
**NOTIFICATION OF OUTCOME ON THE APPLICATION FOR
WAIVER TO COMPLY WITH RULE 1314(1) OF THE LISTING MANUAL**

The Board of Directors (the “**Board**”) of Raffles Infrastructure Holdings Limited (the “**Company**”, together with its subsidiaries, referred to as the “**Group**”) wishes to announce that the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) notified the Company on 20 November 2019 that it was unable to approve the Company’s application to exit the Watch-list under the financial criteria.

A. BACKGROUND

1. Raffles Infrastructure Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) was placed on the watch-list (“**Watch-List**”) under the financial entry criteria (“**Financial Entry Criteria**”) pursuant to Rule 1311(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 6 June 2019.
2. The Company was assessed based on its consolidated pre-tax losses for the period covering the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts) ended 31 December 2017, 31 December 2016 and 31 December 2015.
3. During the three (3) most recently completed financial years, the Company’s main business activity was fabric manufacturing (“**Legacy Business**”) carried out under Simwa Holdings Limited and its direct subsidiary, Shishi Simwa Knitting & Dyeing Co. Ltd. (“**Shishi Simwa**”) (the “**Shishi Simwa Group**”). During the period in question, the Company’s shares had also been suspended from about 30 November 2015, owing to matters that were investigated on and reported in a special audit report dated 13 August 2019, which report was released on the SGX-Net on the same day.
4. On 28 September 2018, the Company, under its new management and a re-composed board of directors, successfully obtained the approval of the SGX-ST and resumed trading of its shares, after, among other corporate actions, having raised some S\$30 million in new funding. In so doing, it had used the funding raised to acquire approximately 90.1% of Bo Dao Road Construction Co. Ltd which is in the infrastructure investment and development business (“**New Business**”).
5. On 1 February 2019, the Company announced that it was changing its financial year end from 31 December to 30 June so that the Group would be able to report its financial position more meaningfully by 30 June 2019 since it had begun business activities in the New Business in or around September 2018.

6. The Company deconsolidated the financial results of the Legacy Business with effect from the reporting of its unaudited financial statements as at 30 September 2018, as it had not been able to obtain clarity on the financial position of the Shishi Simwa Group.
7. As announced on 14 February 2019, the Group (excluding the Shishi Simwa Group) reported unaudited revenue of RMB33.8 million in 2Q2019 and gross profit of RMB12.7 million (approximately S\$2,540,000) as at 31 December 2018, representing a gross profit margin of 37.6%, mainly attributable to the Group's delivery of 2 out of 26 parcels of roadway for the Xingwen County Rural Road Project.
8. On 28 May 2019, in accordance with Rule 1311(1), the Company announced that: -
 - (a) It had recorded pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts); and
 - (b) Its latest 6 months average daily market capitalization at 28 May 2019 was S\$22,902,308 (translating to approximately S\$0.33 per share traded as at 28 May 2019).

Therefore, as stated above in paragraph 1., the Company was, therefore, placed on the Watch-List for failing to meet the Financial Entry Criteria on 6 June 2019.

B. FINANCIAL EXIT CRITERIA

1. In order to satisfy the financial exit criteria ("**Financial Exit Criteria**"), the Company must record a consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) and must have an average daily market capitalization of S\$40 million or more over the last 6 months.
2. On 16 October 2019, the Company released its maiden full-year audited consolidated financial statements for the period from 1 January 2018 to 30 June 2019 ("**FP 2019**") on the SGX-Net, based on the performance of the New Business. For FP2019, the Group recorded a pre-tax profit of RMB 36,523,000 or approximately S\$7,304,600.
3. As mentioned above in paragraph A7., above, the Group had already recorded, as at 31 December 2018, a gross profit of RMB12.7 million or approximately S\$2,540,000. Below is a table showing key financial highlights which has already been published.

Key Financial Highlights:

FY (RMB'000)	FP2019*	FY2017	Change
Revenue	189,071	26,956	+ 601.40%
Gross profit	50,005	2,973	+ 1,582%

Gross profit margin	26.45%	11.03.0%	+ 139.80%
Profit before tax	36,523	(3,135)	> 100%

* FP denotes 18 months from 1 January 2018 to 30 June 2019 and FY2017 denotes 12 months ended 31 December 2017.

4. It can, therefore, be clearly seen that the Company has more than satisfied the requirements of Rule 1314(1) insofar as the main criterion of consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) is concerned.
5. The Company's shares have also since 28 May 2019 recorded an average closing price of approximately S\$0.41 per share. Based on a total issued share capital of 67,951,583, the market capitalization of the Company has been approximately S\$27,860,149 since the end of May 2019.

C. APPLICATION TO EXIT WATCHLIST

1. The Company submitted an application on 14 November 2019 ("**Application**") requesting the SGX-ST to remove it from the Watch-list as it had satisfied the main criterion of the Financial Exit Criteria of pre-tax profit in its latest audited financial statements.
2. Items 3.1 and 3.2 of Practice Notes 13.2 (Watch-List) state that an issuer may apply to the Exchange for removal from the Watch-List under the Financial Entry Criteria if it meets the Financial Exit Criteria.
3. For FP2019, which is the Company's most recently completed financial period, the Group recorded a pre-tax profit of RMB 36,523,000 or approximately S\$7,304,600, based on consolidated audited accounts, which is a stunning turnaround from FY2017, which recorded a pre-tax loss of RMB 3,135,000 or approximately S\$627,000.
4. While the Company is cognizant that its market capitalization has not achieved an average daily market capitalization of S\$40 million or more over the last 6 months, it submitted in its Application that the traded price of its shares had, on average, been consistent and would see an uptick as the Company released more positive financial results.
5. The Company further submitted that if the Group had not registered pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts), it would not have been put on the Watch-List notwithstanding that its average daily market capitalization over the last 6 months did not achieve S\$40 million or more in value.

6. Inclusion in the Watch-List is seen as a negative in respect of the investability in the Company by investors who might otherwise have been attracted to invest in the Company's shares, especially since the Company has proven that the New Business is the correct strategic move and driver of the Group's profitability and shareholders' value well into the future. The Company is also of the strong view that exiting the Watch-List would be seen by investors as further evidence of a turnaround for the Group, and might in fact attract new investors to invest in the Company's shares.
7. Premised on the reasons given above under heading C, the Company urged the SGX-ST to consider its application on a wider basis as it had more than satisfied the main criterion, which is pre-tax profits based consolidated audited accounts for the most recently completed financial year. Further the Company's shares are actually trading below its net tangible assets as at 30 June 2019 which translates into approximately S\$0.54 per share; therefore, making its market capitalization approximately S\$36,693,385 which is shy of the prescribed S\$40 million by about S\$3.3 million. The Company, in any event, cannot influence the market price of its shares but notes that the continued placement on the Watch-List would only dampen its chances of attracting new investors in the market place to its shares.

D. OUTCOME OF THE APPLICATION

On 20 November 2019, the SGX-ST notified the Company that it was unable to approve the Company's application to exit the Watch-list under the Financial Exit Criteria after considering the above representations and submissions, noting (i) the Company has not met the average daily market capitalization of S\$40million in Listing Rule 1314(1); and (ii) the qualified opinions made by its auditor for the financial period ended 30 June 2019. The Company has up until 5 Jun 2022 to exit the watch-list and is not precluded from re-submitting an application at a later date.

As previously disclosed, the *Auditors' Qualified Opinions* extracted from the Annual Report for FY2019 which highlights opinions related to issues from the Company's previous business which was fabric manufacturing, and the subsequent related *Response to SGX Queries* are enclosed with this announcement for easy reference.

In the meantime, the Company will continue to take active steps toward removing itself from the Watchlist and would like to notify all its shareholders and business partners that the Group's business continues as usual, and trading in its securities will also continue in the ordinary course, unless a trading halt or suspension is effected in accordance with the Listing Rules.

By Order of the Board
Eric Choo Han Kiat
Executive Director and Chief Executive Officer
20 November 2019