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**RAFFLES UNITED REPORTS REVENUE OF \$38M AND
SOUND CASH FLOW FOR 1H16**

SINGAPORE, 5 August 2016 – Amid difficult operating conditions, **Raffles United Holdings Ltd** (“RUH” or “the Group”) has reported a net profit of \$0.1 million, on revenue of \$37.7 million, for the six months ended 30 June 2016 (“1H16”). Net profit for the six months ended 30 June 2015 (“1H15”) was \$1.1 million, on revenue of \$39.8 million.

The results reflect prevailing challenges faced by the Group in its Bearings and Seals division. These challenges included pricing pressure arising from stiff competition in the ASEAN dealers’ markets, a general slowdown in the Original Equipment Manufacturer (“OEM”) market in Malaysia and lower business activity in the Singapore Maintenance, Repair, and Overhaul (“MRO”) market. In addition, RUH did not record any revenue contribution from Australia and Guangzhou, China, following the cessation of its Australian operations and the disposal of its subsidiary in Guangzhou in 2H15. The Group’s revenue also takes into account the translation effect of the weaker Malaysian Ringgit against the Singapore Dollar in 1H16.

The revenue erosion was partially mitigated by improvements in the performance of the OEM market in Greater China, coupled with revenue generated from the clearance of inventory which the Group had taken active efforts to clear. Along with this, the Group also recorded higher rental income from its Property division.

The soft demand and depressed selling prices for bearings and seals in the overseas and domestic markets continued to take a toll on the Group’s performance in 1H16. Nevertheless, the Group adopted a focused approach to actively clear inventory and succeeded in generating a positive cash flow for the period.

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The Group recorded a significant improvement in net cash generated from operating activities, from \$2.2 million in 1H15 to \$6.0 million in 1H16. This was mainly due to active inventory clearance.

In the months ahead, the Group's property business is expected to remain relatively stable and yield a positive contribution. However, operating conditions in the bearings and seals industry are likely to remain challenging with competition being fueled by subdued demand. In this regard, the Group will focus on exercising prudence in the management of its cash flow and inventory to navigate the challenges ahead.

About Raffles United Holdings Ltd

Raffles United Holdings Ltd (K22.SI / KH SP), formerly known as Kian Ho Bearings Ltd, is one of the largest professional stockist, distributor and retailer of bearings and seals products in the region. The Group carries a comprehensive product range of more than 35,000 product types across various brands in the bearings and seals business, and has extensive presence in South East Asia and Greater China enabling the Group to cater to the needs of resellers and OEM customers globally. Having also recently expanded into property investment, Raffles United currently owns 7 units of 2-storey shophouses along Lavender Street and 10 commercial shop units at 1 Sophia Road and is on the lookout for suitable opportunities to build upon its property portfolio. For more information, please visit <http://www.kianho.com.sg>

For media enquiries, please contact **Ark Advisors Pte Ltd:**

Alvina Tan

DID: +65 6221 0081

H/P: +65 9787 7267

Email: alvina.tan@arkadvisors.com.sg