 2009	Manufacture and sale of networking cables and ancillary products and services

The corporate objectives of the Company are:

- (a) to create shareholder value by building upon the Group's good reputation and track record with customers, suppliers and other industry participants to expand its revenue streams and increase the Group's revenue and profitability; and
- (b) to assess and, if warranted, acquire or build other manufacturing capabilities to offer other product lines (including upstream and downstream products) to complement and/or supplement the Group's existing principal businesses.

The Listing, which will give the Company a higher profile and to allow the Company to raise funds in the future, is part of this growth strategy.

3.2. Overview of the Group's principal business

The principal businesses of the Group, which are carried on the Operating Companies, are the manufacture, sale and marketing of networking cables and optic fibre cables, and ancillary products. Further particulars of the range of products the Group manufactures and sells are set out in section 3.3 below.

What the brief corporate history of the Group is

The Group traces its history to the year 1996 when CTG Hangzhou was registered to carry on business of manufacturing and sale of electric cables. It subsequently expanded its product lines to include coaxial cables and networking cables. CTG Hangzhou has since further diversified into a number of other unrelated businesses including real estate, private equity and micro-credit.

The Founder Shareholders registered CTG ImpEx in 2005 to better service overseas (*i.e.*, outside of China) customers and expand export sales. Today, CTG ImpEx carries out the export sales and marketing functions for the Group and for CTG Hangzhou.

In the year 2009, due to increasing demand for its networking cable products, the Founder Shareholders formed CTG Jiangsu to expand its networking cable manufacturing capacity. For operating efficiency and to reap benefits from economies of scale, CTG Hangzhou transferred its networking cable manufacturing business to CTG Jiangsu. With this transfer of business to CTG Jiangsu, CTG Hangzhou's manufacturing business now manufactures only legacy products such as telephone, electrical and coaxial cables.

To meet the increasing demand for optic fibre cables, the Founder Shareholders formed CTG Fibersway in 2016 to manufacture and sell optic fibre cables. As of the date of this information memorandum, CTG Fibersway has commenced manufacturing operations.

What products and services the Group sells

The Group manufactures and sells a wide range of networking cables and optic fibre cables. The Group manufactures and sells these products as OEM manufacturers for customers, as well as under the Group's own trademarks. In addition to selling products manufactured by the Group, the Group also sells and markets related products sourced from other suppliers and manufacturers. Consistent with the Group's marketing tag-line "*Not only a manufacturer ...*", the Group also provides other value-added services to customers such as product standardization and integration services, product procurement services and other one-stop services.

Further information on the Group's products and services are set out in Section 3.3 below.

How the Group manufactures the products it sells

The Group manufactures its line of networking cables products through its indirect wholly-owned subsidiary, CTG Jiangsu who operates from its owned purpose built factory in Jinhu City, Jiangsu Province.



Photos showing the exterior of CTG Jiangsu's factory in Jinhu City and its workshop

The Group's optic fibre cables range of products is manufactured by CTG Fibersway, a recently registered company which commenced operations in October 2016. CTG Fibersway operates from premises leased on a long-term lease from CTG Hangzhou, a company in which a director has interest. Currently, CTG Fibersway has a production capacity of 800,000 kilometres of optic fibre cables per annum.



Photos of optic fibre cables QC testing and product finishing lines at CTG Fibersway's manufacturing premises

The manufacturing processes for the products manufactured by the Group are set out in Section 3.5 below.

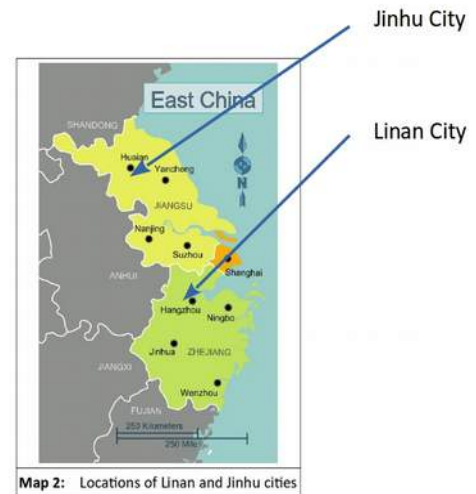
How the Group sells its products

As the Group operates on a business-to-business model, it does not operate retail outlets. The Group has its own sales and marketing department to carry out all the Group's sales and marketing activities. Further information on how the Group sells and markets these products is set out in Section 3.6 below.

Where the Group operates

The Group is based in China with its principal place of business located in Linan City (pronounced: *Lin-Arn*), a city about 30 kilometres away from Hangzhou, the capital city of Zhejiang Province in China. According to data published by National Bureau of Statistics of China, Zhejiang Province is the province with the fourth highest GDP in 2016, with a GDP of ¥4,648.5 billion (approximately A\$899.95 billion). The Group's head office, CTG ImpEx, the Group's principal sales and marketing entity, and CTG Fibersway, which carries out the Group's optic fibre cables manufacturing activities, are located in Linan.

CTG Jiangsu's factory which manufactures networking cables is located in Jinhu City in the adjacent province of Jiangsu. Jinhu City is located about 400 kilometres by road from Linan City. The maps below shows the approximate locations of Zhejiang and Jiangsu Provinces in China and Linan and Jinhu cities within these two provinces.



People – the Group's biggest asset

As of Latest Practical Date, the Group employs a total of 120 permanent full-time employees. The number of employees employed by the Group is not subject to annual seasonal fluctuations.

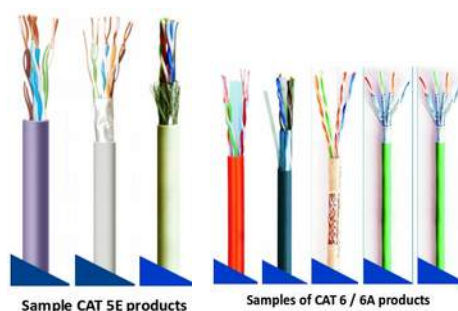
3.3. Current products

The Group sells and markets both products it manufactures as well as related products not manufactured by the Group sourced from other suppliers and manufacturers, including CTG Hangzhou, a company in which a director has interest.

As of the date of this information memorandum, the Group manufactures the following product ranges:

(a) Networking cables

The Group manufactures a wide range of networking cables, covering networking cables conforming to CAT 5E, CAT 6 and CAT 6A specifications. Below is a gallery of a sample of networking cable products produced by the Group.



Sample CAT 6 / 6A networking cables use



(b) Optic fibre cables

The Group manufactures a wide range of optic fiber cables to meet most FTTA (Fiber-To-The-Antenna) and FTTH (Fiber-To-The-Home) cabling needs. These optic fibre products are sold either as bulk cables or as patch cords (i.e., with a cord patch installed at both ends of an optic fibre cable of specific lengths). The photos below shows samples of optic fibre cables in bulk cable form and patch cords.



Sample single core patch cord



Sample double core patch cord



Sample optic fibre cable in bulk cable form

(c) Value-added services

To differentiate itself from other manufacturers, the Group focuses on customer-centric service by providing customers with the additional value-added services described below. These value-added services are provided by CTG ImpEx.

(i) Product customisation and integration services

The Group is able to provide customization in most aspects of clients' orders. These customisation includes product specifications (both technical specifications and cosmetic requirements (*e.g.*, logo and bar code printing on the cables and outer sheath colours) and customised packaging. The price for this value-added service is usually factored in the selling prices of the Group's products sold to the customer.

(ii) Product procurement services

The Group offers product procurement services to clients under which it manages the entire procurement and China-based supply chain for customers. Products are sourced and purchased based on customers requirements, received and inspected by the Group and then shipped to customers more often than not together with the Group's products

purchased by the customers. The Group makes a margin on the products procured for customers.

(iii) Other one-stop services

The most popular and most often requested for one-stop service is the management of client's supply chain management. This value-added service is very much similar to the product procurement service described above, with one significant difference. Under this value-added service, the customer negotiates and determines the prices and other commercial terms directly with its chosen supplier. The Group then "executes" the rest of the supply chain aspects including receiving, inspecting and shipping the products (again, usually with the Group's products the customers purchased) to the customers. The Group charges customers a service for this value-added service.


3.4. Intellectual properties

The Group has always been innovative in designing products it manufactures and the way these products are being manufactured. CTG Jiangsu has come out with product innovations which are patented in China. As of the date of this information memorandum, CTG Jiangsu is the registered proprietor of the following product patents:

S/No.	Registration No.	Brief description of product
(1)	3177417	Easy maintenance communications cable
(2)	3178570	Optic fibre patch cord
(3)	3177497	Rubber insulated optic fibre cable
(4)	3180112	Networking cable
(5)	3180279	Networking cable connectors

CTG Jiangsu has also submitted registration applications for six other product patents. As of the date of this information memorandum, these patent registration applications are all pending registration.

In addition to the above patents which are pending registration, the Group is also the proprietor of the following trademarks:

S/No.	Registration No.	Trademark	S/No.	Registration No.	Trademark
(1)	8507158		(2)	1802355	赛捷
(3)	1772641	CTG	(4)	1346199	

The Group acquired the rights to the Trademarks for a total consideration of ¥8,455,000 (or approximately A\$1,636,880) under a Trademark Transfer Agreement dated 1 November 2016 entered into by and between CTG Hangzhou (as transferor) and CTG ImpEx (as transferee).

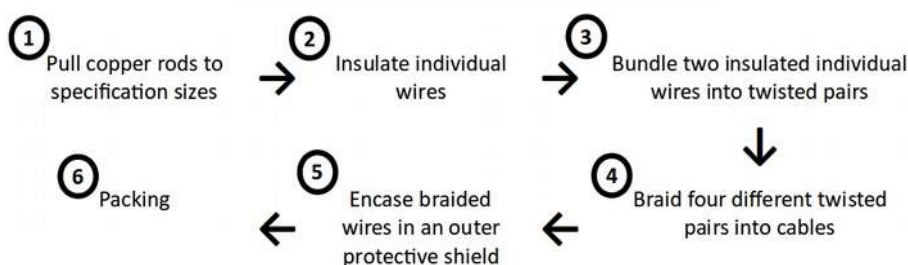
3.5. Production process

(a) Networking cables



A picture of the structure of a typical networking cable is set out on the right to guide understanding of the production process of networking cables. A diagram summarizing the production process of a typical networking cable and brief description of the main steps, are set out below:

SUMMARY OF DATA CABLE PRODUCTION PROCESS



Step 1: Copper rods are heated and pulled to the desired diameter size, which is determined by the specifications of the intended end product.

Step 2: The pulled wires are wrapped with an outer insulation of different specific standardized colours (*i.e.*, eight different standard colours). The outer insulation is made of polyvinyl chloride, a synthetic plastic polymer more commonly known as PVC.

Step 3: Two insulated wires are twisted into twisted pairs.

Step 4: Four twisted pairs are braided into cables.

Step 5: These braided cables are encased in an outer protective shield made of PVC material. A photo showing a snapshot of this process is set out on the right.

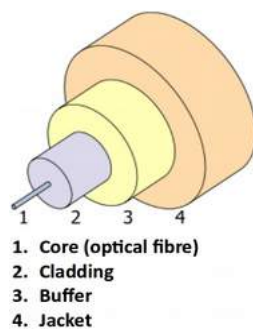


Step 6: Completed cables goes through a series of quality control tests, which includes tests on physical qualities (e.g., thickness, tensile strength, colours of the wiring and cables) and for performance before being packaged for shipment.

CTG Jiangsu implements a stringent quality management system which has been audited and certified to conform to the ISO 9001:2008 standards by an ANAB¹ accredited certification centre. Its current ISO 9001:2008 certification is valid until 15 September 2018.

The Group sends its products for testing and validation by reputable and widely recognised product testing and certification bodies. As of the date of this information memorandum, products manufactured by CTG Jiangsu have been certified by UL, LLC² (the “UL Certifications”) and have received the ETL Listed Mark³ from Intertek. Directors consider these certifications as being important certifications as they are validation of the quality and performance of networking cables products manufactured by CTG Jiangsu and are regularly requested for by prospective and existing clients.

(a) Optic fibre cables



A picture of the structure of a typical single core optic fibre cable is set out on the left to guide understanding of the production process of optic fibre cables.

The production process involves coating, buffering and sheathing optic fibre wires with layers of different materials (depending on product specifications) including PVC, aramid⁴ yarn, polyester film, steel belt and polyethylene, to form into cables. Completed cables are then marked, tested and inspected for quality control before being packaged as bulk cables. Where required by customers, completed cables are cut to required lengths and/or cord patches installed before packaged for shipping. Installation of the cord patches to make patch cords is the most labour intensive part of the entire manufacturing process.

3.6. Sales and marketing

The Group has a team of personnel responsible for the sales and marketing of its products. The principal channels for marketing the Group's products as follows (in order of importance as assessed by the Group's management):

- 1 ANSI-ASQ National Accreditation Board (URL: www.anab.org) is a non-governmental organization jointly owned by the American National Standards Institute and the American Society for Quality which provides accreditation services to public and private sector organizations.
- 2 UL, LLC (“UL”) (URL: www.ul.com) is an American safety consulting and certification company which provides safety-related certification, validation, testing and inspection. It is also one of several companies approved to perform safety testing by US Occupational Safety and Health Administration.
- 3 The ETL Listed Mark is proof of product compliance to North American safety standards, and is issued by a unit of Intertek Group plc, a London Stock Exchange listed multinational inspection, product testing and certification company.
- 4 Synthetic materials which can be extruded into fibre with resistance to high temperatures and of great strength.

- (a) Participation in domestic and international trade shows and exhibitions
(*Level of importance: High*)

Management considers this to be the most important sales and marketing channel for the Group. Therefore, it attends and participates in a number of major trade shows and exhibitions. Some of the exhibitions which the Group regularly participates and attends are:

- (i) Gulf Information Technology Exhibition or GITEX, an annual consumer computer and electronics trade show, exhibition and conference that takes place in Dubai, United Arab Emirates;
- (ii) China International Optoelectronic Exposition or CIOE, an annual event which its organizers consider to be the world's largest exhibition in optoelectronic industry. It gathers global optoelectronic professionals to network with business partners and discover future trends;
- (iii) China Content Broadcasting Network or CCBN, a large scale broadcasting technology and equipment expo held in Beijing annually. It attracts more than 1,000 exhibitors and 100,000 professional visitors from more than 30 countries;
- (iv) International Exhibition of Telecommunications, Information Technology & Innovative CIT Solutions or Iran Telecoms Fair;
- (v) China Import and Export Fair or the Canton Fair. It is the largest and, to many manufacturers in China, the most important trade fair in China. It is held in the spring and autumn seasons each year since the spring of 1957 in Guangzhou City;
- (vi) Hong Kong Electronics Fair, an annual trade fair organised by the Hong Kong Trade Development Council.

- (b) Referrals from existing customers
(*Level of importance: High*)

Often the Group receives sales enquiries from potential customers whom are referred by existing or former customers or by procurement personnel previously in the employ of existing or former customers who are now employed by other industry participants. The Group considers this sales channel as being of high importance because these sales enquiries generally have a high "conversion rate" in that the likelihood of such sales enquiries leading to concluded sales is generally higher than other sales enquires received by the Group.

- (c) Marketing calls to existing and former customers
(Level of importance: High)

The Group employs a team of marketing executives whose duties include making calls to existing customers to obtain sales orders, customer satisfaction feedback or, at the minimum, information on the purchasing schedules of these customers. Similar marketing calls will also be made to former customers who have not purchased products from the Group for a period of time.

- (d) Advertisements and product listings in reputable B2B platforms
(Level of importance: Medium)

The Group also advertises and sells products online through the following reputable B2B (business-to-business) platforms:

- (i) Alibaba (URL: www.alibaba.com)
- (ii) Made-in-China (URL: www.made-in-china.com)
- (i) Global Sources (URL: www.globalsources.com)

- (e) Other advertisements
(Level of importance: Low)

The Group also advertises online on Google and Facebook, as well as in trade and industry publications such as HC Network magazine, exhibition introduction publications and HK Global Source magazine.

Currently, the Group's products are mostly exported. It has customers in countries all over the world. However, North America is and has been the most significant market for the Group. The table on the right shows the approximate breakdown of the Group's sales in the last two years (*i.e.*, the years 2015 and 2016) by geographical regions. The sales breakdown data

shown in the table is based on sales of networking cable products. Management expects that domestic sales in China to increase in the future when sales of optic fibre cable products become more a significant contributor to the Group's total sales. This is because the trend which management foresee, in the near to medium term, is that a substantial portion of sales of optic fibre cables will be to domestic customers due to the increasing investment in communication infrastructure in China.

Geographical region	2016	2015
South-east Asia	2.8	4.6
Middle East	3.6	5.7
North America	74.3	66.2
South Africa	2.3	2.5
Europe	5.0	5.8
Others (including South America) [#]	2.0	5.2
China	10.0	10.0
	100.0	100.0

[#] The decrease in sales to other regions is due to the Group deciding to cease sales to Russian customers due to the low margins and long credit terms demanded by these customers

3.7. Market analysis

Global market for networking cables is estimated to grow at a cumulative annual growth rate ("CAGR") of 14.3% from the year 2014 to 2022, and is estimated to reach US\$1 billion by 2022. The Asia-Pacific region dominated the market, contributing more than 35% share of the overall market revenue, followed by Europe. The demand for high speed internet and rise in data centre installation activities, primarily in the industrial sector, have fuelled the market growth.

Swift rise in demand for high-speed internet facility, increased application of automation across industries, and reliable performance of networking cables drive the market growth. Additionally, it is anticipated that the rise in penetration of power-over-ethernet (or commonly referred to as PoE) use coupled with increase in data centre installations are anticipated to fuel the global market growth. However, high installation cost and limited availability may restrict the market growth.

The copper cable segment, which CTG Jiangsu's products fall under, accounted for more than 50% of the overall networking cables market in 2015. High speed and low cost of these cables in industrial applications led this segment to dominate the market. However, the optic fibre cable segment would grow significantly and is expected to grow at a CAGR of 20.5% during the forecast period (*i.e.*, the period from 2014 to 2022). This is due to increase in installation of optic fibre cables for long-distance applications as major companies are launching advanced technology for optic fibre. China is a significant contributor in the Asia-Pacific market in terms of revenue for optic fibre based technologies.

The Asia-Pacific region is projected to be the fastest growing market throughout the forecast period as driven primarily by China who has the highest demand for optic fibre cables due to demand for high-speed internet and various security reasons. Industrial development and increase in expenditures in emerging markets (such as Latin-America and Middle East) in line with their exponentially growing economies, and technological advancements for cost-effecting and long distance applications, in countries in these regions will contribute to strong market growth.

The market analysis set out above is based on publicly available information extracted from a research report published by Allied Market Research. Allied Market Research (the global market research and business consulting wing of US-based Allied Analytics LLP) has not consented to be named in this information memorandum nor for any statement to be made in this information memorandum based on any statement made by them. However, directors consider the above information to be reasonable and is a reasonable basis for their belief as to the current and future market for networking cables. Therefore, directors hereby adopt and make the above market analysis information as their statement.

3.8. Properties

As of the date of this information memorandum, the properties of the group are as follows:

Held by WFOE

(1) Location:	No. 248 Linglong Street, Linglong Industrial Zone Linan City, Hangzhou Zhejiang Province, China
Land area:	-
Number of buildings:	-
Aggregate floor area:	300 m ²
Use:	Office
Owned or leased:	Leased

Held by CTG ImpEx

(2) Location:	No. 248 Linglong Street, Linglong Industrial Zone Linan City, Hangzhou Zhejiang Province, China
Land area:	-
Number of buildings:	-
Aggregate floor area:	500 m ²
Use:	Office
Owned or leased:	Leased

Held by CTG Fibersway

(3) Location:	No. 248 Linglong Street, Linglong Industrial Zone Linan City, Hangzhou Zhejiang Province, China
Land area:	-
Number of buildings:	-
Aggregate floor area:	5,300 m ²
Use:	Production workshop (5,000 m ²), Office (300 m ²)
Owned or leased:	Leased

Held by CTG Jiangsu

(4) Location:	No. 207 Road 84 Jinhu Industrial Zone Jinhu City, Jiangsu Province China
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Land area:	27,724 m ²
Number of buildings:	1
Aggregate floor area:	6,579.38 m ²
Use:	Integrated factory comprising offices, warehouse and production workshop
Owned or leased:	Owned

3.9. Material contracts

The Company and its subsidiaries have entered into the following material contracts:

Material Contracts relating to the Restructuring

(a) *Equity Transfer Agreement in relation to CTG ImpEx between CTG Hangzhou and SHENG Zejun (Richard) (as transferors) and WFOE (as transferee)*

CTG Hangzhou and SHENG Zejun (Richard) (the “CTG ImpEx Transferors”) (as transferors) and WFOE (as transferee) entered into an Equity Transfer Agreement dated 27 May 2017, under which the CTG Transferors transferred their aggregate 100% equity interest in CTG ImpEx to WFOE for a total consideration of RMB3,000,000 which was deemed paid in full in accordance with the terms of the agreement.

The agreement, in the standard format prescribed by the local office of the Department of Industry and Commerce, is governed by the laws of China. The agreement was completed on 2 June 2017 and the parties’ obligations had been fulfilled in accordance with terms of the agreement. On completion of the this Equity Transfer Agreement, CTG ImpEx became a wholly-owned subsidiary WFOE, a wholly owned subsidiary of FiberswaySG.

(b) *Equity Transfer Agreement in relation to CTG Fibersway between WANG Kangmei and SHENG Zejun (Richard) (as transferors) and WFOE (as transferee)*

WANG Kangmei and SHENG Zejun (Richard) (the “CTG Fibersway Transferors”) (as transferors) and WFOE (as transferee) entered into an Equity Transfer Agreement dated 23 May 2017, under which the CTG Fibersway Transferors transferred their aggregate 100% equity interest in CTG Fibersway to WFOE in consideration for WFOE assuming the obligation to pay the registered capital of CTG Fibersway when due.

The agreement, in the standard format prescribed by the local office of the Department of Industry and Commerce, is governed by the laws of China. The agreement was completed on 2 June 2017 and the parties’ obligations had

been fulfilled in accordance with terms of the agreement. On completion of the this Equity Transfer Agreement, CTG Fibersway became a wholly-owned subsidiary WFOE, a wholly owned subsidiary of FiberswaySG.

- (c) *Equity Transfer Agreement in relation to CTG Jiangsu between SHENG Zejun (Richard) and PANG Yan (as transferors) and WFOE (as transferee)*

SHENG Zejun and PANG Yan (the “CTG Jiangsu Transferors”) (as transferors) and WFOE (as transferee) entered into an Equity Transfer Agreement dated 17 May 2017, under which the CTG Jiangsu Transferors transferred their aggregate 100% equity interest in CTG Jiangsu to WFOE for a total consideration of RMB19,600,000 which was deemed paid in full in accordance with the terms of the agreement.

The agreement, in the standard format prescribed by the local office of the Department of Industry and Commerce, is governed by the laws of China. The agreement was filed and lodged with the relevant office of the Department of Industry and Commerce on 17 May 2017. Upon the registration and lodgement of this agreement with the relevant office of the Department of Industry and Commerce, CTG Jiangsu became a wholly-owned controlled entity of WFOE, a wholly owned subsidiary of FiberswaySG. As of the date of this information memorandum, the transfer of the equity interest in CTG Jiangsu to WFOE is outstanding. Directors believe that this administrative procedure will occur as a matter of course under PRC laws.

- (d) *Sale & Purchase Agreement in relation to Carlson Management Limited between Fidus Custodians Limited (as vendor) and CTG Fibersway Limited (as purchaser)*

CFW-BVI and Fidus Custodians Limited (acting as bare nominee for the Existing Shareholders) entered into a Sale & Purchase Agreement dated 3 June 2017 (the “SPA”), under which CFW-BVI acquired all the issued share capital of Carlson Management Limited (and, indirectly, its then wholly-owned subsidiary FiberswaySG) for a notional consideration of A\$4,500,000 (including the \$1 initial subscriber share) to be satisfied by the issue of 200,000,000 Shares (including the initial one subscriber Share) credited as being fully paid to the Existing Shareholders.

The SPA is governed by the laws of Singapore. The SPA was completed upon its execution on 3 June 2017 and the parties’ obligations had been fulfilled in accordance with the terms of the agreement. On completion of the SPA, FiberswaySG (and indirectly, the Operating Companies) became an indirect wholly-owned subsidiary of the CFW-BVI.

- (e) Disposal of Carlson Management Limited

Upon completion of the SPA:

- (A) Carlson Management Limited transferred its interest in the entire issued and paid-up share capital of FiberswaySG to CFW-BVI for a nominal consideration of S\$1,000; and thereafter
- (B) CFW-BVI disposed of its interest in the entire issued and paid-up share capital of Carlson Management Limited to Lu Bo (an unrelated third party) for a consideration of S\$1,000.

On completion of the above transactions, FiberswaySG became a direct wholly owned subsidiary of CFW-BVI.

- (f) *Transfer of FiberswaySG from CFW-BVI (as transferor) to the Company (as transferee)*

On 20 November 2017 and for the sole purpose of having the effect of re-domiciliating CFW-BVI, CFW-BVI transferred all its 100% shareholding in FiberswaySG to the Company for a notional consideration of A\$1,000 (including the \$100 initial subscriber share) to be satisfied in full by the issue of 1,000 Shares (including the initial one hundred subscriber Shares) credited as being fully paid to the Existing Shareholders in the exact same proportion of their shareholdings in CFW-BVI.

Immediately on completion of the transfer, the Company revalued its shareholding in FiberswaySG from \$1,000 (its acquisition cost) to \$4,500,000 and capitalized the revaluation reserve by issue bonus shares to the Existing Shareholders on the basis of 199,999 bonus shares (or fractions thereof) for every 1 Share (or fractions thereof) then held by the Existing Shareholder.

On completion of the above transactions:

- (1) FiberswaySG became a direct wholly-owned subsidiary of the Company;
- (2) the Operating Companies became indirect wholly-owned subsidiaries of the Company;
- (3) the Company's issued and paid up capital became \$4,500,000 comprising 200,000,000 ordinary shares, identical to the issued and paid up share capital of CFW-BVI;
- (4) the Existing Shareholders holds the same number of shares in the share capital of the Company as they do in the share capital of CFW-BVI.

Material Contracts relating to properties held by the Group

- (g) *Three separate Lease Agreements all dated 15 April 2017 between CTG Hangzhou (as Landlord) and each of WFOE, CTG ImpEx and CTG Fibersway (each as a Tenant or, collectively, as Tenants) for the lease of premises*

By three separate Lease Agreements all dated 15 April 2017 between CTG Hangzhou, a company in which a director has interest, and each of WFOE, CTG ImpEx and CTG Fibersway, the Landlord leased specified premises located at No. 248 Linglong Street, Linglong Industrial Zone, Linan City, Hangzhou, Zhejiang Province, China to each Tenant on the following principal commercial terms:

	WFOE	CTG ImpEx	CTG Fibersway
Tenure	5 years, from 30 October 2016 to 29 October 2021		
Area of leased premises	300 m ²	500 m ²	5,300 m ²
Rental (per annum)	RMB50,000	RMB80,000	RMB600,000
Payment terms	Payable in arrears on 31 December each year		
Other principal term	Upon expiry of the lease term, the Tenants shall have the right to continue leasing the leased premises on existing terms as best offer (<i>i.e.</i> , at no less favourable terms)		

- (h) *State Land Use Rights Acquisition by Auction Confirmation of Successful Bid dated 6 May 2010 signed by Land Resource Administration Bureau of Jinhu City and CTG Jiangsu*

By a State Land Use Rights Acquisition by Auction Confirmation of Successful Bid dated 6 May 2010 (the "Successful Bid Confirmation") signed by the parties, the Land Resource Administration Bureau of Jinhu City confirmed that CTG Jiangsu had successfully bid for a 50-year leasehold to a 27,724 m² plot of land for industrial use for a total consideration of RMB3,330,000 and on the terms and subject to conditions set out in the Successful Bid Confirmation. These terms and conditions, including payment of the purchase consideration, have been fulfilled and the land use rights to this plot of industrial land has been issued to CTG Jiangsu in accordance to the terms and conditions of the Successful Bid Confirmation.

Other Material Contracts

- (i) *Trademark Transfer Agreement in relation to the transfer of the Trademarks dated 1 November 2016 between CTG Hangzhou (as transferor) and CTG ImpEx (as transferee)*

CTG Hangzhou (as transferor) and CTG ImpEx (as transferee) entered into a Trademark Transfer Agreement dated 1 November 2016, under which the transferor transferred all its rights and interests to the Trademarks to the transferee for a total consideration of ¥8,455,000 (or approximately A\$1,636,880). The Trademark Transfer Agreement, in the standard form prescribed by the relevant government agency in China, was effective upon its execution and applications for the transfer of registrations of the Trademarks had been lodged with the relevant government agency in China.

3.10. Dividend policy

Determination as to the payment of dividends by the Company will be at the discretion of directors. Currently, the directors do not have any dividend policy. However, where possible, directors intend to declare the highest possible rates of dividends after taking into account factors such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by directors.

Directors expect that any dividend, if paid, will be paid without franking credits.

3.11. Tax status and financial year

The Company will not carry on business in Australia nor operate with management control in Australia. Therefore, directors do not expect the Company to be considered a tax resident in Australia.

The financial year of the Company will end on 30 November annually.

3.12. Litigation

There is no litigation or claims of material importance made against any entity of the Group in the last five (5) years or which is pending or threatened against any member of the Group.

4. SHARES AND SHAREHOLDING INFORMATION

4.1. Share class information

As of the date of this information memorandum, the Company has only one class of shares in issue, namely Ordinary Shares, the details of which are as follows:

	Number of securities issued	Voting rights attaching to each security	The amount of fully paid-up security
Ordinary Shares	200,000,000	Each shareholder is entitled to one vote for each Share	A\$4,500,000

4.2. Substantial shareholders

As of the date of this information memorandum, the shareholdings of substantial shareholders (defined as persons who own 5% or more of a class of security) are as follows:

Substantial shareholder	Direct interest	Deemed interest	Total interest	% of issued capital
SHENG Zejun (Richard)	60,000,000	-	60,000,000	30.00
SHENG Yanjun (Angel)	30,000,000	-	30,000,000	15.00
SHENG Guoxian ⁽¹⁾	50,000,000	-	50,000,000	25.00

⁽¹⁾ SHENG Guoxian is the father of SHENG Zejun (Richard) and SHENG Yanjun (Angel), both whom are directors of the Company

4.3. Previous share issues

All existing 106 Shareholders of the Company were initially issued shares in the share capital of CFW-BVI on 3 June 2017 as consideration for the acquisition by CFW-BVI of the entire share capital of FiberswaySG, the holding company which, through its 100% equity interest in WFOE, holds 100% equity interest in each of the Operating Companies. The 200,000,000 shares (including the one initial subscriber share which had been issued previously) were issued for a notional consideration of A\$4,500,000 pursuant to a restructuring exercise carried out by the Company for the purpose of the Listing.

All existing 106 Shareholders of the Company were then issued shares in the Company on 20 November 2017 following completion of the re-domiciliation exercise described in section 3.9(f) above.

Shares in the Company were issued to these 106 investors who had pooled their funds to invest in the equity capitals of the Operating Companies, or who had

acquired an interest in the equity capitals of the Operating Companies from other Existing Shareholders, at various times since 2005. The dates of investment and amounts invested by the Existing Shareholders in the Operating Companies are shown in the following table:

Date	Amount invested	Exchange rate (from xe.com)	Amount invested (in A\$ equivalent)	Average cost per Share
15 March 2005	RMB3,000,000	0.1531	459,300	
15 September 2009 ⁽¹⁾	US\$5,375,931	1.163	6,252,208	
21 July 2014 ⁽¹⁾	US\$125,000	1.067	133,375	
8 April 2016 ⁽²⁾	(US\$2,500,931)	1.323	(3,308,732)	
			3,536,151	A\$0.0177 ⁽³⁾

⁽¹⁾ CTG Jiangsu, which was initially registered as a sino-foreign joint venture, had its registered capital denominated in US Dollars. When the foreign joint venture partner withdrew its capital in 2016, it re-denominated its registered capital from US Dollars to the Chinese Yuan.

⁽²⁾ Capital reduction of CTG Jiangsu upon the foreign partner withdrawing its capital.

⁽³⁾ Calculated based on 200,000,000 Shares, the outstanding number of shares in the share capital of the Company as at the date of this information memorandum.

The major shareholders, namely SHENG Zejun (Richard), SHENG Yanjun (Angel) and SHENG Guoxian, being the founding family, constitute the core of the Founding Shareholders. Major investments in the equity capital of the Operating Companies were initially paid by the Founding Shareholders who then sought contributions from other Existing Shareholders. Therefore, the major shareholders' current shareholdings are a result of their investments (nett of contributions from other Existing Shareholders) on the following dates:

Date	Amount invested	Exchange rate (from xe.com)	Amount invested (in A\$ equivalent)	Average cost per Share
15 March 2005	RMB2,100,000	0.1531	321,510	
15 September 2009 ⁽¹⁾	US\$2,100,000	1.163	2,442,300	
			2,763,810	A\$0.0197 ⁽¹⁾

⁽¹⁾ Calculated based on 140,000,000 Shares, the number of shares in the share capital of the Company held by the major shareholders as at the date of this information memorandum.

4.4. Restricted securities

Subject to NSX's acceptance of the Company's submission on securities to be restricted, the Company intends to have escrow arrangements in respect of

140,000,000 Shares. These 140,000,000 Shares represent 70.00% of the Company's issued and paid up share capital. If NSX accepts the Company's submission on securities to be restricted, the following persons will enter into restriction agreements with the Company under which they are restricted from dealing in any Share held by them during the escrow period. The escrow arrangements are as follows:

	Name of holder	Number of Shares	Escrow Period
1.	SHENG Zejun (Richard)	60,000,000	24 months from listing date
2.	SHENG Yanjun (Angel)	30,000,000	As above
3.	SHENG Guoxian	50,000,000	As above
		<u>140,000,000</u>	

4.5. Analysis of shareholdings

As of the date of this information memorandum, the distribution of holders of Shares issued by the Company (including Shares which are subject to escrow arrangements) are as follows:

	Proposed unrestricted securities			Proposed restricted securities		
	Number of holders	Number of Shares	As a % of unrestricted securities	Number of holders	Number of Shares	As a % of restricted securities
5,001 – 10,000	-	-		-	-	-
10,001 – 100,000	31	2,236,676	3.73%	-	-	-
100,001 to 1,000,000	60	18,633,417	31.06%	-	-	-
1,000,001 and above	12	39,129,907	65.21%	3	140,000,000	100.00%
	<u>103</u>	<u>60,000,000</u>	<u>100.00%</u>	<u>3</u>	<u>140,000,000</u>	<u>100.00%</u>

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5. RISK FACTORS

An investment in the Company is not risk free. Before deciding to trade in the Shares, Shareholders and prospective investors should read this information memorandum in its entirety, consider at least the following risk factors in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice from their accountant, bank manager, stockbroker, lawyer or other professional adviser.

The operating and financial performance and position of the Group, the value of Shares and the amount and timing of any dividends that the Company may pay will be influenced by a range of factors. Many of these factors will remain beyond the control of the Group and directors. Accordingly, these factors may have a material effect on the Group's performance and profitability which may cause the market price of Shares to rise or fall over any given period.

This Section identifies the areas directors regard as major risks associated with an investment in the Company. This list is not intended to be an exhaustive list of the risk factors to which the Group is exposed. The risks and uncertainties described below are not the only ones faced by the Group. There are other risks and uncertainties which directors deem immaterial or not currently known may also have a material adverse effect on the Group's business, financial condition, operating results and/or cash flow.

5.1. Specific risks

In addition to the general risks outlined below, there are specific risks associated with the Group's existing and proposed business operations. These include:

(a) Increased trade protectionism measures of other countries

A substantial portion of the Group's current sales is to customers located outside of China, in particular to North America (which includes the United States of America) which accounted to approximately 74.3% of the Group's sales in the year 2016. Therefore, the Group is dependent upon free trade being practised by countries it exports to. Any new and/or increased trade protectionism measures such as tariffs on imported goods and restrictive import quotas if imposed on networking cables and optic fibre cables or other products which the Group will manufacture in the future will have adverse impact on the Group's revenue and, consequentially, on its profitability.

Whether this risk materialises is dependent on actions taken by governments of countries the Group exports to, which is entirely outside the Group's control. Therefore, there is no measure which the Group can implement to minimize this risk. However, the Group has taken and is taking measures to mitigate any adverse effect in the event this risk materializes. In this regard, the Group:

- (i) strictly refrains from participating or undertaking any form of unfair or anti free trade practices such as product dumping or participating in cartels, whether formally organised or otherwise, to fix prices of networking cables and optic fibre cables; and
 - (ii) will continually expand its market to export its products to customers in as many countries as possible, including to expand its domestic sales. Directors believe that domestic sales will contribute an increasing the portion of the Group's sales once its optic fibre cables business develops.
- (b) Rapid advancements in communication technologies

Communication technologies which uses products the Group manufactures and sells is constantly developing and advancing. Should advancements in these communication technologies occur too radically and/or too rapidly, there is a risk that these new communication technologies will not use networking cables and optic fibre cables manufactured and sold by the Group, thus making the Group's products obsolete. In the event this risk materialises and if:

- (i) the Group is not able to respond to these advancements in communication technologies, for example modifying its existing manufacturing facilities and/or investing in new production lines to produce products which these new communication technologies require; or
 - (ii) such modifications to the Group's existing manufacturing facilities or that new production lines requires substantial additional capital investment,

the Group's financial performance will be adversely affected.

To minimize the impact of this risk materializing and give the Group maximum possible lead time to respond to any advancement in communication technologies, directors and management monitors and follows trends and developments by employing the following approaches:

- (i) close and continuous communication with major clients and industry participants; and
 - (ii) participating in major trade shows and expos where advancements in communication technologies are either previewed or formally discussed or both.

(c) Inability to procure sufficient raw materials

One of the main raw material for the manufacture of optic fibre cables is optic fibre. Due to the currently high world-wide demand for optic fibre cables, and which optic fibre cables manufacturers project to remain high, there is a shortage of optic fibre. Directors expect that in the short to medium term, the Group's production capacity will be constrained by its ability to source for and procure sufficient optic fibre. Should the Group not be able to source for and procure sufficient optic fibre or being able to do so at reasonable prices, it will not be able to produce sufficient optic fibre cables to satisfy its customers' demands. In such an eventuality, there will be an adverse impact on its revenue and, consequently, on its financial performance.

Directors assess that while the impact on the Group in the event this risk materialises may be high, the likelihood of this risk materializing is low to medium-low. The basis for directors' assessment is that CTG Hangzhou, a company in which SHENG Zejun (Richard), a director, has interest, is a shareholder of Ally First Optical Fibre and Cable Co., Ltd ("New Fibre JV"), a manufacturer of optic fibre with a manufacturing base in Linan City. New Fibre JV is a joint venture between Yangtze Optical Fiber and Cable Joint Stock Limited Company ("YOFC") (who holds 51% of New Fibre JV) and six local (*i.e.*, Linan City) cable manufacturing partners, one of which is CTG Hangzhou. YOFC is the largest supplier of optic preform, fibre and cables in the world⁵, and its H-Shares⁶ are listed on the Main Board of Hongkong Exchange (stock code: 6869). Directors believe that CTG Hangzhou's strategic stake in New Fibre JV will assist it to secure sufficient supply of optic fibre at prevailing market prices.

(d) Competitive activity

The Group operates in a competitive market. There are many companies, particularly in China, which produces networking and optic fibre cables. Competition is particularly intense in the copper networking cable segment of the market. Should there be any significant increase in competition from these competitors or if the Group is not able to compete effectively against these competitors or cope with changes in market conditions caused by increased competition from its competitors, the Group's financial performance may be adversely affected.

To minimize this risk occurring and to mitigate its impact, the Group has adopted the following three-pronged approach:

5 According to its official website (URL: <http://en.yofc.com/index.php/index-show-tid-8.html>)

6 H shares refer to shares of companies incorporated in mainland China (usually representing only a portion of each of these companies entire share capital) that are traded on the Hong Kong Stock Exchange.

- (i) customer-centric services: to differentiate itself from its competitors, in addition to and in line with the Group's marketing tag-line "*Not only a manufacturer ...*", the Group provides other customer-centric value-added services to customers;
 - (ii) product innovation: the Group has in-house product designers who works closely with its major customers to develop innovative products to meet customers needs. As disclosed elsewhere in this information memorandum, the Group has applied for patent registration for some of these products;
 - (iii) efficient manufacturing: to remain price competitive while at the same time maintain a reasonable margin, the Group has put in place a manufacturing control system to ensure maximum possible labour productivity and manufacturing efficiency.
- (e) Shortage of skilled workers

While the Group's manufacturing process is highly mechanised and automated, there remains a small process which is still dependent on manual labour. In particular, the process of installing cord patches to optic fibre cables is labour intensive. The Group's ability to meet its customers demand for these products is dependent upon the Group having sufficient skilled workers to perform these tasks. Therefore, should the Group not be able to retain and/or recruit sufficient skilled workers to perform this task, it will have an adverse affect on the Group's production capacity and, consequently, on its revenue and financial performance.

To address this, the Group has put in place a system to implement fair employment practices and to promote good labour relations. This system includes adopting reasonable work hours, offering attractive wages, providing good working environment (including providing free and nutritionally balanced meals at in-house canteens) and organizing welfare activities such as short social outings for staff and families.

- (f) Internal controls

The system of internal controls currently implemented by the Group is designed for the operations of an owner-managed enterprise. It comprises a number of undocumented procedures which require the substantial hands-on involvement of the owner-manager. Directors are of the opinion that while this system of internal control is adequate and effective for the current level of operations, it may become inadequate after the Group's business expands. If the Group is not able to improve and subsequently maintain the quality of the Group's internal controls, any weaknesses could materially and adversely affect the Company's ability to properly manage the operations of the Group,

provide timely and accurate information about the Group's operations and finance, and could cause the Group to be susceptible to internal fraud.

Directors will continually review the Group's system of internal controls and ensure that they are developed to, and maintained at, a level appropriate for a publicly listed company of comparable size and scale of operations. Any weaknesses in effective internal controls may create additional challenges in the Company complying with its continuous disclosure obligations. To mitigate risks associated with compliance with continuous disclosure obligations, directors will be appointing as nominated adviser and other advisers firms whom have a good track record of advising clients whose operations are of similar size and scale as the Group's.

(g) Currency and foreign exchange

Revenue generated, and capital and operating costs incurred, by the Group will largely be denominated in US Dollars and the Chinese Yuan (or *Renminbi*) respectively. The conversion of the Yuan into foreign currencies is regulated in China. The Group expects to report financial results in Australian Dollars. As a result, the Group will be subject to foreign exchange currency risks due to exchange rate movements which will affect the Group's transaction costs and translation of its results. The cross exchange rates are affected by numerous factors outside the Group's control. These factors include the economic conditions of China, interest rates, inflation and other economic factors which may have a material adverse effect on the Group's operations and financial performance.

The value of the Yuan is subject to change in the Chinese government's policies and to international economic and political developments. There can be no assurance that the Yuan will not become volatile against other currencies or that the Yuan will not be devalued. The Company does not hedge against movements in the Yuan. There can be no assurance that future changes in the exchange rate of the Yuan against other currencies will not have adverse effects on the Group's financial position.

Under Chinese government regulations, all foreign enterprises must establish a "current account" and a "capital account" with a bank authorised to deal in foreign exchange. Currently, foreign enterprises are able to exchange Yuan into foreign currencies at designated foreign exchange banks for settlement of "current account" transactions, which include payment of dividends on the basis of a board resolution authorising the distribution of profits or dividends, without other regulatory approval. Conversion of the Yuan into foreign currencies for "capital account transactions" which include the receipt and payment of foreign exchange for loans, contributions and purchases of fixed assets continues to be subject to limitations and requires regulatory approval. There can be no assurance that the Group will be able to repatriate funds

from China to pay dividends or satisfy foreign exchange requirements in the future.

(h) Legal considerations

China operates under a civil law system. This system is different from the common law system which exists in Australia and in Cayman Islands. While individual court decisions in China may be noted for reference, they may not have precedent value. Although legislative reforms during the last two decades have significantly enhanced the protection enjoyed by enterprises in China, some of these laws, regulations and measures are relatively recent and their interpretation and enforcement remain uncertain. In addition, the legal system in China is subject to continuing development in areas such as foreign investment, tax and foreign exchange and these could adversely affect the operations of the Group's operating companies.

Should it be necessary for the Company to enforce its legal rights in relation to its business, it would need to do so in accordance with the laws of China and perhaps other jurisdictions. If multiple jurisdictions or cross-border issues are involved, the matters may well attract unusual complexities which may result in added costs.

(i) Political, economic and social reforms

The Chinese economy has gradually changed from a centralised economy to a market economy. This reform has, among other things, resulted in significant economic growth. Political, economic and social factors may lead to further readjustment of the reforms already in place. However, there is no assurance that any change that occurs as a result of political, economic or social reforms in China will have a positive effect on China's economic development or that the Group's operating companies will benefit from or will be able to capitalise on these reforms. There is a risk that the Group's operating companies' operations, markets and financial position may be adversely affected by these continuing changes.

(j) Shareholder rights

The Company is incorporated in Cayman Islands, and the rights of Shareholders are governed by the laws of Cayman Islands. There is a risk that these rights may not be equal to the rights shareholders in Australian companies enjoy, and additional costs and delays in enforcing those rights. To mitigate this, the Company has incorporated certain features of shareholder protection that shareholders in Australian companies enjoy, such as rules relating to takeovers, into the Company's constitution.

5.2. General investment risks

In addition to the above specific risks associated with the Group's existing and proposed business operations there are also general risks associated with an investment in the Shares. These include:

(a) Investment in securities

Shareholders and interested investors should be aware that there are risks associated with any investment in securities such as the Shares, and should recognise that the price of securities may fall as well as rise. In particular, the trading price of securities at any given time may be higher or lower than the price paid by the investor for these securities. Further, there can be no assurance that an active trading market will develop in the Shares.

Many other factors will affect the price of the Shares, including general fluctuations in the performance of local and international stock markets, movements in interest and exchange rates, industry-specific as well as general economic conditions and investor sentiment. Stock markets have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies. There can be no guarantee that trading prices and volumes of any securities will be sustained. These factors may materially affect the market price of the Shares, regardless of the Group's operational performance.

No guarantee can be given by the Company in respect of the payment of dividends, any returns of capital or the market value of the Shares. Such issues are dependent on the Group's performance after listing, the control of costs and the need for working capital and other funding requirements.

(b) Economic risk

Changes in the general economic climate in which the Group operates may adversely affect the financial performance of the Group. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Group, industrial disruption and the rate of growth of the gross domestic product in China where it operates, interest and exchange rates and the rates of inflation.

No assurances can be given or forecasts made regarding the continuing strong growth experienced by the Chinese economy nor whether or when it will slow materially or shrink. If the Chinese economy does not continue to grow or if it slows materially, stops growing or goes into recession, there may be a diminished market for the Group's services. This would have a material adverse effect on the performance and profitability of the Group.

(c) Changes in legislation and government regulation

The introduction of new legislation or amendments to existing legislation and regulations by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Group. In addition, any adverse changes in political and regulatory conditions in China, Cayman Islands or Australia could affect the prospects of the Group's operating companies or those of the Group as a whole. Financial and economic changes such as changes in both monetary and fiscal policies, import regulations and tariffs, taxation, methods of taxation and currency exchange could affect the profitability of the Group and adversely affect the return to Shareholders.

6. DIRECTORS AND CORPORATE GOVERNANCE

6.1. Directors

The Company is managed by a board of directors which currently comprise three directors, namely:

Name	Age	Designation
SHENG Zejun (Richard)	37	Chairman of the board and chief executive officer
HU Yuxing (Paul)	37	Independent non-executive director
SHENG Yanjun (Angel)	39	Executive director

The qualifications, business and working experience of each director is summarised below:

- (a) SHENG Zejun (Richard) *Appointed on*
20 November 2017



Residential address
Level 8 (Residential Block)
No. 248 Linglong Street, Linglong Industrial Zone
Linan City, Hangzhou
Zhejiang Province, China

Richard read and graduated with a bachelor's degree in economics and management from a local university in Zhejiang Province, China. On his graduation, he worked as a sales and marketing executive for three years with an internet company in Hangzhou City. He first joined CTG Hangzhou in 2003 before being transferred to CTG ImpEx as its general manager in 2005 when it was established. He has more than 14 years of experience in the networking cables manufacturing business, of which a substantial portion thereof is in senior management positions.

As executive chairman and chief executive officer, Richard is responsible for the overall management of the group, but with focus on business planning, managing of relationships with key customers and suppliers, managing production and materials procurement, strategic investments, and managing relationships with other key stakeholders of the Group which includes investors, business partners and senior level personnel of relevant government agencies.

(b) HU Yuxing (Paul)

Appointed on
20 November 2017



Residential address
Room 302, Block 4B Unit 2
Area 13 Xixiang Taoyuan Residences
Baoan District, Shenzhen City
Guangdong Province, China

A former journalist, Paul has many years experience in general management gained in various industries, including an internet technology company, a real estate development company and, since 2009, in a high-tech research & development and manufacturing enterprise. He is currently the general manager, but not owner, of Shenzhen Netlink Communication Equipment Co., Limited, a company which is engaged in the manufacture and marketing of generic cabling system products, optic fibre accessories and telephone and telecommunication accessories. Paul brings with him to the board enterprise management experience and extensive industry knowledge and contacts in the telecommunications and communications equipment industries.

Paul is a Chinese language and literature graduate from Anqing Normal University in China and has completed an advanced executive management course at the Shenzhen Research Institute of Tsinghua University in China.

(c) SHENG Yanjun (Angel) *Appointed on*
20 November 2017



Residential address
Level 6 (Residential Block)
No. 248 Linglong Street, Linglong Industrial Zone
Linan City, Hangzhou
Zhejiang Province, China

Angel was admitted to read economics and management at a local university in Zhejiang Province, China in 1998 but disrupted her studies in 2000 to join the family business, CTG Hangzhou, which was experiencing rapid growth at that time. She has worked for CTG Hangzhou and its related companies since then.

Angel's primary responsibility is the Group's finance, administration and human resource management. She is also the Group's key contact point for working-level liaison with relevant government agencies. Angel will provide general administration support to the chief executive officer with particular focus on production and delivery scheduling, suppliers' payables and customers' receivables management.

6.2. Senior management

The day-to-day management of the Group's business is tasked to the chief executive officer, SHENG Zejun (Richard) and he is assisted by SHENG Yanjun (Angel), executive director. They are supported by experienced and qualified senior management personnel, namely:

(a) CHEN Xiaoliang (Age: 35), Deputy general manager (production)

Xiaoliang has more than 10 years' supervisory and management experience in the networking and optic fibre cable manufacturing sector. Prior to joining the Group in 2016, he worked in two other networking and optic fibre cable manufacturing companies located in Guangzhou Province, a major manufacturing hub in China. IN CTG, he has overall day-to-day responsibility for the Group's manufacturing including supervision of the various workshop floor section leaders.

CHEN Xiaoliang does not hold any Share.

(b) ZHANG Huilan (Age: 40), Head administrator

As head administrator, Huilan supervises teams of personnel responsible for the office administration, human resources and back-room support services functions of the Group. She has more than 20 years relevant experience, including experience in transactions settlements and internal audit. Prior to joining the Group in 2016, she was deputy general manager in-charge of audit compliance at a local company. Huilan has a Diploma in Business Administration from the Open University of China and a Masters of Business Administration from the Open Institute of the City University of Macau.

ZHANG Huilan holds 550,000 Shares.

(c) ZHANG Lingting (Age: 40), Assistant to general manager

Lingting has more than 20 years experience in the networking and optic fibre cable manufacturing industry, ranging from quality control to manufacturing back-room support. Prior to re-joining the Group in 2017 as Assistant to general manager, she was a an after-sales support executive at CTG ImpEx from 2012 to 2014. Currently, her primary business planning and materials procurement.

ZHANG Lingting holds 100,000 Shares.

(d) WANG Deqing (Age: 27), Export Sales Manager

Deqing joined the Group in 2010 as an export sales executive, and has worked in various capacities in the export sales department before being promoted to his current position in 2016. Having graduated with a Diploma in Business English from Anhui Xinhua University, Deqing is fluent in the English language besides his native mandarin Chinese.

WANG Deqing holds 200,000 Shares.

(e) CHEN Jiangfeng (Age: 39), Head of finance and accounting

Jianfeng is a long-time employee of the Group having joined CTG ImpEx in 2006 as a finance and accounting executive. He is currently head of finance and accounting responsible for the full spectrum of the finance and accounting functions of the Group. Jianfeng graduated with a bachelor's degree in accountancy from Renmin University of China.

CHEN Jiangfeng does not hold any Share.

6.3. Directors' holdings

As of the date of this information memorandum, directors' interests in Shares are as follows:

Director	Direct interest	Deemed interest	Total interest	% of issued capital
SHENG Zejun (Richard)	60,000,000	-	60,000,000	30.00
SHENG Yanjun (Angel)	30,000,000	-	30,000,000	15.00
HU Yuxing (Paul)	-	-	-	-

6.4. Remuneration received by directors and their related entities

Directors will be paid the following remuneration:

	Director's fees per annum ⁽¹⁾		Wages, salaries and/or bonus	
	In RMB	Approximate A\$	In RMB	Approximate A\$
SHENG Zejun (Richard)	To be proposed at each AGM		22,000	4,259
SHENG Yanjun (Angel)	To be proposed at each AGM		11,000	2,130
HU Yuxing (Paul)	To be proposed at each AGM		-	-

⁽¹⁾ Subject to Shareholders' approval at each annual general meeting

A director may also be paid fees or other amounts as the board of directors determines if that director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out-of-pocket expenses incurred as a result of his directorship or any special duties.

6.5. Other information on directors

Save as disclosed below, as of the date of this information memorandum:

- (a) there are no family relationships among any of the directors; and
- (b) none of the directors has, in any jurisdiction, been convicted in any criminal proceeding or has had a bankruptcy petition filed against him or any partnership in which he is or was a partner or any body corporate of which he is or was a director or has been sanctioned or otherwise disciplined by any self-regulatory securities association of which he is or has been a security holder or any securities supervisory or regulatory body or any such event is pending.

Disclosure:

SHENG Zejun (Richard), the Company's executive chairman and chief executive officer and SHENG Yanjun (Angel), an executive director are siblings.

6.6. Current and potential related party transactions

As disclosed in this information memorandum, the Company had entered into a number of transaction with entities in which SHENG Zejun (Richard), a director, has interest in. As of the date of this information memorandum, the following are contracts subsisting in which a director is (either directly or indirectly) materially interested in:

- (a) Lease Agreement dated 15 April 2017 entered into between CTG Hangzhou and WFOE;
- (b) Lease Agreement dated 15 April 2017 entered into between CTG Hangzhou and CTG ImpEx; and
- (c) Lease Agreement dated 15 April 2017 entered into between CTG Hangzhou and CTG Fibersway;

collectively, the "Lease Agreements". Details of these Lease Agreements are set out in Section 3.9(f).

In the course of the Group's ordinary course of business in the future, a subsidiary may from time to time propose to enter into a transaction with an entity in which a director has a material interest (the "Related Party"). This includes the renewal of the Lease Agreements on its expiry. The terms of all proposed interested party transactions will be reviewed by a committee comprising an independent director (who will also chair this committee), the most senior executive responsible for operations and the most senior executive responsible for finance and accounting. When reviewing the terms of a proposed interested party transaction, the committee will specifically have regard to the following factors:

- (i) whether it would be reasonable, considering all circumstances, that the subsidiary and the Related Party were dealing at arms' length;
- (ii) the terms of the proposed related party transaction are less favourable to the Related Party than terms the subsidiary can obtain from a non-related party; and
- (iii) whether approval of Shareholders for the proposed related party transaction will be required under Listing Rule 6.43 and also what is prescribed under the Corporations Act or otherwise as described in ASIC's Regulatory Guide 76 – Related Party Transactions.

6.7. Corporate governance statement

Given the size of the Company the board has yet to formally adopt corporate governance procedures. The current corporate governance practices of the Group is based on the principles and recommendations set out in *Corporate Governance Council's Principles and Recommendations, 3rd Edition* issued by ASX Corporate Governance Council, as modified to take into account the Company's current size and scale of its operations. The board will continually review the need for formalised and documented corporate governance procedures and practices, and to adopt them as and when the need arises in the future. The Group's corporate governance statement (including its "if not, why not" statement) are set out below:

Principle No.	Recommendation	Compliance or Reason for Non-compliance
1.1	A listed entity should disclose: <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. 	<p>The Company does not comply in full with this Recommendation.</p> <p>The Company recognises that the overall responsibility of the board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. Given the current size of the Company and of the board, and of</p>

Principle No.	Recommendation	Compliance or Reason for Non-compliance
		the scale of the Group's operations, the board is yet to formally adopt a formal board charter. The Board will continually review the need for a board charter, and adopt it as and when the need arises in the future.
1.2	A listed entity should: <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	<p>The Company complies in full with this Recommendation</p> <p>The entire board will carry out appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. All material information in the board's possession will be set out in explanatory notes accompanying notices of general meetings where appointments of directors will be voted on by security holders.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>The Company complies in full with this Recommendation</p> <p>Each director is required to sign a letter of appointment setting out the terms of his or her appointment. Senior executives are employed on full-time basis and have signed employment contracts under relevant labour laws of China.</p>
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<p>The Company complies in full with this Recommendation.</p> <p>The chair and each member of the board has free and unfettered access to the company secretary. The company secretary is also authorized to communicate any issue or raise any concern directly with the chair and/or any member of the board as he consider necessary.</p>
1.5	A listed entity should: <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; 	<p>The Company does not comply in full with this Recommendation.</p> <p>The board supports workplace diversity, including gender diversity but considers that the Company is not of a size or maturity to justify a formal diversity policy. The board's priority has been to ensure that its members have the</p>

Principle No.	Recommendation	Compliance or Reason for Non-compliance
	<p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy,</p> <p>and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>appropriate level of experience and skills to manage the Company at its early stages of operations rather than focusing on gender and other diversity factors.</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company complies in full with this Recommendation.</p> <p>The Company has a practice and a process of periodically evaluating the performance of the board (collective self appraisal) and individual directors (peer review by other members of the board). This review will be done at the end of each financial year at the same time the board meets to approve its financial statements for that financial year.</p> <p>The first financial year of the Company will be for the period ending 30 November 2017. The Company will carry out a performance evaluation in accordance with this process.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for</p>	<p>The Company complies in full with this Recommendation.</p>

Principle No.	Recommendation	Compliance or Reason for Non-compliance
	periodically evaluating the performance of its senior executives; and	The board will meet at least annually to review the performance of executives. The senior executives' performance is assessed against the performance of the Group as a whole.
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The first financial year of the Company will be for the period ending 30 November 2017. The Company will carry out a performance evaluation in accordance with this process.
2.1	The board of a listed entity should:	The Company does not comply in full with this Recommendation.
	(a) have a nomination committee which:	The board considers that the Company is not currently of a size to justify the formation of a nomination committee. The board as a whole undertakes the process of reviewing the skill base and experience of existing directors to enable identification or attributes required in new directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the board either as addition to the board to supplement its current skills and experience or as part of succession planning for the board.
	(1) has at least three members, a majority of whom are independent directors; and	
	(2) is chaired by an independent director,	
	and disclose:	
	(3) the charter of the committee;	
	(4) the members of the committee; and	
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	
	(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its	The Company does not comply in full with this Recommendation. The board considers that the Company is

Principle No.	Recommendation	Compliance or Reason for Non-compliance
	membership	currently at early stages of operations, and that its current composition has the appropriate level of experience and skills to manage the Company. As the Company grows in scope and scale of operations, the board will assess the skills matrix it currently has, the skills matrix it seeks to achieve and what actions it needs to take to achieve that target. The board will continuously assess whether
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>The Company complies in full with this Recommendation.</p> <p>As of the date of this Corporate Governance Statement, the board comprised of the following persons:</p> <p>SHENG Zejun (Richard) Managing director and chairman on the board Date first appointed: 20 November 2017 Date last elected: Not applicable[#] [#] As managing director, not subject to re-election</p> <p>SHENG Yanjun (Angel) Executive director Date first appointed: 20 November 2017 Date last elected: Not applicable[#] [#] Subject to re-election at the next AGM</p> <p>HU Yuxing (Paul) Independent director Date first appointed: 20 November 2017 Date last elected: Not applicable[#] [#] Subject to re-election at the next AGM</p> <p>HU Yuxing (Paul), the independent director has no interest, position, association or relationship of the type described in Box 2.3.</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>The Company does not comply in full with this Recommendation.</p> <p>The board currently comprise of two executive directors and one independent director. The board consider the</p>

Principle No.	Recommendation	Compliance or Reason for Non-compliance
		<p>minimum number of executive directors required to function effectively is two, in that one to oversee the manufacturing and marketing functions of the Group's business and another to oversee the finance, administration, legal and compliance functions. To comply with this Recommendation will require the Company to appoint two additional two independent directors which will increase the size of the board to five members. The board consider that the current size of the Company and the scale of the Group's operations do not justify having such a large board when the functions of the board can be performed adequately by a three-member board. As the Company grows its scope and scale of operations, the board will assess whether there is a need to expand the board by inviting persons with the right skills sets to join the board as independent directors.</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>The Company does not comply in full with this Recommendation.</p> <p>Currently, the chairman of the board is SHENG Zejun (Richard) who also performs the functions of a CEO. The board consider that it is in the best interest of the Company because currently the Group is at the stage of growth which requires the full leadership of SHENG Zejun (Richard) and this is best achieved with him performing both these roles together.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>The Company complies in full with this Recommendation.</p> <p>The board has put in place a program where all new directors will be assessed by the Company's nominated adviser as to the extent of his or her awareness of his or her responsibilities as a director of a company which is listed on NSX, and where such awareness is insufficient, to undergo such training or induction as may be recommended by the nominated adviser.</p>

Principle No.	Recommendation	Compliance or Reason for Non-compliance
		<p>The present members of the board are aware of their personal responsibilities to develop and maintain the skills and knowledge needed to perform their role as directors effectively and, if so requested by a director, the Company will bear reasonable costs and expenses of any continuing education program or course which a director may request to attend.</p> <p>Finally, the board intends to appoint only as director a person who has the necessary skills and knowledge to perform his or her intended role and who is aware of his or her personal responsibility for his or her own continuous education.</p>
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The Company has not formally adopted a Code of Conduct. However, every director, senior executive and employees is aware of his or her responsibility to at all times act ethically and strictly comply with the spirit and letter of all laws and regulations of countries in which the Group carry on business</p>
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non- executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The board considers that the Company is not of a size, nor is its financial affairs of such complexity, to justify the formation of an audit committee. The board as a whole, in consultation with the incumbent external auditor, undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operation of the internal control systems. When performing the role of an audit committee or when the board meets as the audit committee it will be chaired by HU Yuxing (Paul) who has completed an</p>

Principle No.	Recommendation	Compliance or Reason for Non-compliance
	experience of the members of the committee; and	advanced executive management course at the Shenzhen Research Institute of Tsinghua University, considered to be one of the top universities not only in China but in the world ⁷ .
	(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	The board maintains regular communication with the external auditor and monitors their performance on a yearly basis. Currently, the board considers the Company's financial affairs not to be of such complexity as to justify the rotation of the audit partner.
	(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Company complies in full with this Recommendation. The board will receive an annual assurance in the form of a declaration from the chief executive officer and the chief financial officer (or equivalent) as required by the <i>Corporations Act</i> 2001.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company complies in full with this Recommendation. It is Company's policy, and will make such a policy a term of the auditor's appointment, for the engagement partner or a personnel of sufficient seniority who was involved in the conduct of the audit to be present at the AGM be available to answer questions about the conduct of the audit and the preparation and content of the auditors' report.
5.1	A listed entity should:	The Company does not comply in full

⁷ Ranked 35th in the 2017 Times Higher Education World Universities Rankings. As comparison, University of Melbourne, Australia's top ranking university in that list, is ranked joint 33rd.

Principle No.	Recommendation	Compliance or Reason for Non-compliance
	<p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>with this Recommendation.</p> <p>The board considers that the Company is not currently of a size or that the Group's scale of operations is sufficiently large and complex to have a written policy for complying with its continuous disclosure obligations under the Listing Rules. Each and every director and member of senior management is aware of the Company's continuous disclosure obligations. The board and senior management will work closely with and will consult the Company's nominated adviser to ensure it fulfills its continuous disclosure obligations.</p>
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>The Company complies in full with this Recommendation.</p> <p>The Company maintains a corporate website (URL: www.ctgcable.com). The website contains information about the Company and its operating subsidiaries. An updated Corporate Governance Statement will also be published on the website.</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>The Company complies in full with this Recommendation.</p> <p>The Company implements an active investor relations program. It employs a full-time investor relations officer to attend to all communication with investors and to act as communications liaison for existing and/or potential investors with the Company's sponsoring broker. The e-mail address of the investor relations officer is ir@fibersway.com and investors are encouraged to write to the Company with any queries.</p>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>The Company does not comply in full with this Recommendation.</p> <p>The Company has not put in place any policy and processes to facilitate and encourage participation at meetings of security holders. However, the Company allows unrestricted reasonable</p>

Principle No.	Recommendation	Compliance or Reason for Non-compliance
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>discussions and dialogue with and receive feedback from security holders during the Company's general meetings.</p> <p>The Company complies in full with this Recommendation.</p> <p>The Company's security registry has in place and has implemented a system where security holders are given the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The board considers that the Company is not of a size, nor is its operations of such complexity, to justify the formation of a risk management committee. The board as a whole will oversee the risk management for the Company taking into account key material risks faced by the Company as identified by the board and how these risks or, if the risks materialises, its possible impact can be minimised.</p> <p>The board will ensure that risk management is included on the agenda of meetings of the board.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound;</p>	<p>The Company complies in full with this Recommendation.</p> <p>The board will reviews the entity's risk management framework at least annually to satisfy itself that it continues</p>

Principle No.	Recommendation	Compliance or Reason for Non-compliance
	and (b) disclose, in relation to each reporting period, whether such a review has taken place.	to be sound. The first review will be carried out for the financial year ending 30 November 2017, the first reporting period from its incorporation.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company complies in full with this Recommendation. The Company does not have an internal audit function. The primary responsibility for risk management and internal controls on a day-to-day basis at the operations level vests with the CEO. The board will ensure that risk management is included on the agenda of meetings of the board for discussion.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company complies in full with this Recommendation. Material risks which the Company is exposed to and how it manages or intend to manage these risks are disclosed in this information memorandum. The board will continue to monitor the Company's exposure to these risks (or for any other risks the Company may become expose to in the future) and disclose them in the Company's annual report.
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee;	The Company does not comply in full with this Recommendation. The board considers that the Company is not of a size to justify the formation of a remuneration committee. The board as a whole will perform the function of the remuneration committee. The remuneration of executive directors are set out their employment contracts. The board will seek shareholders' approval at general meetings before paying any directors' fees. The CEO sets and determines the

Principle No.	Recommendation	Compliance or Reason for Non-compliance
	<p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>remuneration for senior executives and he does so having regard to prevailing levels paid to executives performing similar roles at comparable companies. Where the remuneration intended to be offered to any senior executive is materially more than such comparable levels, the CEO is required to obtain prior approval from the board before making such an offer.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>The Company does not comply in full with this Recommendation.</p> <p>The Company does not have a formal policy regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. The current practice in relation to this is set out in the explanation to the Company's adoption of Principal 8.1 above.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>This Recommendation is not applicable as the Company does not have an equity-based remuneration scheme.</p>

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7. DETAILS OF THE LISTING

7.1. NSX listing

The Company has applied to NSX for admission to the Official List and for official quotation of its Shares on NSX. The fact that NSX may list the Company's securities is not to be taken in any way as an indication of the merits and commercial viability of the Company or the listed securities. The NSX takes no responsibility for the contents of this information memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this Prospectus.

Directors expect that trading of the Shares on NSX will commence as soon as practicable after approval for admission to the Official List is granted and all conditions (if any) applicable thereto have been fulfilled.

7.2. Purpose of the Listing

The Company's application to NSX is to list its Shares on NSX by way of a compliance listing. No new capital will be raised by the Company as a result of the Listing. Nonetheless, directors believe that the listing of the Shares on NSX is beneficial to the Company and Shareholders because a listing on NSX will:

- ◆ allow Shareholders who may wish to trade their shares through a stock exchange to do so;
- ◆ broaden the Company's shareholder base;
- ◆ facilitate the Group to raise further capital when such additional capital is required to expand the Group's business operations or for such other purposes as they may arise;
- ◆ raise the Group's profile and promote the "CTG" and "Fibersway" product brands; and
- ◆ allow suppliers, customers and other strategic partners to take an equity stake in the Company so as to align their interests with that of the Company.

7.3. Information about NSX

In February 2000, NSX became the second stock exchange to be approved under the then corporations law in Australia and is licensed under the Corporations Act. NSX is a fully operational and fully regulated stock exchange. NSX creates a market for a wide range of interests including alternative investments and traditional equity securities. Investments listed by NSX cover various areas of the economy that require a market platform. NSX is focused on listing small to medium-sized enterprises, as there is a great need for growth entities to have a capital market in which they can

raise further capital and provide a mechanism for the transferability of shares or other listed interests.

Additional information about NSX and the market which it operates can be obtained on its website (www.nsx.com.au).

7.4. Brokers

As at the Latest Practicable Date, there are twenty-three brokers registered as participant brokers of NSX, and they are the only brokers who can execute trades on NSX. Full profiles of these participant brokers are available on NSX website under the “Investing | Broker Directory” tab.

7.5. Nominated Adviser

Companies intending to list on NSX are also required to have a nominated adviser. It is contemplated that, with a nominated adviser for each company, investors will be offered better protection because nominated advisers are required to make sure that companies meet the on-going requirements for listing on NSX and the requirements of the Act. The Company has appointed Biztrack Consultants Private Limited as nominated adviser.

7.6. Restricted securities

NSX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. In particular, directors, other related parties and promoters may receive escrow on securities held by them for up to 24 months from the date the Company's Shares are listed on NSX.

The Company has made submission to NSX on the securities to be restricted, and subject to NSX's acceptance thereof, the Company will enter into restriction agreements with certain directors to implement the proposed escrow arrangements. A summary of the proposed escrow arrangements is set out in Section 4.4.

7.7. Rights and liabilities attaching to Shares

Full details of the rights and liabilities attaching to the Shares are:

- (a) detailed in the Company's Memorandum and Articles of Association (its constituent documents, which are the equivalent of an Australian company's constitution), copies of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- (b) regulated by Cayman Islands law (in particular, the Companies Law), the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there is only one class of shares), at meetings of Shareholders of the Company:

- (i) each Shareholder who is entitled to vote may vote in person or by proxy;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, have one vote.

(b) Dividends

Directors may declare that a dividend is to be paid to Shareholders entitled to the dividend. Dividends are payable out of profits. Dividends declared will (subject to any special rights or restrictions attached to a class of shares created as to any arrangement as to dividend) be payable on shares in accordance with the Cayman Islands Companies Law.

(c) Future issues of securities

Subject to the Constitution and the Listing Rules, directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

Subject to the Constitution, a Shareholder may transfer Shares by:

- (i) a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules for the purpose of facilitating transfers of the Shares; or
- (ii) an instrument in writing in any usual or common form or in any other form approved by directors or in any other usual or common form.

(e) Future increases in capital

Without prejudice to any special rights conferred on the holder of any Shares, and subject to the Listing Rules and the Constitution, and prior Shareholders' approval being granted at a general meeting of Shareholders, directors may allot and issue such number of Shares or class of Shares and on such terms as they see fit.

(f) Variation of rights

Under the Constitution, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary the rights attached to the Shares. Subject to the Constitution and the Listing Rules, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up, may be varied with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(g) Meetings and notices

Each Shareholder is entitled to receive notice of, and to attend, general meetings of the Company and to receive all notices, and other documents required to be sent to Shareholders under the Constitution or the Listing Rules.

Shareholders may requisition meetings in accordance with the Constitution.

(h) Election of directors

There must be a minimum of three directors. At every annual general meeting one-third of directors (rounded to the nearest whole number) must retire from office. If the Company has fewer than three directors, one director must retire from office together with any director who would have held office for more than 3 years if that director remains in office until the next general meeting. These retirement rules do not apply to certain appointments including the managing director.

(i) Winding Up

Subject to the rights of holders of shares (if any) with special rights in a winding up, on the winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them.

(j) Alteration to the Constitution

The Constitution can be amended by a special resolution passed by at least three-quarters of Shareholders present and voting at a general meeting. At least 21 days' written notice, specifying the intention to propose the resolution as a special resolution, must be given.

(k) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in Constitution, if the Listing Rules prevents an act being done, that act must not be done. Nothing in the Constitution prevent an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it does contain such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

7.8. CHESS

The NSX has established a transfer service agreement with ASX Settlement. This agreement recognises NSX as an Australian market operator pursuant to the ASX Settlement and Operating Rules and allows NSX to be a recipient of the transfer service provided by ASX.

The Company will apply to participate in the Clearing House Electronic Subregister System (CHESS), operated by ASX Settlement, in accordance with the ASX Listing Rules and ASX Settlement Operating Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. These two sub-registers together will make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive holding statements that set out the number of Shares each Shareholder owns. If a Shareholder is broker-sponsored, ASX Settlement will send that shareholder a CHESS statement. This statement will also advise shareholders of either their Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register.

A CHESS statement or issuer-sponsored statement will routinely be sent to Shareholders at the end of every calendar month during which the balance of their

holding changes. A Shareholder may request a statement at any other time; however a charge may be imposed for additional statements.

Cayman Islands Companies Law allows Cayman Islands companies listed on certain stock exchanges to maintain their share registers and implement procedures for share transfers in accordance with the rules of the relevant stock exchanges. The NSX is one of the stock exchanges recognised for this purpose. Therefore, Cayman Islands law recognises the Company's participation in the electronic CHESSE sub-register as being in compliance with Cayman Islands laws.

8. FINANCIAL INFORMATION**8.1. Introduction**

- (a) The Group is a result of the transfer of the entire issued and paid up share capital of the Operating Companies by the Existing Shareholders to the Company for the purpose of the Listing. As the the Company is only recently incorporated for the aforesaid purpose and has no track record on its own, financial information (the “Financial Information”) set out in this section relates to financial information of the Operating Companies comprising:
- (i) audited combined historical financial statements for the financial period from 1 January 2014 to 30 November 2014 (11 months); and
 - (ii) the audited combined historical financial statements for the financial years ended 30 November 2015 and 30 November 2016,
- collectively, the “Relevant Financial Periods”.
- (b) The Financial Information were prepared in accordance with International Financial Reporting Standards. The manner of the presentation of the above combined financial statements is to reflect the economic substance of the combining companies (*i.e.*, CTG ImpEx and CTG Jiangsu only as CTG Fibersway was registered after the Relevant Financial Periods) which were under common control throughout the Relevant Financial Periods presented as a single economic enterprise although the legal parent-subsidiary relationships were not established as at the respective balance sheet dates.
- (c) HML & Co., Chartered Accountants (Malaysia), auditors of of the Company, had audited the aforesaid financial statements and had issued unqualified opinions on these financial statements. The audit performed by HML & Co. were carried out in accordance with applicable International Standards on Auditing.
- (d) The Financial Information had been prepared and are presented in RMB or the Chinese Yuan, the currency of the primary economic environment in which the Operating Companies operates. The Australian Dollars equivalents of the Financial Information in this section is derived by direct conversion using a fixed exchange rate of RMB1 = A\$0.1936 (being the approximate exchange rate as at Latest Practicable Date) and is presented for reference purposes only.

8.2. Audited and reviewed proforma consolidated financial statements

The audited historical financial statements for CTG ImpEx and for CTG Jiangsu and the audited combined financial statements for these two operating entities for

Relevant Financial Periods are lodged and disclosed separately on the NSX announcements portal.

8.3. Tabulation of Statement of Financial Position

A tabulation of the combined Statement of Financial Position (or balance sheet) as at the end of each of the three preceding financial years are set out below:

Audited Combined Statement of Financial Position as at						
	<i>Presented in Australian Dollars for reference purposes only</i>			<i>In Chinese Yuan, the original reporting currency</i>		
	30.11.2016	30.11.2015	30.11.2014	30.11.2016	30.11.2015	30.11.2014
ASSETS						
Non-current Assets						
Property, plant and equipment	1,676,622	1,613,138	1,673,863	8,660,236	8,332,324	8,645,987
Intangible assets	1,636,888			8,455,000		
	<u>3,313,510</u>	<u>1,613,138</u>	<u>1,673,863</u>	<u>17,115,236</u>	<u>8,332,324</u>	<u>8,645,987</u>
Current Assets						
Inventories	355,093	729,891	617,826	1,834,158	3,770,096	3,191,251
Trade receivables	3,631,175	275,234	1,967,734	18,756,068	1,421,665	10,163,916
Other receivables and prepayments	3,551,235	9,691,005	9,421,876	18,343,157	50,056,844	48,666,716
Other assets	2,644			13,656		
Tax recoverable	473,726	140,570	353,784	2,446,934	726,084	1,827,395
Fixed deposit with licensed banks	32,912	32,912	375,778	170,000	170,000	1,941,000
Cash and bank balances	60,964	166,306	260,324	314,899	859,019	1,344,651
	<u>8,107,750</u>	<u>11,035,918</u>	<u>12,997,322</u>	<u>41,878,872</u>	<u>57,003,708</u>	<u>67,134,929</u>
	<u>11,421,259</u>	<u>12,649,056</u>	<u>14,671,185</u>	<u>58,994,108</u>	<u>65,336,032</u>	<u>75,780,916</u>
EQUITY AND LIABILITIES						
Capital and Reserves						
Share capital	4,375,360	7,027,686	7,027,686	22,600,000	36,300,029	36,300,029
Reserves			6,060			31,300
Accumulated losses	(2,874,081)	(3,147,483)	(3,244,984)	(14,845,459)	(16,257,660)	(16,761,281)
Shareholders' Equity	<u>1,501,279</u>	<u>3,880,203</u>	<u>3,788,761</u>	<u>7,754,541</u>	<u>20,042,369</u>	<u>19,570,048</u>
Current Liabilities						
Trade payables	4,313,366	2,188,260	1,942,177	22,279,781	11,302,996	10,031,904
Other payables and accruals	638,614	446,614	2,137,165	3,298,625	2,306,892	11,039,074
Loans and borrowings	4,723,840	6,103,619	6,773,030	24,400,000	31,526,960	34,984,661
Current tax liabilities	244,161	30,359	30,052	1,261,161	156,815	155,229
Total Liabilities	<u>9,919,980</u>	<u>8,768,853</u>	<u>10,882,424</u>	<u>51,239,567</u>	<u>45,293,663</u>	<u>56,210,868</u>
TOTAL EQUITY AND LIABILITIES	<u>11,421,259</u>	<u>12,649,056</u>	<u>14,671,185</u>	<u>58,994,108</u>	<u>65,336,032</u>	<u>75,780,916</u>

8.4. Tabulation of Statement of Comprehensive Income

A tabulation of the Statement of Comprehensive Income (or profit and loss statement) for each of the three preceding financial years are set out below:

	Audited Combined Statement of Financial Position as at					
	<i>Presented in Australian Dollars for reference purposes only</i>			<i>In Chinese Yuan, the original reporting currency</i>		
	30.11.2016	30.11.2015	30.11.2014	30.11.2016	30.11.2015	30.11.2014
Revenue	12,553,655	7,877,690	8,411,876	64,843,260	40,690,548	43,449,774
Cost of sales	(11,236,066)	(6,628,598)	(7,587,360)	(58,037,531)	(34,238,628)	(39,190,911)
Gross profit	1,317,589	1,249,092	824,516	6,805,729	6,451,920	4,258,863
Other operating income	231,573	223,762	155,200	1,196,142	1,155,793	801,652
	1,549,162	1,472,853	979,716	8,001,871	7,607,713	5,060,515
Distribution costs	(204,600)	(186,331)	(154,087)	(1,056,817)	(962,455)	(795,905)
Administration expenses	(382,254)	(418,315)	(372,898)	(1,974,455)	(2,160,717)	(1,926,125)
Other operating expenses		(590)	(126)		(3,048)	(650)
	(586,854)	(605,236)	(527,111)	(3,031,272)	(3,126,220)	(2,722,680)
Profit from operations	962,308	867,617	452,605	4,970,599	4,481,493	2,337,835
Finance costs	(637,706)	(674,024)	(603,144)	(3,293,934)	(3,481,529)	(3,115,414)
(Loss) / Profit before taxation	324,602	193,593	(150,539)	1,676,665	999,964	(777,579)
Income tax expense	(51,200)	(96,092)	(13,866)	(264,464)	(496,343)	(71,620)
(Loss) / Profit after taxation	273,402	97,501	(164,405)	1,412,201	503,621	(849,199)
Earnings per Share	0.0014	0.0005	(0.0008)	0.0071	0.0025	(0.0042)

8.5. Working capital

As at the date of this information memorandum, the Group has sufficient working capital for its current requirements. Therefore, the Company has no intention of raising additional funds for at least three months after its listing on NSX.

8.6. No prospective financial forecast

No prospective financial forecast or projection is prepared for inclusion in this information memorandum because directors consider that any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Notwithstanding the above, this information memorandum includes, or may include, forward-looking statements which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from expected future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future. Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements.



In light of these risks, uncertainties and assumptions, forward-looking statements in this information memorandum might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

9. ADDITIONAL INFORMATION**9.1. Differences in key issues between Cayman Islands and Australian law**

The Company is incorporated in Cayman Islands. There may be material differences between the rights of Shares and holders of Shares in an Australian company and the rights of Shares and holders of Shares in a Cayman Islands company, resulting from the differences in their governing documents and governing laws.

This summary is a general description of the principal differences in selected key issues between the laws and regulations concerning shares in a company incorporated in Cayman Islands as opposed to Australia. It is provided as a general guide only and does not purport to be a comprehensive analysis of all the consequences resulting from acquiring, holding or disposing of such shares or interest in such shares. The laws, regulations, policies and procedures described are subject to change from time to time and investors should seek their own independent legal advice if they have any doubt as to their own legal position.

(a) Corporate procedures

The general company law structures of Cayman Islands and Australia are reasonably similar, being based in legislation with a common law background of directors' duties. As with Australian company law, many corporate procedures which require approval by a special resolution of shareholders under Australian law also require approval by a special resolution of shareholders under Cayman Islands law. These corporate actions include a change of company name, alteration of the memorandum or articles of association, and approval of capital reductions.

(b) Takeovers

Acquisitions of shares in a Cayman Islands company are not regulated under the Cayman Islands Companies Law. However, the Constitution provides that if the Company is listed on an exchange that is constituted under or is subject to Australian law, then Australian Takeover Rules shall apply as if the Company was incorporated in Australia.

(c) Substantial shareholder reporting

Under the Constitution, substantial shareholder reporting will be regulated under the Listing Rules to exactly the same extent as a listed Australian company.

(d) Related-party transactions

Related-party transactions (that is, transactions between a public company and a director, an entity controlled by a director, or a parent company of the

public company) are regulated in Australia under the Corporations Act by a requirement for disinterested shareholder approval, unless the transaction is on “arm's length terms”, represents no more than reasonable remuneration, or complies with other limited exemptions.

Under the Constitution, issues of shares or other equity securities to directors, and all other transactions with directors will be regulated under the Listing Rules to exactly the same extent as a listed Australian company.

9.2. Privacy statement

The Company will include information about Shareholders (including names, addresses and details of the Shares held) in its register. The information contained in the Company's register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communication (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

9.3. Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to take independent financial advice about the taxation and any other consequences of investing in the Company.

9.4. Consents

Each of the following persons referred has given and has not, before the date of this information memorandum, has withdrawn his written consent to be named in this information memorandum in the form and context in which he is named:

- (a) Biztrack Consultants Private Limited; and
- (b) HML & Co. Chartered Accountants (Malaysia)

10. DIRECTORS RESPONSIBILITY STATEMENT

This information memorandum has been seen and approved by all directors who collectively and individually accept responsibility for this information memorandum and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this information memorandum are fair and accurate in all material respects as at the date of this information memorandum and that there are no material facts the omission of which would make any statement in this information memorandum misleading.

Each director has consented to lodgement of this information memorandum with NSX and has not withdrawn that consent, and has authorised this information memorandum for issue on the date of this information memorandum.

Signed for and behalf of
CTG Fibersway International Limited



SHENG Zejun (Richard)
Chairman and chief executive officer



SHENG Yanjun (Angel)
Executive director

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11. CORPORATE DIRECTORY
Directors

SHENG Zejun (Richard), *Executive chairman and chief executive officer*

HU Yuxing (Paul), *Independent non-executive director*

SHENG Yanjun (Angel), *Executive director*

Company Secretary

MAH Seong Kung

Registered Agent in Australia[#]

Themis Corporate Pty Ltd

Nominated Adviser

Biztrack Consultants Private Limited
Room 703 Kowloon Building
555 Nathan Road
Hong Kong

Corporate Website

www.fibersway.com

Registered Address in Australia

Level 1, Office F
1139 Hay Street
West Perth WA 6005

Registered Address in Cayman Islands

c/- HMS Cayman Limited
Grand Pavilion, West Bay Road
Grand Cayman, Cayman Islands

Share Registry[#]

Automic Registry Services
Suite 310, Level 3
50 Holt Street
Surry Hills NSW 2010

Principal Bankers[#]

- (1) Bank of China
Linan branch
Jinhu branch
- (2) Shanghai Pudong Development Bank
Hangzhou branch
Linan branch
- (3) Industrial Bank Co., Limited
Linan branch
- (4) Linan City Qianwang Credit Cooperative
- (5) Agricultural Bank of China
Jinhu branch
- (6) Jiangsu Jinhu Rural Commercial Bank
- (7) Jinhu Mintai Rural Bank of Jiangsu
- (8) Changshu Rural Commercial Bank

Auditors

Name of firm: HML & Co. (AF-1325)[@]
Chartered Accountants (Malaysia)

Address: No. 1-23B Jalan Desa 1/3
Desa Aman Puri
52100 Kuala Lumpur
Malaysia

Partner-in-charge: HO Mee Ling

Professional Chartered Accountant (Malaysia)
qualifications: Fellow, Association of Chartered Certified Accountants (United Kingdom)
Fellow, Malaysian Institute of Taxation

These persons were not involved in the preparation of this information memorandum and have not made any statement included in this information memorandum nor is there any statement made in this information memorandum on the basis of any statement made by these persons. These persons did not consent to being named in this information memorandum and did not authorise or cause the issue of this information memorandum.

@ HML & Co is a firm of Malaysian chartered accountants registered with and licensed by the Malaysian Institute of Accountants ("MIA") under the powers conferred on it by the Accountants Act 1967 of Malaysia. MIA is a statutory agency under the Ministry of Finance of Malaysia.



CTG FIBERSWAY INTERNATIONAL LIMITED

[ARBN 622 412 186 | NSX Code: CFW]

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Perth WA 6005

杭州光为通信技术有限公司

HANGZHOU FIBERSWAY COMMUNICATION
TECHNOLOGY CO., LTD

杭州临安喜天奇进出口有限公司

HANGZHOU LINAN XITIANQI IMPORT & EXPORT CO., LTD

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