

For Immediate Release

Raffles Infrastructure Back into Black

- FY2019 revenue hiked up more than 600% to RMB208.9 million driven by a maiden contribution from infrastructure segment
- Recorded a net profit of RMB32.6 million in FY2019, reversing from a loss position
- With effect from new financial period commencing 1 July 2019, the Group will be reporting in Singapore Dollars (SGD)
- Intends to apply to the Singapore Exchange (SGX) to exit the bourse's watch-list for the fulfilment of the financial exit criteria - rule 1314(1) of the listing manual- with the profit turnaround in FY2019

Singapore, 29 August 2019 – Raffles Infrastructure Holdings Limited (SGX: LUY) (“Raffles Infrastructure” or the “Company”), together with its subsidiaries (the “Group”), today is pleased to announce its financial results for the financial year ending 30 June 2019 (“FY2019”).

Financial Overview

RMB'000	FY2019	FY2018	Change (%)
Revenue	208.9	27.0	675%
Gross Profit	69.8	3.0	2,248%
Gross Profit Margin (%)	33.4%	11.0%	+2,239bps
Net Profit	39.7	-3.1	
Net Profit Margin (%)	19.0%	-11.6%	+3,065bps
Net Profit to Owners	32.6	-3.1	

Note: The Group's financial year end has been changed from 31 December to 30 June as per the announcement made on 1 February 2019.

Solid Revenue and Profit Growth

FY2019 revenue surged 675% to RMB208.9 million, due to contributions from the infrastructure segment, from the Xingwen County rural road infrastructure project worth RMB550.0 million. As at 30 June 2019, the local authorities have accepted 5 out of the 26 parcels of project to be delivered. The project is anticipated to continue to contribute to the company's profitability in the future. Consequently, gross profit improved in FY2019 by 2,248% to RMB69.8 million. The Group reported a net profit of RMB38.9 million in FY2019, reversing from a loss position in the previous year. Net profit to equity holders of company stood at RMB32.6 million, from a loss of RMB3.1 million a year ago.

Annotating on its financial results, Mr Eric Choo, Chief Executive Officer of Raffles Infrastructure, said, ***"It has been an eventful year for the group, as we began the next chapter of our growth. Following the business and management restructuring since 2017, we have successfully diversified into the infrastructure industry, which has contributed to our strong earnings turnaround in FY2019. Looking ahead, we will continue to tap on the numerous infrastructure development opportunities in Asia together with our strategic partners, to maximise shareholders return."***

Selling and Distribution Expenses and Administrative Expenses

Selling and distribution expenses decreased by 100% to RMB 0.003 million in FY2019, mainly attributed to the deconsolidation of the Simwa Knitting & Dyeing Co., Ltd, in view of non-clarity to its state of affairs in the reported period. Administrative expenses increased 187% to RMB10.3 million in FY2019 mainly attributable to professional fees, director fees, payroll and other operating expenses.

Finance Cost and Income Tax Expenses

The finance cost was lower in FY2019 compared to FY2018 due to the nil loan borrowing during the period. The income tax expense was provided at 25% of the profit generated from the infrastructure segment during the period.

Emerge out of the past

In Aug 2019, the Group announced that KPMG has completed its special audit and submitted its findings to the SGX-ST and the Audit Committee pertaining to the alleged compensation claims made by three customers in 2017.

The Company is currently seeking for legal advice and will consult with SGX Regulatory department on the remedial actions. When necessary, the Company will hold an Extraordinary Meeting to seek shareholders' approval before commencing any legal action against persons whom have caused loss and damage to the Company. The special audit was conducted as one of the conditions for SGX's approval of the trading resumption in the Company's shares- and relates mainly to the fabric manufacturing business which has been deconsolidated from the Group since 3QFY2019. There will be no negative impact on the earnings and operations of the Group regardless of the result of the legal action, as the Group had made a full impairment of the fabric manufacturing business earlier in the year. The Group also intends to apply to the Singapore Exchange (SGX) to exit the bourse's watch-list for the fulfilment of the financial exit criteria - rule 1314(1) of the listing manual- with the profit turnaround in FY2019, subjected to approval from regulators.

With effect from new financial period commencing 1 July 2019, Singapore Dollars shall be used as a reporting currency for the Group.

Transformed and moving forward

The Group has undergone a transformation in 2017, venturing into infrastructure investment as it aims to take on large projects in Asia. The Group's new ventures have garnered support from investors including cornerstone and controlling shareholder, state-owned China Capital Investment Group. With additional new capital and a new management team, this has allowed the Group to carry out its expansion plans in Asia. The Group will be engaging in large scale road and rail projects in Asia as it seeks to create environmentally friendly infrastructure developments in the region that will help boost its financial results and create value for its shareholders.

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About Raffles Infrastructure Holdings Limited

Based in Singapore, Raffles Infrastructure Holdings Limited is principally engaged in the business toward infrastructure investments and projects in Asia. With infrastructure growth progressing rapidly in Asia, Raffles Infrastructure will capitalise on the huge opportunities in the field of infrastructure investment in the region to achieve greater growth potential.

Issued for and on behalf of Raffles Infrastructure Holdings Limited by GEM COMM

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