



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

Unaudited Condensed Interim Financial Statements
For The Three Months Ended 30 September 2022

**RAFFLES INFRASTRUCTURE HOLDINGS LIMITED AND ITS SUBSIDIARIES
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 30 SEPTEMBER 2022**

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RAFFLES INFRASTRUCTURE HOLDINGS LIMITED AND ITS SUBSIDIARIES
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 30 SEPTEMBER 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2022

	<u>Note</u>	3 months ended 30 September 2022	3 months ended 30 September 2021	Increase/ Decrease
		RMB'000	RMB'000	%
Revenue	5	34,489	-	*n.m.
Cost of sales		(25,127)	-	*n.m.
Gross Profit		9,362	-	*n.m.
Other income	6	2,266	2,369	-4%
Distribution and marketing costs		(61)	-	*n.m.
Administrative costs		(2,577)	(1,529)	69%
Finance costs		(8)	-	*n.m.
Profit before taxation	7	8,982	840	969%
Income tax	8	(1,883)	-	*n.m.
Profit after taxation		7,099	840	745%
Other comprehensive income				
Exchange differences on translating foreign operations, net		201	(12)	*n.m.
Total comprehensive profit for the financial year		7,300	828	782%
Net profit attributable to:				
Equity holders of the Company		6,446	634	917%
Non-controlling interest		653	206	217%
		7,099	840	745%
Total comprehensive profit attributable to:				
Equity holders of the Company		6,650	623	967%
Non-controlling interest		650	205	217%
		7,300	828	782%

*n.m: not meaningful

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>30 September</u>	<u>30 June</u>	<u>30 September</u>	<u>30 June</u>
		<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
ASSETS					
Non-current assets					
Trade and other receivables	15	260,371	233,338	-	-
Property, plant and equipment	12	834	898	-	-
Investments in subsidiaries	13	-	-	515	515
Deferred tax assets	22	138	158	-	-
Total non-current assets		261,343	234,394	515	515
Current assets					
Contract assets	11	25,549	47,013	-	-
Amount due from subsidiaries	14	-	-	126,884	128,000
Trade and other receivables	15	64,849	64,682	-	-
Prepayments	16	493	283	93	76
Cash and cash equivalents	17	85,134	85,638	36	36
Total current assets		176,025	197,616	127,013	128,112
Total assets		437,368	432,010	127,528	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	(11,099)	(11,303)	93,087	93,087
Retained earnings/(Accumulated losses)		29,500	23,054	(159,009)	(158,299)
Non-controlling interests		22,402	21,752	-	-
Equity attributable to owners of the Company		232,966	225,666	126,241	126,951
Current liabilities					
Trade and other payables	21	177,058	180,541	1,287	1,676
Lease liabilities	23	339	442	-	-
Total current liabilities		177,397	180,983	1,287	1,676
Non-current liabilities					
Lease liabilities	23	298	294	-	-
Deferred tax liabilities	22	26,707	25,067	-	-
Total non-current liabilities		27,005	25,361	-	-
Total liabilities		204,402	206,344	1,287	1,676
Total liabilities and equity		437,368	432,010	127,528	128,627

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
THREE MONTHS ENDED 30 SEPTEMBER 2022

	<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	-	-	-	-	-	634	634	206	840
Exchange differences arising on translation of foreign operation	-	-	-	-	(12)	-	(12)	-	(12)
Balance at 30 September 2021	192,187	(24)	93,087	(102,287)	(2,164)	13,204	194,003	20,787	214,790
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	-	-	-	-	-	6,446	6,446	653	7,099
Exchange differences arising on translation of foreign operation	-	-	-	-	204	-	204	(3)	201
Total comprehensive income for the period	-	-	-	-	204	6,446	6,650	650	7,300
Balance at 30 September 2022	192,187	(24)	93,087	(102,287)	(1,899)	29,500	210,564	22,402	232,966

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CONDENSED STATEMENT OF CHANGES IN EQUITY
THREE MONTHS ENDED 30 SEPTEMBER 2022

	← <u>Attributable to owners of the Company</u> →				Total equity RMB'000
	Share capital RMB'000	<u>Treasury</u> shares RMB'000	Share premium RMB'000	Accumulate d 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 year	-	-	-	(845)	(845)
Balance at 30 September 2021	192,187	(24)	93,087	(156,545)	128,705
Balance at 1 July 2022 (Audited)	192,187	(24)	93,087	(158,299)	126,951
Total comprehensive loss for the year	-	-	-	(710)	(710)
Balance at 30 September 2022	192,187	(24)	93,087	(159,009)	126,241

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED 30 SEPTEMBER 2022

	<u>Note</u>	Group	
		Three months	Three months
		ended 30	ended 30
		September	September
		2022	2021
		RMB'000	RMB'000
Operating activities			
Profit before income tax		8,982	840
Adjustments for:			
Depreciation of property, plant and equipment	12	121	11
Unrealised currency translation difference		(18)	-
Interest income	6	(63)	(73)
Finance costs		8	-
Operating cash flows before changes in working capital		9,030	778
<u>Changes in working capital:</u>			
Contract assets		21,464	-
Trade and other receivables		(27,410)	(2,815)
Trade and other payables		4,532	2,623
Cash generated from operations		7,616	586
Interest received		63	73
Income tax paid		(13)	-
Net cash generated from operating activities		7,666	659
Investing activity			
Acquisition of property, plant and equipment	12	(32)	-
Net cash used in investing activity		(32)	-
Financing activities			
Amount due to directors		(218)	(507)
Amount due to non-controlling interest of a subsidiary - Bo Dao		(8,037)	330
Repayment of principal portion of lease liabilities		(113)	-
Interest paid on lease liabilities		(8)	-
Share capital contribution from non-controlling interest on incorporation of a subsidiary – Raffles Infrastructure Development Bangladesh Ltd		-	-
Net cash used in financing activities		(8,376)	(177)
Net (decrease)/increase in cash and cash equivalents		(742)	482
Cash and cash equivalents at beginning of financial period		85,638	91,243
Effect of currency translation		238	(12)
Cash and cash equivalents at end of financial period	17	85,134	91,713

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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 three months ended 30 September 2022 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 the new business segment, namely digital infrastructure in January 2022, which will focus on helping companies within the Regional Comprehensive Economic Partnership (RCEP) region, equipping businesses with the digital technological infrastructural backbone, strategic expertise, and digitalization capability to unlock growth opportunities in the growing digital economy quickly and affordably via the 5 key pillars of growth which include 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 three months ended 30 September 2022 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 the provincial government authority of Sichuan, China. 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 mandate in relation to explore and develop 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 set up for the customer's management data base and 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 some media platform such as Facebook, Google AdWords, TikTok, Apple search ads, which is offered under the PaaS business unit.

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 its highly probable that there will be no rescission of the contract and a significant reversal in the amount of revenue recognised will not occur. 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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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 PRC 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 the PRC 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

The management considers the credit risk on trade receivables to be limited because the counterparty is a provincial government authority of China. According to the latest rating assessment by Moody's, S&P and Fitch, the credit rating of China stood at A1(Stable), A+(Stable) and A+(Stable) respectively. As such the Group does not expect credit loss from trade receivables.

(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.

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2.2 Use of judgements and estimates (Cont'd)

(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 the PRC and the digital infrastructure business in Singapore during 1QFY2023.

The following is an analysis of the Group's revenue and results by reporting segment:

<u>Three months ended 30</u> <u>September 2022</u>	<u>Infrastructure 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	6,382	34,489
Gross profit	6,642	2,720	9,362
Other income	2,266	-	2,266
Administrative expenses	(137)	(1,721)	(1,858)
Tax expenses	(1,661)	(222)	(1,883)
Unsegment expenses	-	-	(788)
Net profit for the period			7,099

<u>Three months ended 30</u> <u>September 2021</u>	<u>Infrastructure 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	-	-	-
Gross profit	-	-	-
Other income	2,346	-	2,346
Administrative expenses	(149)	-	(149)
Tax expenses	-	-	-
Unsegment expenses	-	-	(1,357)
Net profit for the period			840

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4. Segment information (Cont'd)

The following is an analysis of the Group's assets and liabilities results 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>
30 September 2022				
Reportable segment assets				
- China	426,950	-	-	426,950
- Singapore	-	10,018	-	10,018
- Others	-	-	400	400
	<u>426,950</u>	<u>10,018</u>	<u>400</u>	<u>437,368</u>
Reportable segment liabilities				
- China	197,103	-	-	197,103
- Singapore	-	5,999	-	5,999
- Others	-	-	1,300	1,300
	<u>197,103</u>	<u>5,999</u>	<u>1,300</u>	<u>204,402</u>
30 June 2022				
	<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>
Reportable segment assets				
- China	422,915	-	-	422,915
- Singapore	-	8,713	-	8,713
- Others	-	-	382	382
	<u>422,915</u>	<u>8,713</u>	<u>382</u>	<u>432,010</u>
Reportable segment liabilities				
- China	200,178	-	-	200,178
- Singapore	-	4,060	-	4,060
- Others	-	-	2,106	2,106
	<u>200,178</u>	<u>4,060</u>	<u>2,106</u>	<u>206,344</u>

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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 30 September 2022	3 months ended 30 September 2021
	RMB'000	RMB'000
Infrastructure projects	28,107	-
Digital Infrastructure business	6,382	-
	<u>34,489</u>	<u>-</u>

6. Other income

	Group	
	3 months ended 30 September 2022	3 months ended 30 September 2021
	RMB'000	RMB'000
Interest income- Bank deposits	63	73
Interest income- Unwinding of discount for non-current trade receivables	2,203	2,274
Government grants	-	22
	<u>2,266</u>	<u>2,369</u>

7. Profit before tax

Profit before income tax has been arrived at after charging:

	Group	
	3 months ended 30 September 2022	3 months ended 30 September 2021
	RMB'000	RMB'000
Professional and legal fee	194	174
Audit fee	184	210
Depreciation of property, plant and equipment	121	11
Directors' fee – directors of the Company	226	263
Staff costs		
- Key management	648	389
- Others	787	177
Rental expenses	<u>34</u>	<u>34</u>

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8. Income tax expense

	Group	
	3 months ended 30 September 2022 RMB'000	3 months ended 30 September 2021 RMB'000
Current income tax	222	-
Deferred income tax		
- Movement in temporary differences	1,661	-
	1,883	-

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	3 months ended 30 September 2022	3 months ended 30 September 2021
<u>Earnings</u>		
Earnings for the purposes of basic and diluted attributable to equity holders of the Company (RMB'000)	6,446	634
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share ('000)	67,952	67,952
Earnings per share (RMB)	0.09	0.01

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 30 September 2022	As at 30 June 2022	As at 30 September 2022	As at 30 June 2022
Net asset value per ordinary share (RMB)	3.43	3.32	1.86	1.87
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

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11. Contract assets

	The Group	
	30 September 2022	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	-	-	32	-	32
Currency translation difference	35	-	-	-	35
Balance at 30 September 2022	945	10	91	267	1,313
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	109	-	4	8	121
Currency translation difference	10	-	-	-	10
Balance at 30 September 2022	281	9	45	144	479
Carrying amount					
Balance at 30 September 2022	664	1	46	123	834
Balance at 30 June 2022	748	1	18	131	898

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

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13. Investment in subsidiaries

	Company	
	30 September 2022	30 June 2022
	RMB'000	RMB'000
Unquoted equity shares, at cost	1,021	1,016
Additions	-	5
Allowance for impairment loss	(506)	(506)
At end of financial period	<u>515</u>	<u>515</u>

Movements in allowance for impairment loss are as follows:

	Company	
	30 September 2022	30 June 2022
	RMB'000	RMB'000
At beginning and at end of financial year	<u>506</u>	<u>506</u>

14. Amount due from subsidiaries

	Company	
	30 September 2022	30 June 2022
	RMB'000	RMB'000
Current loan account		
- Amount due from subsidiaries	<u>126,884</u>	<u>128,000</u>

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 September	30 June
	2022	2022
	RMB'000	RMB'000
Non-current :		
Trade receivables		
- Infrastructure project	247,715	221,268
Other contract assets		
- Infrastructure project	12,656	12,070
	<u>260,371</u>	<u>233,338</u>
Current :		
Trade receivables		
- Infrastructure project	56,186	59,923
- Digital infrastructure business	5,262	3,686
Deposit	105	82
Value-added tax receivables	3,092	668
Others	204	323
	<u>64,849</u>	<u>64,682</u>
	<u>325,220</u>	<u>298,020</u>

Non-current and current trade receivables pertain to infrastructure project which are receivables from the government authority over a 10-years term on straight-line method based on the contract terms.

Non-current other contract assets pertain to the receivables for the pre-operational costs, such as architect design fee, project inspection, and testing & audit fee, incurred for infrastructure project in China.

16. Prepayments

	Group		Company	
	30 September	30 June	30 September	30 June
	2022	2022	2022	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	<u>493</u>	<u>283</u>	<u>93</u>	<u>76</u>

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17. Cash and cash equivalents

	Group		Company	
	30 September 2022	30 June 2022	30 September 2022	30 June 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cash balances	-	4	-	-
Bank balances	85,134	85,634	36	36
	<u>85,134</u>	<u>85,638</u>	<u>36</u>	<u>36</u>

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

	Group		Company	
	30 September 2022	30 June 2022	30 September 2022	30 June 2022
	'000	'000	'000	'000
Renminbi	82,298	81,507	-	-
United states dollars	1,754	3,569	-	-
Bangladeshi taka	189	193	-	-
Singapore dollar	411	300	36	36
Malaysia Ringgit	413	-	-	-
Euro dollar	69	69	-	-
RMB	<u>85,134</u>	<u>85,638</u>	<u>36</u>	<u>36</u>

Cash and cash equivalents of RMB82,298,000 (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

	30 September 2022	30 June 2022	30 September 2022	30 June 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
			30 September 2022	30 June 2022
			USD'000	USD'000
Issued and paid up:				
As at	0.40	67,960	67,960	27,181
Equivalent to RMB'000			<u>192,187</u>	<u>192,187</u>

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 30 September 2022 and as at 30 June 2022.

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19. Treasury share

	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	Number of treasury shares'000		USD'000	
Paid up:				
At beginning and end of the financial period/year	<u>8</u>	<u>8</u>	<u>3</u>	<u>3</u>
Equivalent to RMB'000			<u>24</u>	<u>24</u>

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 comprises 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 30 September 2022, 8,000 treasury shares are held by the Company.

20. Reserves

	Group		Company	
	30 September 2022	30 June 2022	30 September 2022	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	(1,899)	(2,103)	-	-
Merger reserve	<u>(102,287)</u>	<u>(102,287)</u>	<u>-</u>	<u>-</u>
	<u>(11,099)</u>	<u>(11,303)</u>	<u>93,087</u>	<u>93,087</u>

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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	
	30 September 2022	30 June 2022	30 September 2022	30 June 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
- Related party	60,221	57,131	-	-
- Third parties	3,815	2,272	-	-
Accrued operating expenses	2,254	2,662	467	597
Amount due to directors	481	699	115	374
Amount due to a subsidiary	-	-	5	-
Amount due to non-controlling interest of a subsidiary - Bo Dao	109,635	117,365	-	-
Tax payables	652	412	-	-
Other payables	-	-	700	705
Total trade and other payables	177,058	180,541	1,287	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	
	30 September 2022	30 June 2022
	RMB'000	RMB'000
Deferred tax liabilities	26,707	25,067
Deferred tax assets	(138)	(158)
At end of the period	<u>26,569</u>	<u>24,909</u>

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	
	30 September 2022	30 June 2021
	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	1,661	1,277
Recognised in profit or loss due to right-of-use assets in Singapore and China	(24)	151
Currency translation difference	3	-
At end of the period	<u>26,707</u>	<u>25,067</u>

	Group	
	30 September 2022	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	(24)	158
Currency translation difference	4	-
At end of the period	<u>138</u>	<u>158</u>

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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	
	30 September 2022	30 June 2022
	RMB'000	RMB'000
Building – Singapore office	386	428
Building – China office	278	320
	<u>664</u>	<u>748</u>

(b) Current and non-current lease liabilities

	Group	
<u>Current</u>	30 September 2022	30 June 2022
	RMB'000	RMB'000
Building – Singapore office	212	274
Building – China office	127	168
	<u>339</u>	<u>442</u>

	Group	
<u>Non- Current</u>	30 September 2022	30 June 2022
	RMB'000	RMB'000
Building – Singapore office	147	144
Building – China office	151	150
	<u>298</u>	<u>294</u>

(c) Amount recognised in profit or loss

	Group	
	30 September 2022	30 September 2021
	RMB'000	RMB'000
Depreciation of ROU	109	-
Interest on lease liabilities	8	-
Expenses relating to short-term leases	34	34
	<u>151</u>	<u>34</u>

(e) total cash outflow for the lease was RMB155,000 (1QFY2022: RMB34,000)

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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:

	<u>Group</u>		<u>Company</u>	
	<u>3 months ended 30 September 2022</u>	<u>3 months ended 30 September 2021</u>	<u>3 months ended 30 September 2022</u>	<u>3 months ended 30 September 2021</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Short-term employee benefits	874	652	330	263

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:

	<u>Group</u>		<u>Company</u>	
	<u>30 September 2022</u>	<u>30 June 2022</u>	<u>30 September 2022</u>	<u>30 June 2022</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
<i>Financial assets</i>				
At amortised cost	407,262	382,990	126,920	128,036
<i>Financial liabilities</i>				
At amortised cost	177,695	181,277	1,287	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 30 September 2022 and the related condensed consolidated profit or loss and other comprehensive income for three months period ended, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three 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

In the absence of revenue recognized in 1QFY2022, the Group recognized a total revenue of RMB34.5 million with gross margin of 27% in 1QFY2023. The revenue comprises of RMB28.1 million from the existing infrastructure business which refers to the roadway construction project undertaken by Bo Dao Road Construction Co., Ltd. ("Bo Dao Project") in accordance with the Public-Private Partnership ("PPP") agreement signed with the Provincial Government ("the Client"), Xinwen Transportation Bureau(兴文交通局), in the People's Republic of China in 2016 as well as RMB6.4 million from the Digital Infrastructure Business which was embarked on in January 2022.

Infrastructure Business – Bo Dao Project

The total projected revenue for the Bo Dao Project is approximately RMB816.2 million which comprises the committed project value of RMB550 million and investment return of RMB266.2 million which is 8.8% per annum for each completed road parcel according to the PPP arrangement. The Company has recognized a total revenue of RMB506.4 million as of 30 September 2022 upon the receipts of RMB167.4 million. A further RMB66.9 million has been approved by the Client for the on-going road parcels which is pending for the collection upon its completion, and RMB242.9 million remains outstanding for the Bo Dao Project. As at 30 September 2022, 13 road parcels have been completed and construction on 4 road parcels are on-going.

During 1QFY2023, the Company had undiscounted revenue of RMB31.8 million pertaining to the income from two completed road parcels, namely 下同路和久陈路, upon satisfying the identified single performance obligation by receiving the initial cash payment of approximately RMB 3.8 million from the Client. Accordingly, a total revenue of approximately RMB28.1 million is recognised after taking into effect the time value of money amounting to approximately RMB3.7 million.

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OTHER INFORMATION (Cont'd)

Review of Financial Performance (Cont'd)

Infrastructure Business – Bo Dao Project (Cont'd)

The time value of money adjustment is computed based on the future cash flows discounted at the prevailing 1, 2, 3, 5, 7 and 10-years China Government Bond Yield rates. Under the terms of PPP agreement, the revenue shall be paid to the Group in an equal amount over 10 years period. As such, the Group recognises the significant financing component by adjusting the promised amount of consideration to reflect the time value of money in the arrangement in accordance with *SFRS(I) 15 Revenue from Contracts with Customers*.

Despite the Bo Dao Project at Xingwen country of Sichuan Province being halted for around two weeks during 1QFY2023 due to China's zero-Covid policy, there is no significant delay on the on-going project milestones. To date, the project milestones for each road parcel have been closely monitored, assessed and met in an orderly manner. The Company wishes to state that no default on milestones have occurred as of the date of this announcement.

Digital Infrastructure Business

In January 2022, the Company has repositioned its business strategy to the Digital Infrastructure Business. The Company's target customers include micro, small and medium enterprises ("MSMEs"), and the Company identifies opportunities through its business contacts and network. There is a total of five key pillars of business segments including market entry advisory, RCEP supply chain infrastructure, software-as-a-service (SaaS), platform as-a-service (PaaS), and Payment API.

a) SaaS Business Unit

In 1QFY2023, total revenue of approximately RMB6.4 million is mainly generated from the SaaS business unit, which comprises one-time fees for setting up the customized e-platform amounting to RMB0.6 million and monthly maintenance services amounting to RMB5.7 million respectively. The gross margin for SaaS remains at approximately 42%.

In accordance with *SFRS(I) 15 Revenue from Contracts with Customers*, the revenue is recognised upon the client's satisfactory and acceptance on the service provided. Upon completion of the work performed, the Company will submit an acceptance form and issue an invoice to the client, and revenue is recognized upon the client's acknowledgement by returning the signed acceptance form.

b) PaaS Business Unit

During 1QFY2023, The Group kick-started a new business unit - Advertising & Marketing services which is offered under the PaaS business unit. The new business provides smart digital marketing and advertisement services to customers who only pay for the media costs to display their products or services on various media platforms such as Facebook, Google AdWords, TikTok, and Apple search ads. In these instances, the Company will earn between 5% to 8% of the profit margin based on rebates given by the different media platforms on a referral business model. This service is complementary to the digitalization of the various micro, small and medium enterprises (MSMEs) across RCEP region.

The revenue recognised at a net basis from the Advertising & Marketing services is approximately RMB32,775 in 1QFY2023, which is approximately 0.5% of total revenue recognised for the Digital Infrastructure Business segment.

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OTHER INFORMATION (Cont'd)

Review of Financial Performance (Cont'd)

Other Income

Other income decreased by approximately RMB0.1 million or 4% from RMB2.4 million in 1QFY2022 to RMB2.3 million in 1QFY2023. The decrease was mainly attributable to a decrease in unwinding of discounts in conjunction with non-current trade receivables amounting to approximately RMB0.1 million or 4% from RMB2.3 million in 1QFY2022 to RMB2.2 million in 1QFY2023.

The unwinding of discount in conjunction with non-current trade and other receivables was carried at amortised cost, in view of the time value of money. The Group has applied discounting on non-current trade and other receivables (future cash receipts) to arrive at a present value since prior financial years. Therefore, it becomes necessary to unwind that discount for each successive financial year including each financial reporting period regardless of whether revenue was recognised during the relevant financial period/year. The unwinding adjustments is simply an accounting treatment in accordance with the *Singapore Financial Reporting Standards International ("SFRS(I) 9 – Financial Instrument*. The Group has consistently applied a discounting on non-current trade receivables (future cash receipts) to arrive at a present value since prior financial years.

Administrative expenses

Administrative expenses significantly increased by approximately RMB1.1 million or 73% from approximately RMB1.5 million in 1QFY2022 to approximately RMB2.6 million for 1QFY2023 is mainly due to :

- a) Increase in total employees' costs including key management personnel by approximately RMB0.8 million from RMB0.6 million in 1QFY2022 to RMB1.4 million in 1QFY2023. This is mainly due to an increase in the Group's headcount by 25 from 7 in 1QFY2022 to 32 in 1QFY2023, recruited under one of the subsidiaries - Wuhan Raffles Technology Co., Ltd which was newly incorporated on 20 June 2022.
- b) Increase in depreciation charge of property, plant and machinery by RMB0.1 million from RMB11,000 in 1QFY2022 to RMB121,000 in 1QFY2023 as a result of the depreciation of the right-of-use of assets recognised for the two office buildings in Singapore and China.
- c) Increase in other administrative expenses by approximately RMB0.1 million arising from two new subsidiaries, i.e.– Raffles Digital Infrastructure Pte Ltd and Wuhan Raffles Technology Co., Ltd, which were newly incorporated on 29 December 2021 and 20 June 2022 respectively. Other administrative expenses mainly comprise office expenses, travelling expenses and IT expenses etc.

Finance cost

Finance costs comprise interest expenses on lease liabilities. The Company leased two offices for the digital infrastructure business in Singapore and China respectively in 1QFY2023.

Income tax expense

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

Net Profit

As a result of above, the Group registered a net profit attributable to equity owners of the Company of RMB6.4 million for 1QFY2023 as compared to the net profit of RMB0.6 million for 1QFY2022.

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OTHER INFORMATION (Cont'd)

Review of Financial Position

Non-current assets

Trade and other receivables increased by approximately RMB27.1 million or 12% from approximately RMB233.3 million as at 30 June 2022 to approximately RMB260.4 million as at 30 September 2022. During 1QFY2023, total revenue of RMB28.1 million generated from Bo Dao project upon the acceptance by the Client on the two completed road parcels (i. e. 下同路和久陈路).

Under the PPP arrangement, the credit term with the Client is based on a progressive payment schedule for every parcel of completed road accepted and payable over a period of 10 years. The Company considered that the expected credit losses ("ECL") on non-current trade and other receivables were immaterial given that the Client is the Provincial Government where the funds allocated for this project has already been budgeted for and approved. There is no default on milestone payments as of the date of this announcement.

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 and other receivables 30 September 2022 RMB mil	Non-current trade and other receivables 30 September 2022 RMB mil	Total RMB mil
Trade receivables	56.2	282.8	339.0
Less: Adjustments for time value of money	-	(55.0)	(55.0)
Add: Adjustments for unwinding of discounts cash flow	-	19.9	19.9
Other contract assets *	-	12.7	12.7
Total trade and other receivables	56.2	260.4	316.6

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

	RMB mil
Architect design costs	2.3
Audit fees	0.4
Pre-administrative costs #	11.2
Inspection & testing costs	0.5
Less: Adjustments for time value of money on non-current other contract assets	(2.0)
Add: Adjustments for unwinding of discounts cash flow	0.3
Total other contract assets as at 30 September 2022	12.7

The pre-administrative costs of RMB11.2 million mainly comprise the labour costs of RMB7.2 million, marketing expenses of RMB0.9 million, travelling expenses of RMB1.0 million, office rental of RMB0.8 million, office expenses of RMB 1.0 million and other miscellaneous expenses of RMB0.3 million. All above mentioned suppliers/professionals are non-related parties to the Company.

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OTHER INFORMATION (Cont'd)

Review of Financial Position (Cont'd)

Non-current assets (Cont'd)

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

Payment received from the Client (RMB: mil) :

	Aug 18	Dec 18	Jan 19	July 19	Aug 19	Sep 19	Dec 19	Jan 20	Apr 20	Aug 20	Sep 20	Dec 20	Jan 21
Billing date	10.4	7.6		0.9	30.6		14.5			32.8		20.0	
Payment date			18.0			10.0		30.0	6.0		0.5		0.7
	Feb 21	Apr 21	Nov 21	Dec 21	Jan 22	July 22	Total						
Billing date			52.4				169.2*						
Payment date	40.0	11.6	14.3	3.0	25.8	7.5	167.4*						

*The difference of RMB1.8 million between total actual billing of RMB169.2 million and total collection of RMB167.4 million has been budgeted into the following future billing.

Future billing/payment dates (RMB: mil):

	Dec 22	Jan 23	Aug 23	Dec 23	Jan 24	Aug 24	Dec 24	Jan 25
Billing date	57.7		32.6	19.9		30.8	18.8	
Payment date	5.6	52.1			52.5			49.6
	Aug 25	Dec 25	Jan 26	Aug 26	Dec 26	Jan 27	Aug 27	Dec 27
Billing date	29.0	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	Aug 30
Billing date		17.7	10.8		8.3	5.1		3.5
Payment date	41.0			28.5			13.4	
	Dec 30	Jan 31	Total					
Billing date	2.3		339.0					
Payment date		5.8	339.0					

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

Current assets

Trade and other receivables

Trade and other receivables slightly increased by approximately RMB0.1 million or 0.2% from approximately RMB64.7 million as at 30 June 2022 to approximately RMB64.8 million as at 30 September 2022 mainly due to increase in value-added tax receivables of approximately RMB2.4 million to the main contractor of Bo Dao Project against a decrease in trade receivables of approximately RMB2.2 million as a result of total receipts of RMB7.5 million for the Bo Dao Project in July 2022, which includes RMB3.8 million for the two completed road parcels and RMB3.7 million in reference to the previous completed road parcels which were due for payments.

Contract assets

Contract assets decreased significantly by approximately RMB21.5 million or 46% from RMB47.0 million as at 30 June 2022 to RMB25.5 million as at 30 September 2022. This was mainly due to total contract assets of RMB21.5 million for two completed road parcels (i.e. 下同路和久陈路) has been transferred into the cost of sales and revenue upon the receipts of initial payments from the Client.

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OTHER INFORMATION (Cont'd)

Review of Financial Position (Cont'd)

Current assets (Cont'd)

Please refer to the following project status includes total completed road parcels and current on-going road parcels as at 30 September 2022:

	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 revenue recognized	506.4	339.7

	Name of on-going road parcels	Revenue RMB (mil)	Costs RMB (mil)
1	九大路	Both project costs are recognized under contract assets as at 30 Sep 2022 and pending for the collection once the road parcels are fully completed.	12.9
2	麒新路		12.6
3	海纳路	Both 海纳路 and 云顶路 are on-going but the project costs incurred are still pending for the Client's acceptance. The Company will account for the construction costs as contract assets upon the acceptance and approval from the Client.	
4.	云顶路		
	Total contract assets		25.5

Current liabilities

Trade and other payables decreased by approximately RMB3.4 million or 2% from approximately RMB180.5 million as at 30 June 2022 to approximately RMB177.1 million as at 30 September 2022. This was mainly due to decrease in amount due to non-controlling interest of a subsidiary – 宜宾路桥 by approximately RMB7.8 million or 7% from RMB117.4 million as at 30 June 2022 to RMB109.6 million as at 30 September 2022 as a result of repayment of RMB8.0 million to 宜宾路桥 during 1QFY2023.

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OTHER INFORMATION (Cont'd)

Review of Cashflow Position

Overall, cash and cash equivalents slightly decreased by RMB0.5 million or 0.6% from RMB85.6 million as at 30 June 2022 to RMB85.1 million as at 30 September 2022. This was mainly due to the repayment to non-controlling interest of a subsidiary - 宜宾路桥 of approximately RMB8.0 million during 1QFY2023.

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.

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 current geopolitical tensions has led to a much higher risk for the global economy. Following market jitters reflecting fears of an economic recession and China frequent zero-Covid lockdown approach, we believe global growth outlook will be quite pessimistic in tandem with the soaring inflation. Hence, the management and Board remain cautious in the near term on Asian markets and trading partners, which the Group invests and operates in.

For the Bo Dao project, the management is closely monitoring the market environment in China in light of some "recurring or sporadic restrictive measures" which could be levied on the business due to China's zero-Covid policy. However, there is no significant adverse impact on the project milestones and collection as of the date of this announcement.

In January 2022, the Group has opened a new chapter by developing a digital infrastructure market in ASEAN countries spurred by the rapid demand in technology and digitalization regionally and globally. The Company has generated cumulative revenue of RMB16.2 million for this new business segment since January 2022.

On 2 November 2022, the Group incorporated another new wholly owned subsidiary, Raffles Digital Infrastructure (Philippines) Inc. with an issued and paid-up share capital of PHP11,723,386.87 for 11,723,386 ordinary shares. With a multi-year expansion strategy, the Group looks to expand into high-growth regions such as Indonesia, Malaysia, Philippines, Thailand, and Vietnam over the next five years. This is to strengthen further on our five key pillars of the digital infrastructure business into ASEAN countries.

The Group remains cautiously optimistic in current business development and aims to better position the business to deliver our strategic priorities. Moving forward, we will continuously grow our user base and provide a suite of digital infrastructural services into ASEAN markets as part of the Group's growth strategy. The Management and Board will be more judicious with the Group's investments in order to contribute our pursuit of positive group cash flow with a clear plan and focused strategy.

Updates on existing collaborations and Memorandums of Understanding (MOU)

- (1) DengFeng Railway Construction ("DengFeng Project")
- (2) Smart City Development ("Smart City Project")

The Company will not be pursuing both the DengFeng Project and Smart City Project as they do not fall into the Company's growth plan and strategy. The termination of the projects will not have a material impact on the Group's financial results as there were no payment of investments and/or deposits to-date.

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OTHER INFORMATION (Cont'd)

(3) Trust Green City Township Development Project

As announced on 12 September 2022 for the update on Trust Green City Township Development project in Bangladesh, the Company has, in August 2022, officially written to the Bangladesh Army Welfare Trust ("AWT") and its concerned party, Trust Green City ("TGC"), seeking for AWT's guidance on the formalities related to the amicable termination of agreement. Subsequently, the Company issued a reminder letter to AWT and TGC under the advice of our legal adviser on 19 September 2022.

Eventually, our Deputy Chief Executive Officer received a response from AWT via email on 04 October 2022 ("AWT Response Letter"). The Company found the content of the AWT Response Letter identical to the previous letter (i.e. dated 15 March 2021, which was sent by TGC) received. In light of this, the Company was not able to reach a clear conclusion from the AWT Response Letter and sought further a legal opinion accordingly.

On 4 November 2022, acting on the advice of the legal adviser, the Company issued another letter ("Final Letter") to AWT and TGC in response to the AWT Response Letter. The Final Letter is to acknowledge that the termination of the agreement dated 30 November 2020, executed between AWT and the Company, is effective since 18 February 2021.

There will not be any material impact on the Group's financial results since the project is still in a very preliminary stage without any significant costs incurred. To-date, the Company has contributed approximately US\$50,000 to the working capital of Raffles Infrastructure Development Bangladesh Ltd on 22 November 2021, professional costs of US\$69,456 for the project, which includes the architect design fee of US\$54,456 and the lawyer fee of US\$15,000.

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/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period ended 30 September 2022 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.

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OTHER INFORMATION (Cont'd)

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 financial period ended 30 September 2022.

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 Placement Proceeds

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	6,535	465
Total	29,900	13,583	16,317

(1) The breakdown of the use of Placement Proceeds of S\$6.5 million for "working capital purpose is as follow:

- i. Payroll and staff related expenses (incl. Directors Fees) – S\$2.7 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.

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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 first quarter period ended 30 September 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ryan Chiu Tzong Min
Executive Director

14 November 2022

Chay Yiowmin
Audit Committee Chairman & Non-
Executive Lead Independent Director
14 November 2022