

RAFFLES INFRASTRUCTURE HOLDINGS LIMITED

(Company Registration No. 40381)
(Incorporated in Bermuda)

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of comprehensive income for the Group

The Group	3 months ended 30 September			9 months ended 30 September		
	2018	2017	Change	2018	2017	Change
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	RMB'000 (Unaudited)	%
Revenue	-	5,624	n.m*	-	21,804	n.m*
Cost of sales	-	(5,498)	n.m*	-	(19,344)	n.m*
Gross profit	-	126	n.m*	-	2,460	n.m*
Other income	-	10	n.m*	-	-	n.m*
Selling and distribution expenses	(28)	(264)	-89.4%*	(28)	(895)	-96.9%
Administrative expenses	(1,916)	(707)	171.0%*	(3,693)	(2,404)	53.6%
Other operating expenses	(16,522)	(1)	n.m*	(16,522)	(615)	n.m*
Finance cost	-	(228)	n.m*	-	(709)	n.m*
(Loss)/profit before taxation	(18,466)	(1,064)	82.7%	(20,243)	(2,163)	72.0%
Income tax expense	-	-	-	-	-	-
(Loss)/profit before taxation	(18,466)	(1,064)	82.7%	(20,243)	(2,163)	72.0%
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss)/income for the period	(18,466)	(1,064)	82.7%	(20,243)	(2,163)	72.0%

*n.m – not meaningful

1(a)(ii) Other information

The Group's profit before taxation is arrived at after charging/(crediting):

	3 months ended 30 September		9 months ended 30 September	
	2018	2017	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Amortisation of land use rights	-	15	-	46
Depreciation of property, plant and equipment	-	795	-	2,382

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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of financial position

	The Group		The Company	
	30 September 2018 (Unaudited) RMB'000	31 December 2017 (Unaudited) RMB'000	30 September 2018 (Unaudited) RMB'000	31 December 2017 (Unaudited) RMB'000
Assets and Liabilities				
Non-current assets				
Property, plant and equipment	8	24,518	8	-
Land use rights	-	2,244	-	-
Investment in subsidiaries	-	-	-	-
Due from subsidiary	-	-	-	-
	8	26,762	8	-
Current assets				
Inventories	-	586	-	-
Trade receivables	-	6,507	-	-
Prepayment and other receivables	133	4,560	133	-
Due from a subsidiary	-	-	4,796	4,796
Cash and bank balances	150,546	112	150,546	5
	150,679	11,745	155,475	4,801
Current liabilities				
Trade payables	-	855	-	-
Accrued liabilities and other payables	8,895	8,230	8,895	4,492
Interest-bearing bank borrowings	-	12,900	-	-
Income tax payable	-	-	-	-
Amount due to subsidiary	-	-	4,896	4,896
	8,895	21,985	13,791	9,388
Net current assets	141,692	(10,240)	141,684	(4,587)
Net assets	141,692	16,522	141,692	(4,587)
Equity				
Share capital	285,773	135,773	285,773	135,773
Reserves	(144,081)	(119,251)	(144,081)	(140,360)
Total equity	141,692	16,522	141,692	(4,587)

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1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 September 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	12,900	-

Amount repayable after one year

As at 30 September 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any collateral

The Group's bank loans were secured by certain of the Group's leasehold buildings with an aggregate carrying value of approximately RMB5,941,000 as at 30 September 2018 (31 December 2017: RMB5,615,000), land use rights with an aggregate carrying value of approximately RMB2,259,000 as at 30 September 2018 (31 December 2017: RMB2,244,000).

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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of cash flows for the Group

	9 months ended 30 September	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Cash flows from operating activities		
(Loss)/profit before taxation	(20,243)	(1,064)
Adjustments for :		
Amortisation of land use rights	-	46
Depreciation of property, plant and equipment	-	2,382
Impairment of subsidiary	16,522	-
Gain on disposal of property, plant and machinery	-	-
Interest income	-	-
Interest expenses	-	-
Operating (loss)/profit before working capital changes	(3,721)	265
Decrease/(increase) in inventories	-	189
Decrease in trade receivables	-	(1,343)
Increase in prepayments and other receivables	(133)	-
Decrease in trade payables	-	983
Increase/(decrease) in accrued liabilities and other payables	4,403	68
Cash (used in)/generated from operations	549	26
Interest received	-	-
Interest paid	-	-
Income tax paid	-	-
Net cash (used in)/generated from operating activities	549	26
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8)	-
Proceeds from disposal of property, plant and machinery	-	-
Net cash used in investing activities	(8)	-
Cash flows from financing activities		
Proceeds from placement of new shares	150,000	-
Bank loans obtained	-	12,900
Repayment of bank loans	-	(12,900)
Net cash used in investing activities	150,000	-
Net decrease in cash and cash equivalents	150,541	26
Cash and cash equivalents at 1 January	5	660
Cash and cash equivalents at 30 September	150,546	686

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity for the Group

The Group	<----- Attributable to equity holders of the Company ----->								
	Share capital	Treasury shares	Share premium	Share-based payment reserve	Capital reserve	Statutory reserve	Merger reserve	Retained profits	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2017	135,773	(35)	79,908	-	4,403	15,000	(102,287)	(113,103)	19,659
Total comprehensive profit for the period	-	-	-	-	-	-	-	(1,089)	(1,089)
Balance at 30 September 2017 (Unaudited)	135,773	(35)	79,908	-	4,403	15,000	(102,287)	(114,192)	18,570
Balance as at 1 January 2018	135,773	(35)	79,908	-	4,403	15,000	(102,287)	(116,240)	16,522
Shares Placement	150,000	-	-	-	-	-	-	-	150,000
Holding Co Loss	-	-	-	-	-	-	-	(4,587)	(4,587)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(20,243)	(20,243)
Balance at 30 September 2018 (Unaudited)	285,773	(35)	79,908	-	4,403	15,000	(102,287)	(141,070)	141,692

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Company	Share capital RMB'000	Treasury share RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance as at 1 January 2017	135,773	(35)	79,908	-	(218,840)	(3,194)
Total comprehensive loss for the period	-	-	-	-	(584)	(584)
Balance at 30 September 2017 (Unaudited)	135,773	(35)	79,908	-	(219,424)	(3,778)
Balance as at 1 January 2018	135,773	(35)	79,908	-	(220,233)	(4,587)
Shares Placement	150,000	-	-	-	-	150,000
Total comprehensive loss for the period	-	-	-	-	(3,721)	(3,721)
Balance at 30 September 2018 (Unaudited)	285,773	(35)	79,908	-	(223,954)	(141,692)

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company do a placement of 50,000,001 new shares to new investors after a share split 2 for 1 on 28th September 2018.

There were no convertible shares issued by the Company as at 30 September 2018.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 September 2018	As at 31 December 2017
Number of ordinary shares in issue	8,979,791	8,979,791
Less: Ordinary shares kept as treasury shares	(4,000)	(4,000)
Number of ordinary shares excluding treasury shares	8,975,791	8,975,791
Shares split 1 for 2 (excluding treasury shares)	17,951,582	-
New Shares	50,000,001	-
Number of ordinary shares excluding treasury shares	67,951,582	8,975,791

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There is no sales, transfers, disposal, cancellation and / or use of treasury shares by the Company as at 30 September 2018.

- 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. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted all the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2018.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 31 December 2016.

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5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018. The adoption of these new/revised FRS and INT FRS does not result in substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Basic and Diluted Earnings Per Share

	3 months ended 30 September		9 months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/net profit attributable to equity holders of the Company (RMB'000)	(18,466)	(1,074)	(20,243)	(2,163)
<u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	9,176	8,976	9,176	8,976
(Loss)/Earnings per share (RMB)	(2.01)	(0.12)	(2.21)	(0.24)
<u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000)	9,176	8,976	9,176	8,976
(Loss)/Earnings per share (RMB)	(2.01)	(0.12)	(2.21)	(0.24)

7. **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 30 September 2018 (Unaudited)	As at 31 December 2017 (Unaudited)	As at 30 September 2018 (Unaudited)	As at 31 December 2017 (Unaudited)
Net asset value per ordinary share (RMB)	2.09	1.95	2.09	(0.44)
Number of issued ordinary shares excluding treasury share as at end of the period	67,951,582	8,975,191	67,951,582	8,975,191

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8. 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

The Group did not book any revenue as we have loss control on the subsidiary. We are unable to determine the accuracy and completeness of the subsidiary revenue, gross profit and margin.

Selling and distribution expenses

- Administrative expenses decreased by 96.9% from RMB0.90 million in 9M2017 to RMB0.03 million in 9M2018, mainly attributed to the deconsolidation of the Sinwa Knitting & Dyeing Co., Ltd, in view of non clarity to its state of affairs in 9M2018

Administrative expenses

Administrative expenses increased by 53.6% from RMB2.4 million in 9M2017 to RMB3.7 million in 9M2018, mainly attributed by the followings:

- Professional fees –RMB1.2m
- Director Fees –RMB0.5m
- Rental fees- RMB0.07m
- Printing – RMB0.06M
- Payroll-RMB0.03m

Other operating expenses

Other operating expenses consisted mainly of impairment to the Sinwa subsidiary assets and liabilities. The impairment was made in view of non clarity to its state of affairs.

Finance cost

There was nil borrowing cost as there is no borrowing for the period ending 3QFY18.

Review of Financial Position

- The Group has deconsolidated its Sinwa Knitting & Dyeing Co.,Ltd.
- Fixed asset consist of Computer RMB8.0k arising from purchase by the Holding Co.
- Prepayment RMB133.0k made up of retainer payment to professional fees, Beesmont, Boardroom and Shook Lin & Bok.
- Accrued and other liabilities are amount due to directors and expenses accrued for professional fees, such as special audit, SGX listing expenses and director fees.

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Group Cash position

1. Cash outflow from operation RMB16.5 million was in view of impairment of subsidiary asset in view of loss of control.
2. Cash generated from financing was due to placement of right issues of 50.0m shares at S\$0.60 (equivalent to RMB3.00) per shares on 28th September 2018.
3. Cash outflow from investing was a purchase of a computer estimated to RMB0.08million.

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

Based on our disclosure in the 2017 full year results, 1Q2018 results and 1H2018 results announcements pertaining to a challenging business outlook in FY2018, the management will like to onform that it has no clarity to its subsidiary, Sinwa Knitting & Dyeing Co. In view of this, it is decided by the Board to deconsolidate the book of this subsidiary mentioned above.

10. 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.

Based on the result obtained in FY2017 and the Group's experience with our order books todate on hand, the group expects a challenging 2018 for its dying business.

The China textile industry remains uncertain as output had been slow due to domestic factors and weak recovery from the international market. The effect of various domestic factors such as rising costs from cotton prices and labour costs, has a direct and/or indirect effect on our customers and consequently in their demand for our service.

As at 28th September 2018, the Company was lifted from suspension in trading after securing placement proceeds of RMB150.0 million (S\$30.0 million) with one of the investors being State Owned Enterprise, (China Capital Investment Corporation).

The Company has also granted an agreement in principle from Deng Feng county government of a project value worth estimate RMB6.0 billion to develop Shaolin as a tourist railway spot.

Shareholders are advised to refer to the Company's announcements in relation to the update of potential customers' claims and auditors' findings.

11. Dividend

(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.

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12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the 3 months period ended 30 September 2018.

13 Interested Person Transactions

The Group does not have any 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 9 months period ended 30 September 2018.

14. Confirmation by the Board Pursuant to Rule 705(5) of SGX Listing Manual

Pursuant to Rule 705(5) of the Listing Manual, an issuer's directors must provide a confirmation that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial statements to be false or misleading in any material aspect.

The Directors would like to notify shareholders that as they have not been able to obtain accurate and complete financial information to the Company's subsidiary (Sinwa Knitting & Dyeing Co.,Ltd) to which they are able to confirm and validate, the Directors are unable to comply with Rule 705(5) of the Listing Manual, and are, consequently unable to provide the confirm required under the said rule.

The Directors have commissioned a special audit as previously announced which is underway, and until the special auditors are able to obtain accurate and complete financial information regarding Sinwa Knitting & Dyeing Co. Ltd, future financial reporting of the Group may well be subject to disclaimers by the Board and/or its auditors (as the case may be).

15. Confirmation by the Board Pursuant to Rule 720(1) of SGX Listing Manual

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.

16. Use of IPO proceeds

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

Use of IPO proceeds	Amount allocated S\$'000	Amount utilized S\$'000	Balance S\$'000
To construct new facilities and acquire new machinery	14,000	13,231	769
To expand our research and development capabilities	1,000	1,000	-
For working capital purpose	9,182	1,282	7,900
For Project Investment	22,000	-	22,000
	46,182	15,513	30,669

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BY ORDER OF THE BOARD

Eric Choo Han Kiat
Executive Chairman and CEO
14 December 2018