



**RAFFLES INFRASTRUCTURE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**
(Registration Number: 40381)

Unaudited Condensed Interim Financial Statements
For The Third Quarter and Nine Months Period Ended 31 March 2023

**RAFFLES INFRASTRUCTURE HOLDINGS LIMITED AND ITS SUBSIDIARIES
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER
AND NINE MONTHS PERIOD ENDED 31 MARCH 2023**

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RAFFLES INFRASTRUCTURE HOLDINGS LIMITED AND ITS SUBSIDIARIES
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED 31 MARCH 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2023

| | | Group | | | | | |
|---|---------------------------------|---------------------------------|-----------------------|------------------------------------|------------------------------------|-----------------------|--|
| | | Third Quarter | | | 9 Months | | |
| <u>Note</u> | 3 months ended 31 March 2023 | 3 months ended 31 March 2022 | Increase/ Decrease | 9 months ended 31 March 2023 | 9 months ended 31 March 2022 | Increase/ Decrease | |
| | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % | |
| Revenue | 6,155 | 4,043 | 52% | 47,029 | 29,724 | 58% | |
| Cost of sales | (3,535) | (2,389) | 48% | (32,327) | (21,546) | 50% | |
| Gross Profit | 2,620 | 1,654 | 58% | 14,702 | 8,178 | 80% | |
| Other income | 2,321 | 3,205 | -28% | 7,091 | 7,939 | -11% | |
| Distribution and marketing costs | (48) | - | n.m | (163) | - | n.m | |
| Administrative costs | (3,313) | (1,773) | 87% | (8,999) | (4,655) | 93% | |
| Impairment loss on non-current other contract assets | (5,098) | - | n.m | (5,098) | - | n.m | |
| Finance costs | (6) | (6) | - | (21) | (6) | 250% | |
| (Loss)/Profit before taxation | (3,524) | 3,080 | -214% | 7,512 | 11,456 | -34% | |
| Income tax | - | 2 | n.m | (2,050) | (986) | 108% | |
| (Loss)/Profit after taxation | (3,524) | 3,082 | -214% | 5,462 | 10,470 | -48% | |
| Other comprehensive income | | | | | | | |
| Exchange differences on translating foreign operations, net | (88) | (58) | 52% | (470) | (68) | 591% | |
| Total comprehensive (loss)/profit for the financial period | (3,612) | 3,024 | -219% | 4,992 | 10,402 | -52% | |
| Net (loss)/profit attributable to: | | | | | | | |
| Equity holders of the Company | (3,207) | 2,876 | -212% | 4,975 | 9,348 | -47% | |
| Non-controlling interest | (317) | 206 | -254% | 487 | 1,122 | -57% | |
| | (3,524) | 3,082 | -214% | 5,462 | 10,470 | -48% | |
| Total comprehensive (loss)/profit attributable to: | | | | | | | |
| Equity holders of the Company | (3,294) | 2,818 | -217% | 4,518 | 9,284 | -51% | |
| Non-controlling interest | (318) | 206 | -254% | 474 | 1,118 | -58% | |
| | (3,612) | 3,024 | -219% | 4,992 | 10,402 | -52% | |

*n.m: not meaningful

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

| | | Group | | Company | |
|---|------|------------------|-----------------|------------------|-----------------|
| | Note | 31 March 2023 | 30 June 2022 | 31 March 2023 | 30 June 2022 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Trade and other receivables | 15 | 262,311 | 233,338 | - | - |
| Property, plant and equipment | 12 | 603 | 898 | - | - |
| Investments in subsidiaries | 13 | - | - | 515 | 515 |
| Deferred tax assets | 22 | 95 | 158 | - | - |
| Total non-current assets | | 263,009 | 234,394 | 515 | 515 |
| Current assets | | | | | |
| Contract assets | 11 | 25,549 | 47,013 | - | - |
| Amount due from subsidiaries | 14 | - | - | 125,019 | 128,000 |
| Trade and other receivables | 15 | 47,395 | 64,682 | - | - |
| Prepayments | 16 | 1,183 | 283 | 424 | 76 |
| Cash and cash equivalents | 17 | 85,122 | 85,638 | 36 | 36 |
| Total current assets | | 159,249 | 197,616 | 125,479 | 128,112 |
| Total assets | | 422,258 | 432,010 | 125,994 | 128,627 |
| LIABILITIES AND EQUITY | | | | | |
| Equity | | | | | |
| Share capital | 18 | 192,187 | 192,187 | 192,187 | 192,187 |
| Treasury shares | 19 | (24) | (24) | (24) | (24) |
| Reserves | 20 | (11,760) | (11,303) | 93,087 | 93,087 |
| Retained earnings/(Accumulated losses) | | 28,029 | 23,054 | (160,103) | (158,299) |
| Non-controlling interests | | 22,226 | 21,752 | - | - |
| Equity attributable to owners of the Company | | 230,658 | 225,666 | 125,147 | 126,951 |
| Current liabilities | | | | | |
| Trade and other payables | 21 | 164,639 | 180,541 | 847 | 1,676 |
| Lease liabilities | 23 | 118 | 442 | - | - |
| Total current liabilities | | 164,757 | 180,983 | 847 | 1,676 |
| Non-current liabilities | | | | | |
| Lease liabilities | 23 | 305 | 294 | - | - |
| Deferred tax liabilities | 22 | 26,538 | 25,067 | - | - |
| Total non-current liabilities | | 26,843 | 25,361 | - | - |
| Total liabilities | | 191,600 | 206,344 | 847 | 1,676 |
| Total liabilities and equity | | 422,258 | 432,010 | 125,994 | 128,627 |

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
NINE MONTHS PERIOD ENDED 31 MARCH 2023

| | <u>Attributable to owners of the Group</u> | | | | | | | | |
|--|--|-----------------|---------------|----------------|------------------------------|-------------------|----------------------|---------------------------|--------------|
| | ← Reserves → | | | | | | | | |
| | Share capital | Treasury shares | Share premium | Merger reserve | Currency translation reserve | Retained earnings | Controlling interest | Non-controlling interests | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Group | | | | | | | | | |
| Balance at 1 July 2021 (Audited) | 192,187 | (24) | 93,087 | (102,287) | (2,152) | 12,570 | 193,381 | 20,581 | 213,962 |
| Total comprehensive income for the period | - | - | - | - | - | 9,348 | 9,348 | 1,122 | 10,470 |
| Exchange differences arising on translation of foreign operation | - | - | - | - | (68) | - | (68) | - | (68) |
| Balance at 31 March 2022 | 192,187 | (24) | 93,087 | (102,287) | (2,220) | 21,918 | 202,661 | 21,703 | 224,364 |
| Balance at 1 July 2022 (Audited) | 192,187 | (24) | 93,087 | (102,287) | (2,103) | 23,054 | 203,914 | 21,752 | 225,666 |
| Profit for the year | - | - | - | - | - | 4,975 | 4,975 | 487 | 5,462 |
| Exchange differences arising on translation of foreign operation | - | - | - | - | (457) | - | (457) | (13) | (470) |
| Total comprehensive income for the period | - | - | - | - | (457) | 4,975 | 4,518 | 474 | 4,992 |
| Balance at 31 March 2023 | 192,187 | (24) | 93,087 | (102,287) | (2,560) | 28,029 | 208,432 | 22,226 | 230,658 |

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CONDENSED STATEMENT OF CHANGES IN EQUITY
NINE MONTHS PERIOD ENDED 31 MARCH 2023

| | ← <u>Attributable to owners of the Company</u> → | | | | |
|---|--|---------------------------------------|-----------------------------|----------------------------------|---------|
| | Share capital RMB'000 | <u>Treasury shares</u> RMB'000 | Share premium RMB'000 | Accumulated losses RMB'000 | |
| <u>Company</u> | | | | | |
| Balance at 1 July 2021 (Audited) | 192,187 | (24) | 93,087 | (155,700) | 129,550 |
| Total comprehensive loss for the period | - | - | - | (1,767) | (1,767) |
| Balance at 31 March 2022 | 192,187 | (24) | 93,087 | (157,467) | 127,783 |
| Balance at 1 July 2022 (Audited) | 192,187 | (24) | 93,087 | (158,299) | 126,951 |
| Total comprehensive loss for the period | - | - | - | (1,804) | (1,804) |
| Balance at 31 March 2023 | 192,187 | (24) | 93,087 | (160,103) | 125,147 |

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
NINE MONTHS PERIOD ENDED 31 MARCH 2023

| | <u>Note</u> | <u>Group</u> | |
|---|-------------|-------------------|-------------------|
| | | <u>9 months</u> | <u>9 months</u> |
| | | <u>ended 31</u> | <u>ended 31</u> |
| | | <u>March 2023</u> | <u>March 2022</u> |
| | | <u>RMB'000</u> | <u>RMB'000</u> |
| Operating activities | | | |
| Profit before income tax | | 7,512 | 11,456 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 12 | 375 | 96 |
| Unrealised currency translation difference | | (529) | - |
| Impairment loss on non-current other contract assets | 15 | 5,098 | - |
| Interest income | 6 | (165) | (207) |
| Finance costs | | 21 | 6 |
| Operating cash flows before changes in working capital | | 12,312 | 11,351 |
| <u>Changes in working capital:</u> | | | |
| Contract assets | | 21,464 | (17,853) |
| Trade and other receivables | | (17,684) | 6,202 |
| Trade and other payables | | 13,613 | 36,424 |
| Cash generated from operations | | 29,705 | 36,124 |
| Interest received | | 165 | 207 |
| Income tax paid | | (462) | - |
| Net cash generated from operating activities | | 29,408 | 36,331 |
| Investing activity | | | |
| Acquisition of property, plant and equipment | 12 | (66) | - |
| Net cash used in investing activity | | (66) | - |
| Financing activities | | | |
| Amount due to directors | | (692) | (117) |
| Repayment to non-controlling interest of a subsidiary - 宜宾路桥 | | (28,915) | (39,110) |
| Repayment of principal portion of lease liabilities | | (315) | (40) |
| Interest paid on lease liabilities | | (21) | (6) |
| Net cash used in financing activities | | (29,943) | (39,273) |
| Net decrease in cash and cash equivalents | | (601) | (2,942) |
| Cash and cash equivalents at beginning of financial period | | 85,638 | 91,243 |
| Effect of currency translation | | 85 | (68) |
| Cash and cash equivalents at end of financial period | 17 | 85,122 | 88,233 |

**RAFFLES INFRASTRUCTURE HOLDINGS LIMITED AND ITS SUBSIDIARIES
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER
AND NINE MONTHS PERIOD ENDED 31 MARCH 2023**

Notes to the condensed interim consolidated financial statements

1. Corporate information

Raffles Infrastructure Holdings Limited (the “Company”) (Registration Number 40381) is incorporated and domiciled in Bermuda and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the third quarter and nine months period ended 31 March 2023 comprise the Company and its subsidiaries (collectively, the Group).

The Company is primarily engaged in the investments of infrastructure projects in Asia. Along with its subsidiary companies, the Group has established a platform providing an integrated suite of services from investments, financing to operation focused under the Public-Private-Partnership (“PPP”) business model since year 2017.

The Company embarked on a new business segment in January 2022, namely the digital infrastructure business. The segment is currently focused on helping companies within the Regional Comprehensive Economic Partnership (RCEP) region by equipping them with the digital technological infrastructural backbone, strategic expertise, and digitalization capability to unlock growth opportunities in the growing digital economy quickly and affordably. This is achieved via five key pillars of growth, including market entry advisory, RCEP supply chain infrastructure, software-as-a-service (SaaS), platform-as-a-service (PaaS), and Payment API.

2. Basis of preparation

The unaudited condensed interim financial statements for the third quarter and nine months period ended 31 March 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the audited financial statements for the financial year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

2.1 New and amended standards adopted by the Group

The Group has applied various new accounting standards and interpretations of accounting standards for the first time for the annual period beginning on 1 July 2022 due to the amendments to SFRS(I)s. The adoption of these standards and interpretations did not have a material effect on the condensed interim financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those described in the Group’s audited financial statements as at and for the year ended 30 June 2022.

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2.2 Use of judgements and estimates (Cont'd)

(i) Revenue recognition-determining the timing of satisfaction of performance obligation

a) *Existing Infrastructure Business*

The Company provides construction services for Xinwen Transportation Bureau in China (the "Provincial Government"). The Group becomes entitled to invoice customers for the construction of rural roads based on achieving a series of performance-related milestones.

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

b) *Digital Infrastructure Business*

To align with our business diversification strategy in relation to the digital infrastructure business, the Group has embarked on the following two components of Digital Business Pillars as follows:

- Software as a Service ("SaaS")

The Company provides SaaS which comprises the customized e-platform which provides ready-made solutions in accordance with the customers' needs to manage their backend and technical aspects such as inventory and supply chain management, cloud database management, financial risk management, human resources management, and customer relationship management. The Company also provides subsequent monthly maintenance service for the scope of work provided including technical support, maintaining user data base on a continuous basis, database security, and back-up system.

- Platform as a service ("PaaS") - Marketing and Advertisement services

The Company provides internet advertisement services to the customers who only pay for the media costs to display their products or services on media platform such as Facebook, Google AdWords, TikTok, Apple search ads, which is offered under the PaaS business unit. The Company will charge the customer a fee for, inter alia, designing (if required) and placing the advertisement of the customer's products/services on the various media platforms. The fee is based on customers' requirements and costs involved including the rebates given by the different media platform under the referral business model.

The Company is acting as the agent and record revenue on a net basis as the Company does not have latitude in establishing prices and does not obtain control over the goods and services before they are transferred to customers.

Management has determined that it is therefore appropriate to recognise revenue on the transaction upon the client's satisfactory and acceptance on the service provided.

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Notes to the condensed interim consolidated financial statements

2.2 Use of judgements and estimates (Cont'd)

(ii) Determination of functional currency

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

(iii) Impairment of investments in subsidiaries

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

During the financial period, there is no significant impairment on investment in subsidiaries of the Company as the recoverable amount for these investments are considered more than the net assets of these subsidiaries.

(iv) Provision for income taxes

The Group has exposure to income taxes in China and Singapore of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax in the period in which such determination is made.

(v) Provision for expected credit losses of trade receivables and non-current other contract assets

The management has assessed the credit risk associated with our trade receivables and concluded that it is limited, as the counterparty is the Provincial Government. This assessment is supported by the latest rating assessment conducted by Moody's, S&P, and Fitch, which have assigned a credit rating of A1(Stable), A+(Stable), and A+(Stable) to China, respectively. Based on this analysis, the Group anticipates no credit losses from trade receivables, as all current collections from the Provincial Government for each completed road parcel are due within one year

The non-current other contract assets pertain to general administrative expenses where costs have been incurred and paid. As of 31 March 2023, the management has recognised an impairment loss of approximately RMB5,098,000 for the non-current other contract assets. Please refer to Note 15 for more information.

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2.2 Use of judgements and estimates (Cont'd)

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

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

In applying the discount factor to the non-current trade receivables, management has considered that the most appropriate discount rate is the China Government Bond Yield with 1, 2, 3, 5, 7 and 10 maturity years as this is the cost of fund the provincial government authority would have been able to borrow at.

(vii) Estimate of Lease term – Group as a lessee

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

The Group has two revenue streams which comprise the revenue from existing infrastructure project in China and the digital infrastructure business in Singapore during 3QFY2023 and 9MFY2023.

| <u>Three months ended 31 March 2023</u> | <u>Infrastructure</u> | <u>Digital Infrastructure</u> | <u>Total</u> |
|--|-----------------------|-------------------------------|------------------|
| | <u>Business</u> | <u>Business</u> | <u>(RMB'000)</u> |
| | <u>(RMB'000)</u> | <u>(RMB'000)</u> | |
| Revenue | - | 6,155 | 6,155 |
| Gross profit | - | 2,620 | 2,620 |
| Other income | 2,252 | 69 | 2,321 |
| Administrative expenses | (447) | (2,199) | (2,646) |
| Impairment loss on non-current other contract assets | (5,098) | - | (5,098) |
| Tax expenses | - | - | - |
| Unsegment expenses | - | - | (721) |
| Net profit for the period | | | (3,524) |

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4. Segment information (Cont'd)

| <u>Three months ended 31 March 2022</u> | <u>Infrastructure</u> <u>Business</u> <u>(RMB'000)</u> | <u>Digital Infrastructure</u> <u>Business</u> <u>(RMB'000)</u> | <u>Total</u> <u>(RMB'000)</u> |
|---|--|--|----------------------------------|
| Revenue | - | 4,043 | 4,043 |
| Gross profit | - | 1,654 | 1,654 |
| Other income | 2,338 | - | 2,338 |
| Administrative expenses | (172) | (437) | (609) |
| Tax expenses | - | 2 | 2 |
| Unsegment expenses | - | - | (303) |
| Net profit for the period | | | 3,082 |

| <u>Nine months ended 31 March 2023</u> | <u>Infrastructure</u> <u>Business</u> <u>(RMB'000)</u> | <u>Digital Infrastructure</u> <u>Business</u> <u>(RMB'000)</u> | <u>Total</u> <u>(RMB'000)</u> |
|--|--|--|----------------------------------|
| Revenue | 28,107 | 18,922 | 47,029 |
| Gross profit | 6,642 | 8,060 | 14,702 |
| Other income | 6,774 | 317 | 7,091 |
| Administrative expenses | (842) | (5,856) | (6,698) |
| Impairment loss on non-current other contract assets | (5,098) | - | (5,098) |
| Tax expenses | (1,533) | (517) | (2,050) |
| Unsegment expenses | - | - | (2,485) |
| Net profit for the period | | | 5,462 |

| <u>Nine months ended 31 March 2022</u> | <u>Infrastructure</u> <u>Business</u> <u>(RMB'000)</u> | <u>Digital Infrastructure</u> <u>Business</u> <u>(RMB'000)</u> | <u>Total</u> <u>(RMB'000)</u> |
|--|--|--|----------------------------------|
| Revenue | 25,678 | 4,046 | 29,724 |
| Gross profit | 6,523 | 1,655 | 8,178 |
| Other income | 7,027 | - | 7,027 |
| Administrative expenses | (430) | (437) | (867) |
| Tax expenses | (988) | 2 | (986) |
| Unsegment expenses | - | - | (2,882) |
| Net profit for the period | | | 10,470 |

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4. Segment information (Cont'd)

The following is the Group's assets and liabilities by reporting segment:

| | <u>Infrastructure</u> <u>Business</u> <u>(RMB'000)</u> | <u>Digital</u> <u>Infrastructure</u> <u>Business</u> <u>(RMB'000)</u> | <u>Others</u> <u>(RMB'000)</u> | <u>Total</u> <u>(RMB'000)</u> |
|--------------------------------|--|--|-----------------------------------|----------------------------------|
| 31 March 2023 | | | | |
| Reportable segment assets | | | | |
| - China | 405,068 | - | - | 405,068 |
| - Singapore | - | 16,471 | - | 16,471 |
| - Others | - | - | 719 | 719 |
| | 405,068 | 16,471 | 719 | 422,258 |
| Reportable segment liabilities | | | | |
| - China | 178,452 | - | - | 178,452 |
| - Singapore | - | 11,916 | - | 11,916 |
| - Others | - | - | 1,232 | 1,232 |
| | 178,452 | 11,916 | 1,232 | 191,600 |
| 30 June 2022 | | | | |
| Reportable segment assets | | | | |
| - China | 422,915 | - | - | 422,915 |
| - Singapore | - | 8,713 | - | 8,713 |
| - Others | - | - | 382 | 382 |
| | 422,915 | 8,713 | 382 | 432,010 |
| Reportable segment liabilities | | | | |
| - China | 200,178 | - | - | 200,178 |
| - Singapore | - | 4,060 | - | 4,060 |
| - Others | - | - | 2,106 | 2,106 |
| | 200,178 | 4,060 | 2,106 | 206,344 |

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5. Revenue

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

| | Group | | | |
|---------------------------------|-----------------------|------------------|-----------------------|------------------|
| | 3 months ended | | 9 months ended | |
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Infrastructure Business | - | - | 28,107 | 25,678 |
| Digital Infrastructure Business | 6,155 | 4,043 | 18,922 | 4,046 |
| | 6,155 | 4,043 | 47,029 | 29,724 |

6. Other income

| | Group | | | |
|--|-----------------------|------------------|-----------------------|------------------|
| | 3 months ended | | 9 months ended | |
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Interest income- Bank deposits* | 50 | 65 | 164 | 207 |
| Interest income- Unwinding of discount for non-current trade receivables | 2,203 | 2,273 | 6,610 | 6,820 |
| Government grants | 6 | 22 | 6 | 66 |
| Payable written-off | - | 837 | - | 837 |
| Currency exchange gain | 45 | - | 294 | - |
| Other incomes | 17 | 8 | 17 | 9 |
| | 2,321 | 3,205 | 7,091 | 7,939 |

*Interest income primarily comes from the bank balances held by the Company's subsidiary in China. The interest rate for current account offered by the Bank of China is 0.25% per annum.

7. Profit before tax

Profit before income tax has been arrived at after charging:

| | Group | | | |
|---|-----------------------|------------------|-----------------------|------------------|
| | 3 months ended | | 9 months ended | |
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Professional and legal fee | 464 | 414 | 1,053 | 1,047 |
| Research and development costs | - | - | 251 | - |
| Depreciation of property, plant and equipment | 128 | 65 | 375 | 96 |
| Directors' fee – directors of the Company | 237 | 263 | 700 | 808 |
| Staff costs | | | | |
| - Key management | 691 | 287 | 2,029 | 915 |
| - Others | 1,170 | 85 | 3,009 | 141 |
| SGX&CDP listing fee | 45 | 101 | 157 | 203 |
| Office expenses | 68 | 16 | 172 | 20 |
| Rental expenses | 14 | 24 | 86 | 83 |

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8. Income tax expense

| | Group | | | |
|-------------------------------------|-----------------------|------------------|-----------------------|------------------|
| | 3 months ended | | 9 months ended | |
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Current income tax | - | - | (516) | - |
| Deferred income tax | | | | |
| - Movement in temporary differences | - | 2 | (1,534) | (986) |
| | - | 2 | (2,050) | (986) |

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is as follows:

| | Group | | | |
|---|-----------------------|------------------|-----------------------|------------------|
| | 3 months ended | | 9 months ended | |
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| Earnings per share | | | | |
| Earnings for the purposes of basic and diluted attributable to equity holders of the Company (RMB'000) | (3,207) | 2,876 | 4,975 | 9,348 |
| Number of shares | | | | |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share('000) | 67,952 | 67,952 | 67,952 | 67,952 |
| Earnings per share (RMB) | (0.05) | 0.04 | 0.07 | 0.14 |

10. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

| | The Group | | The Company | |
|---|------------------|----------------|--------------------|----------------|
| | As at | As at | As at | As at |
| | 31 March | 30 June | 31 March | 30 June |
| | 2023 | 2022 | 2023 | 2022 |
| Net asset value attributable to equity holders of the Company (RMB'000) | 230,658 | 225,666 | 125,147 | 126,951 |
| Number of issued ordinary shares excluding treasury share as at end of the year | 67,951,583 | 67,951,583 | 67,951,583 | 67,951,583 |
| Net asset value per ordinary share (RMB) | 3.39 | 3.32 | 1.84 | 1.87 |

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11. Contract assets

| | The Group | |
|---|--------------------------|-------------------------|
| | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 |
| Asset recognised from costs incurred to fulfil a contract | 25,549 | 47,013 |

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

12. Property, plant and equipment

| Group | Building RMB'000 | Office equipment RMB'000 | Computers RMB'000 | Motor Vehicles RMB'000 | Total RMB'000 |
|---------------------------------|-----------------------------|---|------------------------------|---------------------------------------|--------------------------|
| Cost | | | | | |
| Balance at 1 July 2021 | - | 10 | 42 | 267 | 319 |
| Additions | 882 | - | 17 | - | 899 |
| Currency translation difference | 28 | - | - | - | 28 |
| Balance at 30 June 2022 | 910 | 10 | 59 | 267 | 1,246 |
| Additions | - | - | 66 | - | 66 |
| Currency translation difference | 13 | - | - | - | 13 |
| Balance at 31 March 2023 | 923 | 10 | 125 | 267 | 1,325 |
| Balance at 1 July 2021 | - | 7 | 32 | 106 | 145 |
| Depreciation | 157 | 2 | 9 | 30 | 198 |
| Currency translation difference | 5 | - | - | - | 5 |
| Balance at 30 June 2022 | 162 | 9 | 41 | 136 | 348 |
| Depreciation | 333 | 1 | 18 | 23 | 375 |
| Currency translation difference | (1) | - | - | - | (1) |
| Balance at 31 March 2023 | 494 | 10 | 59 | 159 | 722 |
| Carrying amount | | | | | |
| Balance at 31 March 2023 | 429 | - | 66 | 108 | 603 |
| Balance at 30 June 2022 | 748 | - | 18 | 131 | 898 |

All property, plant and equipment held by the Group are located in China except for an office building located in Singapore (Note 23).

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13. Investment in subsidiaries

| | Company | |
|-----------------------------------|-----------------|----------------|
| | 31 March | 30 June |
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Unquoted equity shares, at cost | 515 | 1,016 |
| Additions | - | 5 |
| Allowance for impairment loss | - | (506) |
| At end of financial period | 515 | 515 |

Movements in allowance for impairment loss are as follows:

| | Company | |
|---|-----------------|----------------|
| | 31 March | 30 June |
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| At beginning and at end of financial year | - | 506 |

14. Amount due from subsidiaries

| | Company | |
|--------------------------------|-----------------|----------------|
| | 31 March | 30 June |
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Current loan account | | |
| - Amount due from subsidiaries | 125,019 | 128,000 |

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

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15. Trade and other receivables

| | Group | |
|-----------------------------------|------------------|-----------------|
| | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 |
| Non-current : | | |
| Trade receivables | | |
| - Infrastructure Business | 244,553 | 221,268 |
| Other contract assets | | |
| - Infrastructure Business | 22,856 | 12,070 |
| - Impairment loss | (5,098) | - |
| | 17,758 | 12,070 |
| | 262,311 | 233,338 |
| Current : | | |
| Trade receivables | | |
| - Infrastructure Business | 35,889 | 59,923 |
| - Digital Infrastructure Business | 10,390 | 3,686 |
| Deposit | 106 | 82 |
| Value-added tax receivables | 705 | 668 |
| Others | 305 | 323 |
| | 47,395 | 64,682 |
| | 309,706 | 298,020 |

Non-current and current trade receivables pertaining to the Infrastructure Business are receivables from the Provincial Government payable over a 10-years term based on the straight-line method according to the contract terms.

Non-current other contract assets mainly pertain to architect design fee, project inspection, testing & quality audit fee, and general administrative and related costs incurred for the Infrastructure Business. In accordance with SFRS(I) 9 Financial Instruments, the management is required to consider use reasonable and supportable information that is available without undue cost or effort. The current impairment loss has been assessed by the management based on a conservative and prudent approach, considering the increased credit risk in relation to the recoverability of other contract assets arising from China's economic slowdown, surge in inflation, and the lower earnings power of the large banks in China*. Accordingly, the management has estimated an impairment loss of RMB 5,098,000 as at 31 March 2023 based on the key indicators and inputs used in the ECL assessment, including the abovementioned microeconomic outlook.

[**Chinese banks to drive Apac banks' debt issuance in coming months: S&P, Banking & Finance - THE BUSINESS TIMES*](#)

16. Prepayments

| | Group | | Company | |
|-------------|------------------|-----------------|------------------|-----------------|
| | 31 March 2023 | 30 June 2022 | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Prepayments | 1,183 | 283 | 424 | 76 |

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17. Cash and cash equivalents

| | Group | | Company | |
|---------------|--------------------------|-------------------------|--------------------------|-------------------------|
| | 31 March 2023 | 30 June 2022 | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Cash balances | 4 | 4 | - | - |
| Bank balances | 85,118 | 85,634 | 36 | 36 |
| | 85,122 | 85,638 | 36 | 36 |

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

| | Group | | Company | |
|-----------------------|--------------------------|-------------------------|--------------------------|-------------------------|
| | 31 March 2023 | 30 June 2022 | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Renminbi | 80,953 | 81,507 | - | - |
| United states dollars | 1,563 | 3,569 | - | - |
| Bangladeshi taka | 172 | 193 | - | - |
| Singapore dollar | 417 | 300 | 36 | 36 |
| Malaysia Ringgit | 419 | - | - | - |
| Indonesian Rupia | 39 | - | - | - |
| Philippine Peso | 1,484 | - | - | - |
| Euro dollar | 75 | 69 | - | - |
| | 85,122 | 85,638 | 36 | 36 |

Cash and cash equivalents of RMB80,953,000 (FY2022: RMB81,507,000) held in the People's Republic of China are subject to local exchange control regulation. These regulations places restriction on the amount of currency being exported other than through dividends.

18. Share capital

| | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|----------------------------|---------------------------|---|---------------------------------------|--|
| | Par value US\$ | Number of ordinary shares '000 | RMB'000 | RMB'000 |
| Authorised: | | | | |
| As at (US\$100,000,000) | 0.40 | 250,000 | 250,000 | 615,347 |
| | | | | |
| | | | 31 March 2023 US\$'000 | 31 December 2022 US\$'000 |
| Issued and paid up: | | | | |
| As at | 0.40 | 67,960 | 67,960 | 27,181 |
| Equivalent to RMB'000 | | | 192,187 | 192,187 |

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

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. There were no outstanding convertibles issued by the Company as at 31 December 2022 and as at 31 March 2023.

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19. Treasury share

| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
|---|--------------------------------------|--------------------------|--------------------------|--------------------------|
| Paid up: | Number of treasury shares'000 | | US\$'000 | |
| At beginning and end of the financial period/year | 8 | 8 | 3 | 3 |
| Equivalent to RMB'000 | | | 24 | 24 |

The Company had acquired an accumulated total of 200,000 of its own shares through purchases on the SGX-ST in 2012 and in 2014. The total amount paid to acquire the shares was RMB35,000 and has been deducted from shareholders' equity.

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

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

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

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

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial reporting period. As at 31 March 2023, 8,000 treasury shares are held by the Company and there were no subsidiary holdings.

20. Reserves

| | Group | | Company | |
|-------------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
| | 31 March 2023 | 30 June 2022 | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Share premium | 79,908 | 79,908 | 79,908 | 79,908 |
| Share replacement | 13,179 | 13,179 | 13,179 | 13,179 |
| Currency translation reserves | (2,560) | (2,103) | - | - |
| Merger reserve | (102,287) | (102,287) | - | - |
| | (11,760) | (11,303) | 93,087 | 93,087 |

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20. Reserves (Continued)

(i) Share premium

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

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

(ii) Merger reserve

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

21. Trade and other payables

| | Group | | Company | |
|---|------------------|-----------------|------------------|-----------------|
| | 31 March 2023 | 30 June 2022 | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Trade payables | | | | |
| - Infrastructure Business | 60,255 | 57,131 | - | - |
| - Digital Infrastructure Business | 9,452 | 2,272 | - | - |
| Accrued operating expenses | 2,144 | 2,662 | 847 | 1,302 |
| Advance payment received from the customer | 825 | - | - | - |
| Amount due to directors | - | 699 | - | 374 |
| Amount due to non-controlling interest of a subsidiary – 宜宾路桥 | 91,459 | 117,365 | - | - |
| Tax payables | 504 | 412 | - | - |
| | | | | |
| Total trade and other payables | 164,639 | 180,541 | 847 | 1,676 |

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

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

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

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

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22. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. Deferred tax liabilities mainly relate to the infrastructure projects in China which will be taxable only when the project from the sole contract that the Group currently has, are completed and the corresponding receivables have been collected.

The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

| | Group | |
|-----------------------------|--------------------------|-------------------------|
| | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 |
| Deferred tax liabilities | 26,538 | 25,067 |
| Deferred tax assets | (95) | (158) |
| At end of the period | 26,443 | 24,909 |

Movements in deferred tax liabilities and assets during the financial period (prior to offsetting of balances with the same tax jurisdiction) were as follows:

| | Group | |
|--|--------------------------|-------------------------|
| | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 |
| Deferred tax liabilities | | |
| At beginning of the year | 25,067 | 23,639 |
| Recognised in profit or loss from the infrastructure project in China | 1,534 | 1,277 |
| Recognised in profit or loss due to right-of-use assets in Singapore and China | (64) | 151 |
| Currency translation difference | 1 | - |
| At end of the period | 26,538 | 25,067 |

| | Group | |
|--|--------------------------|-------------------------|
| | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 |
| Deferred tax assets | | |
| At beginning of the year | 158 | - |
| Recognised in profit or loss due to lease liabilities in Singapore and China | (65) | 158 |
| Currency translation difference | 2 | - |
| At end of the period | 95 | 158 |

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23. Lease Liabilities

The Group also makes annual lease payments for a leasehold land. The right-of-use of the land is classified as property, plant and equipment. Please refer to Note 12 of the financial statements above.

(a) Carrying amounts

ROU (right-of-use) asset classified within Property, plant and equipment:

| | Group | |
|-----------------------------|--------------------------|-------------------------|
| | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 |
| Building – Singapore office | 235 | 428 |
| Building – China office | 194 | 320 |
| | 429 | 748 |

(b) Current and non-current lease liabilities

| | Group | |
|-----------------------------|--------------------------|-------------------------|
| <u>Current</u> | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 |
| Building – Singapore office | 74 | 274 |
| Building – China office | 44 | 168 |
| | 118 | 442 |

| | Group | |
|-----------------------------|--------------------------|-------------------------|
| <u>Non- Current</u> | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 |
| Building – Singapore office | 154 | 144 |
| Building – China office | 151 | 150 |
| | 305 | 294 |

(c) Amount recognised in profit or loss

| | Group | |
|--|--------------------------|----------------------|
| | 31 March 2023 | 31 March 2022 |
| | RMB'000 | RMB'000 |
| Depreciation of ROU | 333 | 64 |
| Interest on lease liabilities | 21 | 6 |
| Expenses relating to short-term leases | 86 | 83 |
| | 440 | 153 |

(e) total cash outflow for the lease was RMB422,000 (3QFY2022: RMB129,000)

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24 Significant related party transactions

Compensation of directors and key management personnel remuneration

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

| | Group | | Company | |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 3 months ended 31 March 2023 | 3 months ended 31 March 2022 | 3 months ended 31 March 2023 | 3 months ended 31 March 2022 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Short-term employee benefits | 928 | 550 | 237 | 263 |

| | Group | | Company | |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 9 months ended 31 March 2023 | 9 months ended 31 March 2022 | 9 months ended 31 March 2023 | 9 months ended 31 March 2022 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Short-term employee benefits | 2,729 | 1,723 | 700 | 808 |

25. Financial instruments by category

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

| | Group | | Company | |
|------------------------------|----------------------|---------------------|----------------------|---------------------|
| | 31 March 2023 | 30 June 2022 | 31 March 2023 | 30 June 2022 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| <i>Financial assets</i> | | | | |
| At amortised cost | 420,366 | 382,990 | 125,055 | 128,036 |
| <i>Financial liabilities</i> | | | | |
| At amortised cost | 165,062 | 181,277 | 847 | 1,676 |

Other Information Required by Listing Rule Appendix 7.2

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OTHER INFORMATION

1. Review

The unaudited condensed interim consolidated statement of financial position of Raffles Infrastructure Holdings Limited and its subsidiaries as at 31 March 2023 and the related condensed consolidated profit or loss and other comprehensive income for the third quarter and nine months period ended, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months period then ended and certain explanatory notes have not been audited or reviewed.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of Financial Performance

Revenue, Gross Profit and Gross Margin

During 3QFY2023 and 9MFY2023, the Group achieved notable year-on-year growth in revenue of 52% and 58%, respectively, reaching RMB6.2 million and RMB47.0 million. The Digital Infrastructure Business segment was a significant contributor to this growth, accounting for RMB6.2 million and RMB18.9 million of revenue in 3QFY2023 and 9MFY2023, respectively.

Moreover, the Group's GP margin demonstrated improvement, achieving 43% and 31% in 3QFY2023 and 9MFY2023, respectively, compared to the corresponding periods in the prior year. This increase in GP margin can be attributed to our on-going efforts to optimize the Digital Infrastructure Business.

Infrastructure Business – Bo Dao Project

During 9MFY2023, the Company generated RMB28.1 million in revenue from completing two road parcels, namely 下同路和久陈路, after receiving an initial payment of RMB3.8 million from the Provincial Government. The time value of money adjustment, calculated based on China Government Bond Yield rates, is about RMB3.7 million. We recognized the significant financing component and will receive revenue over a 10-year period.

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OTHER INFORMATION (Cont'd)

Review of Financial Performance (Cont'd)

Revenue, Gross Profit and Gross Margin (Cont'd)

Digital Infrastructure Business

In January 2022, the Company strategically shifted its focus to the Digital Infrastructure Business. Our target customers are micro, small, and medium enterprises (MSMEs), and we identify opportunities through our extensive business contacts and network.

As of 31 March 2023, our software-as-a-service (SaaS) unit and platform-as-a-service (PaaS) unit generated a total revenue of RMB 6.2 million in 3QFY2023 and RMB 18.9 million in 9MFY2023. Specifically, the SaaS business unit contributed RMB6.1 million in 3QFY2023 and RMB 18.8 million in 9MFY2023. This unit receives one-time fees for setting up customized e-platforms and provides monthly maintenance services for MSMEs primarily located in the Philippines and Hong Kong. Our revenue recognition follows the principles outlined in SFRS(I) 15 Revenue from Contracts with Customers, whereby revenue is recognized upon completion of work and acknowledgement by the client.

The PaaS business unit provides smart digital marketing and advertisement services to customers. The Company acts as an agent between customers and media platforms, earning profit margins based on rebates from the media platforms. The backend system allows us to efficiently track and monitor data flow from various media platforms (i.e. cost of advertisements) for our customers. Monthly statements of accounts are then issued to our customers for their acceptance. Our revenue from this unit is approximately RMB30,000 in 3QFY2023 and RMB99,000 in 9MFY2023.

Other Income

Other income decreased by approximately RMB0.9 million or 28% from RMB3.2 million in 3QFY2022 to RMB2.3 million in 3QFY2023, and decreased by RMB0.8 million or 11% from RMB7.9 million in 9MFY2022 to RMB7.1 million in 9MFY2023. This decrease is primarily due to the write-off of RMB 0.8 million in other payables that occurred in 3QFY2022 for professional fees. These professional fees included SGX & CDP fees, Conyers Dill & Pearman for Bermuda Company secretary fees, Boardroom for share registrar fee and RT LLP for external audit fee. The write-off was properly disclosed in the unaudited financial statements for 3QFY2022 on 13 May 2022 and responses to SGX's queries in relation to the write-off were also provided on 31 May 2022.

Administrative expenses

Administrative expenses increased significantly by approximately RMB1.5 million or 87% from approximately RMB1.8 million in 3QFY2022 to RMB3.3 million in 3QFY2023 as well as increased by approximately RMB4.3 million or 93% from approximately RMB4.7 million in 9MFY2022 to approximately RMB9.0 million in 9MFY2023 mainly due to:

- a) During 3QFY2023, our total employees' costs, including key management personnel, increased by approximately RMB1.5 million to RMB1.9 million compared to RMB0.4 million in 3QFY2022. Similarly, in 9MFY2023, total employees' costs increased by approximately RMB3.9 million to RMB5.0 million from RMB1.1 million in 9MFY2022. This was primarily due to the newly incorporated subsidiary Wuhan Raffles Technology Co., Ltd on 20 June 2022 which increased its headcount of more than 20 employees compared to one year ago due to the expansion of the Digital Infrastructure Business. The employees are mainly in the support and administrative role for HR, R&D, marketing and operations.
- b) The depreciation charge for property, plant and machinery increased by approximately RMB0.3 million from RMB96,000 in 9MFY2022 to RMB375,000 in 9MFY2023. The increase in depreciation charge is attributable to the depreciation of the right-of-use of assets recognised for the two offices in Singapore and China.

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OTHER INFORMATION (Cont'd)

Review of Financial Performance (Cont'd)

Impairment loss on non-current other contract assets

Non-current other contract assets mainly pertain to architect design fee, project inspection, testing & quality audit fee, and general administrative and related costs incurred for the Infrastructure Business. During 3QFY2023, the management has conducted an evaluation and estimated a total impairment loss of approximately RMB5,098,000. For further details, please refer to Note 15 of the unaudited financial statements.

Finance cost

Finance costs are interest expenses on lease liabilities. The Company leased two offices for the Digital Infrastructure Business in Singapore and China respectively in 3QFY2023 and 9MFY2023.

Income tax expense

The effective tax rate for our operation in China and Singapore is 25% and 17% respectively.

Net (loss)/profit

Notwithstanding the significant revenue growth in 3QFY2023 and 9MFY2023, the Group registered a net loss of RMB3.5 million for 3QFY2023 and lower profit of RMB5.5 million for 9MFY2023 year-on-year, mainly due to the impairment loss of approximately RMB5.1 million on non-current other contract assets.

Review of Financial Position

Non-current assets

Trade and other receivables increased by approximately RMB29.0 million or 12% from approximately RMB233.3 million as at 30 June 2022 to approximately RMB262.3 million as at 31 March 2023. This was mainly due to total revenue of RMB28.1 million generated from the Bo Dao project in 9MFY2023 upon the acceptance by the Provincial Government on the two completed road parcels (i. e. 下同路和久陈路).

Please refer to the table below for a breakdown of the non-current trade and other receivables for payments received and future payments to be received:

| | Current trade receivables 31 March 2023 RMB mil | Non-current trade and other receivables 31 March 2023 RMB mil | Total RMB mil |
|---|--|--|--------------------------|
| Trade receivables | 35.9 | 275.4 | 311.3 |
| Less: Adjustments for time value of money | - | (55.0) | (55.0) |
| Add: Adjustments for unwinding of discounts cash flow | - | 24.2 | 24.2 |
| Other contract assets * | - | 17.7 | 17.7 |
| Total trade and other receivables | 35.9 | 262.3 | 298.2 |

* Please refer to the following breakdown of other contract assets:

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OTHER INFORMATION (Cont'd)

Review of Financial Position (Cont'd)

Non-current assets (Cont'd)

| | RMB mil |
|--|----------------|
| Architect design costs | 3.6 |
| Audit fees | 0.4 |
| General administrative costs # | 12.4 |
| Inspection & testing costs | 0.4 |
| Value-add tax relating to the pre-administrative costs | 7.5 |
| Less: Adjustments for time value of money on non-current other contract assets | (2.0) |
| Add: Adjustments for unwinding of discounts cash flow | 0.5 |
| Less: Impairment loss on general administrative costs (Note 15) | (5.1) |
| Total non-current other contract assets as at 31 March 2023 | 17.7 |

The general administrative costs of RMB12.4 million mainly comprise labour costs of RMB7.8 million, marketing expenses of RMB1.0 million, travelling expenses of RMB1.0 million, office rental of RMB1.1 million, office expenses of RMB 1.2 million and other miscellaneous expenses of RMB0.3 million. All above-mentioned suppliers/professionals are non-related parties to the Company.

Please refer to the tables below for the schedule of billing and payment cycles:

Payment received from the Provincial Government (RMB: mil):

| | Aug 18 | Dec 18 | Jan 19 | July 19 | Aug 19 | Sep 19 | Dec 19 | Jan 20 | Apr 20 | Aug 20 | Sep 20 |
|--------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
| Billing date | 10.4 | 7.6 | | 0.9 | 30.6 | | 14.5 | | | 32.8 | |
| Payment date | | | 18.0 | | | 10.0 | | 30.0 | 6.0 | | 0.5 |
| | Dec 20 | Jan 21 | Feb 21 | Apr 21 | Nov 21 | Dec 21 | Jan 22 | July 22 | Dec 22 | Jan 23 | Mar 23 |
| Billing date | 20.0 | | | | 52.4 | | | | 3.9 | 22.0 | |
| Payment date | | 0.7 | 40.0 | 11.6 | 14.3 | 3.0 | 25.8 | 7.5 | 5.7 | 15.0 | 7.0 |
| | Total | | | | | | | | | | |
| Billing date | 195.1 | | | | | | | | | | |
| Payment date | 195.1 | | | | | | | | | | |

Future billing/payment dates (RMB: mil):

| | Aug 23 | Dec 23 | Jan 24 | Aug 24 | Dec 24 | Jan 25 | Aug 25 |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Billing date | 32.6 | 19.9 | | 30.8 | 18.8 | | 29.0 |
| Payment date | | | 52.5 | | | 49.6 | |
| | Dec 25 | Jan 26 | Aug 26 | Dec 26 | Jan 27 | Aug 27 | Dec 27 |
| Billing date | 17.7 | | 27.2 | 16.6 | | 25.5 | 15.5 |
| Payment date | | 46.7 | | | 43.8 | | |
| | Jan 28 | Aug 28 | Dec 28 | Jan 29 | Aug 29 | Dec 29 | Jan 30 |
| Billing date | | 16.3 | 9.7 | | 7.6 | 4.5 | |
| Payment date | 41.0 | | | 26.0 | | | 12.1 |
| | Aug 30 | Dec 30 | Jan 31 | Total | | | |
| Billing date | 2.3 | 1.4 | | 275.4 | | | |
| Payment date | | | 3.7 | 275.4 | | | |

The Company wishes to state that above future billing is only indicative and will be subject to change upon the Provincial Government's actual payment amount and date.

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OTHER INFORMATION (Cont'd)

Review of Financial Position (Cont'd)

Current assets

Trade and other receivables

Trade and other receivables decreased by approximately RMB17.3 million, or 27% from RMB64.7 million as at 30 June 2022 to RMB47.4 million as at 31 March 2023. This was mainly due to a decrease in trade receivables of approximately RMB24.0 million, or 40%, in infrastructure projects, partially offset by an increase in trade receivables of approximately RMB6.7 million in the Digital Infrastructure Business. The decrease in trade receivables for the Infrastructure Business was driven by total receipts of RMB35.2 million, which includes RMB3.8 million for the two completed road parcels and RMB31.4 million in reference to the previous completed road parcels.

Contract assets

Contract assets declined by approximately RMB21.5 million, or 46%, from RMB47.0 million as at 30 June 2022 to RMB25.5 million as at 31 March 2023. The decrease was due to RMB21.5 million being transferred into the cost of sale and revenue after the Provincial Government had made the initial payments for the two completed road parcels (i.e., 下同路和久陈路).

The construction progress on the four ongoing road parcels, namely 九大路, 麒新路, 海纳路, and 云顶路 has not changed significantly since 31 December 2022 due to the surge in infections among workers and officials since the loosening of measures in December 2022 coupled with the Chinese New Year celebrations in January 2023.

The total project cost of 海纳路 and 云顶路 is still pending approval from the Provincial Government which is largely beyond the Company's control. Nevertheless, the Company is closely monitoring the approval status of these projects and maintaining regular contact with the Client.

Current liabilities

Trade and other payables decreased by approximately RMB15.9 million or 9% from approximately RMB180.5 million as at 30 June 2022 to approximately RMB164.6 million as at 31 March 2023. This was mainly due to decrease in amount due to non-controlling interest of a subsidiary – 宜宾路桥 by approximately RMB25.9 million or 22% from RMB117.4 million as at 30 June 2022 to RMB91.5 million as at 31 March 2023 as a result of repayment of approximately RMB28.9 million to 宜宾路桥 during 9MFY2023.

Review of Cashflow Position

The Group's cashflow position decreased slightly by RMB0.5 million or 0.6% in cash and cash equivalents, from RMB85.6 million as at 30 June 2022 to RMB85.1 million as at 31 March 2023. This decrease was primarily attributed to the repayment of approximately RMB28.9 million made to the non-controlling interest of a subsidiary, 宜宾路桥 as at 31 March 2023.

5. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable as no forecast, or a prospect statement has been previously disclosed to shareholders.

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6. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Bo Dao Project, implemented under a Public-Private Partnership (“PPP”) with the Provincial Government in 2016, is progressing as planned. The total projected revenue is approximately RMB816.2 million, which includes committed project value of RMB550 million and an investment return of approximately RMB266.2 million at 8.8% per annum for each completed road parcel under the PPP arrangement.

As of 31 March 2023, the Group has recognized a cumulative revenue of RMB506.4 million as a result of the completion of 13 road parcels. Construction is currently ongoing for the remaining 4 road parcels. The Group looks forward to completing the project and collecting the remaining projected revenue of approximately RMB309.8 million, which includes approximately RMB69.0 million approved by the Provincial Government and approximately RMB240.8 million outstanding.

Please refer to the following project status including the total completed road parcels as at 31 March 2023:

| | Name of road parcels completed | Revenue RMB (mil) | Costs RMB (mil) |
|-----|---------------------------------------|--------------------------|------------------------|
| 1. | 晏罗路前段& 晏罗路后段 | 122.6 | 82.7 |
| 2. | 毛村产业连接线 | 16.5 | 11.1 |
| 3. | 塘大路 | 55.3 | 37.3 |
| 4. | 大白路 | 44.1 | 29.7 |
| 5. | 珙晏路 | 24.3 | 15.4 |
| 6. | 水泸坝产业路 | 18.9 | 12.0 |
| 7. | 生命防护工程 | 72.4 | 48.8 |
| 8. | 久瑞路 | 11.3 | 7.6 |
| 9. | 樊王山环城南路 | 19.3 | 13.0 |
| 10. | 叙兴路 | 62.9 | 42.4 |
| 11. | 九毓路 | 27.0 | 18.2 |
| 12. | 久陈路 | 5.5 | 3.7 |
| 13. | 下同路 | 26.3 | 17.8 |
| | Total | 506.4 | 339.7 |

the Group anticipates that the operating conditions in China will continue to pose challenges due to the unpredictable global outlook, combined with increasing inflation and geopolitical tensions. Despite these challenges, our commitment to providing value to our stakeholders remains unwavering, with the Bo Dao Project being a crucial aspect of our portfolio. Our concentration remains on executing our plans efficiently and effectively, while keeping our stakeholders apprised of our progress.

In the Digital Infrastructure Business, the Company has generated approximately RMB 28.8 million in cumulative revenue since its inception in January 2022. However, as the digital technology industry is constantly evolving, with changing regulations and increased competition, the business is facing significant talent recruitment and retention challenges, competing with other tech and finance companies for top talent. Nevertheless, the Group remains committed to driving innovation and growth in the sector.

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7. Dividend Information

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

8. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period ended 31 March 2023 because the Company believes that it is more beneficial to conserve cash and be ready to re-invest the profits should any business/investment opportunities arise.

9. Interested Person Transactions

The Group does not have a general mandate from shareholders for Interested Person Transactions. No interested person transactions exceeding S\$100,000 has been entered into by the Group for the nine-month financial period ended 31 March 2023.

10. Confirmation pursuant to Rule 720(1)

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in form Appendix 7.7.

11. Use of Proceeds

As at the date of this announcement, the net proceeds from the Company's initial public offering had been utilised as follows:

| | Amount allocated | Amount Utilised | Balance |
|---|-------------------------|------------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 |
| to construct new facilities and acquire new machinery | 14,000 | 13,231 | 769 |
| to expand Research & Development facilities | 1,000 | 1,000 | - |
| Working capital purposes | 2,182 | 2,182 | - |
| | <u>17,182</u> | <u>16,413*</u> | <u>769*</u> |

* The Company wishes to clarify that based on the findings of the special audit announced on 13 August 2019, the current management of the Company is unable to provide a meaningful update on the use of IPO proceeds as the state of affairs of the Company (from legacy issues), including the movement of funds, remains unclear since the Company's IPO until June 2018.

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OTHER INFORMATION (Cont'd)

11. Use of Proceeds (Cont'd)

As at the date of this announcement, the net proceeds from the Company's placement proceeds had been utilised as follows:

| | Amount allocated | Amount utilized | Balance |
|--|-------------------------|------------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 |
| Project investment | 22,900 | 7,048 | 15,852 |
| Working capital purpose ⁽¹⁾ | 7,000 | 6,570 | 430 |
| Total | 29,900 | 13,618 | 16,282 |

⁽¹⁾The breakdown of the use of Placement Proceeds of S\$6.6 million for "working capital purpose is as follow:

- i. Payroll and staff related expenses (incl. Directors Fees) – S\$2.8 million
- ii. Operating expenses (incl. rental, stationery, entertainments, travelling) – S\$1.1 million
- iii. Professional fees (incl. legal, audit, corporate secretary services etc) S\$2.2 million
- iv. Refund of initial deposit of S\$500,000 to Yayuan Limited (the "Subscriber") in accordance with the Subscription Agreement dated on 15 September 2021 and followed by the termination of Subscription Agreement as announced on 15 December 2021.

Confirmation pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter and nine months period ended 31 March 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ryan Chiu Tzong Min
Executive Director

15 May 2023

Chay Yiowmin
Audit Committee Chairman & Non-
Executive Lead Independent Director
15 May 2023