
RESPONSE TO QUERIES FROM SGX-ST

The Board of Directors (the “**Board**”) of Raffles Infrastructure Holdings Limited (the “**Company**”) and together with its subsidiaries, (collectively known as the “**Group**”) would like to provide the following information in response to the queries from the Singapore Exchange Securities Trading Limited in respect of the announcement filed on 12 November 2021, in relation to the Response to Queries on the three months results for the financial period ended 30 September 2021.

QUERY 1

The Company disclosed in Note 9 that other current assets amounting to RMB29.16 million relates to specific identifiable contracts and these relate to costs incurred which will generate resources or expected to be recovered. Please disclose the following:

- a. The breakdown of the RMB 29.16 million to the various contracts that are expected to generate resources and to disclose the basis how these contracts will generate resources to the Company; and
- b. Provide a breakdown of the RMB29.16 million which are expected to be recoverable and the identities of the parties from whom these will be recovered, and whether these are related parties. To also substantiate and provide the basis for the Board's view that these expenses are recoverable.

RESPONSE:

- a. Please refer to the following breakdown of other contract assets amounting to RMB29.16 million for your reference.

Name of projects	Total (RMB mil)
九大路	12.99
九毓路	7.14
麒新路	9.03
	29.16

The Company wishes to clarify that above contract costs incurred for each road parcel is supported by all relevant documents submitted for the Client’s review and approval. The contract assets consist of costs of raw materials, labour expenses, machinery & equipment costs and other administrative expenses related to the project.

- b. Per our PPP contract with the Client, The Company obtains rights to receive consideration from the Client and assumes performance obligations to transfer goods or service to the Client. In view of this, total contract assets of RMB29.16 million above is expected to be recoverable by the Client-Xingwen Transportation Bureau.

The Board is of view that:

- (i). The contract assets recognised from costs incurred all are directly related the project.
- (ii). These costs generate or enhance resource of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (iii). The costs are expected to be recovered as the contract costs for each road parcel has been well managed within the budget costs set by the Client..

QUERY 2

The Company disclosed in Note 13 that trade receivables pertain to receivables from government authority.

- a. Please disclose the specific identity of the debtor entities and the government authority, including the official Chinese names if any.
- b. Please also quantify the specific amounts owed which is receivable from these specific entities.

RESPONSE:

- a. Our client is Xingwen Transportation Bureau (四川省兴文县交通局) and collection of payments from the Client is from Xingwen Finance Bureau (四川省兴文县财政局).
- b. Total current and non-current trade receivables amounting to RMB329.6 million will be receivable from Xingwen Transportation Bureau as at financial period ended 30 September 2021. Please refer to Page 20 of the condensed interim financial statements periods ended 30 September 2021 in relation to table schedule of total payments received and future payments to be received for total trade receivables.

QUERY 3

The Company disclosed in Note 13 that non-current other receivables pertain to pre-operational costs for its PPP project.

- a. Please explain why pre-operational costs for the PPP project are retained in the Company and whether these costs have been charged to the income statement, including the dates and basis for charging these costs out.
- b. Please provide a breakdown by costs of the items making up the pre-operational costs and the parties to whom these payments were made to, and indicate which of these are made to related parties where applicable.

RESPONSE:

- a. The pre-operational costs includes architectural design fee, project inspection fee, testing & audit fee etc which are in the normal ordinary course of business. The pre-operational costs will be charged to cost of sales once the Company recognised the revenue upon the receipt of initial 10% of total payments from the Client.
- b. Please refer to the following breakdown of pre-operational costs for your reference:

	RMB'000
Architect design costs	1,443
Audit fees	400
Pre-administrative costs	8,785
Inspection & testing costs	386
Add: Adjustments for unwinding of discounts cash flow on non-current other receivables	61
Less: Adjustments for time value of money on non-current other receivables	(1,543)
Total non-current other receivables as at 30 September 2021	9,532

The Company wishes to clarify that all above suppliers/professionals are non-related parties to the Company.

QUERY 4

Please disclose to whom the prepayments in Note 14 are made to and provide details of and quantify the underlying transactions for which the prepayments were made.

RESPONSE:

The prepayments includes prepaid professional fees for the Company's AGM for FY2021 as well as advance billing from SGX fee and company secretary fees with a total amounting to approximately RMB 0.1 million.

QUERY 5

Please provide the name of the corporate shareholder (including its official Chinese name if any) of Bo Dao Road Construction Co Ltd as mentioned in Note 19 and the identities of its ultimate shareholders. Please also provide the current operating and financial status of this corporate shareholder.

RESPONSE:

The corporate shareholder is 宜宾建功路桥建设有限公司, which had been announced on 14 November 2020, 10 February 2021 and 14 September 2021 respectively.

宜宾建功路桥建设有限公司 shareholder is 四川鼎能建设（集团）有限公司, which shareholder is 四川省煤炭产业集团有限责任公司, which shareholder is 四川省政府国有资产监督管理委员会。

Currently, the company did not receive any information to suggest any concern on the operating and financial status of this corporate shareholder.

QUERY 6

It was disclosed on page 18 that the Group anticipates total revenue of approximately RMB 50.6 million to be recognized by next three months to six months upon acceptance by the client Please disclose when the Company is expected to submit the documentation for the completed road parcels to the client, what is holding back the client from accepting the completed construction works and why the Company anticipates that the client will take at least 3 to 6 months to accept the completed construction works.

RESPONSE:

The Company targets to submit all relevant documents for the completed road parcels to the Client during Q2FY2022.

The Company wishes to clarify that the Client did not hold any acceptance and approval back. The Company had been informed that a longer processing time is expected due to the change of the key management team in our client's organisation since FY2021.

QUERY 7

It was disclosed on page 18 that there has been a significant change in key management team in the client's organization - Xingwen Transportation Bureau since FY2021.

a. Please clarify what are the significant changes and provide a link (if any) to substantiate these significant changes in key management team of the client.

b. Please also explain whether there are any public reasons for the significant changes to the management team and why and how these would affect the project milestones.

RESPONSE:

a. The Company wishes to clarify that both of Xingwen Transportation Bureau (四川省兴文县交通局) and Xingwen Finance Bureau (四川省兴文县财政局) are subordinate to Xingwen Country Government (四川省兴文县政府). Since FY2021, Xingwen Country Government has started to change its key management team. Please refer to the website link below for the details on the change of key management team in Xingwen Country Government.

http://www.scxw.gov.cn/zwgk/gzdt/xwzx/202110/t20211028_1657659.html

b. A change of the management team in government authority is a regular practice for every five years in mainland China in accordance to the "Organization Law of the Local People's Congresses and Local People's Governments of the People's Republic of China".

All relevant documents for each road parcel have to be reviewed and accepted by Xingwen Transportation Bureau and followed by final approval meeting hold by Xinwen Country Government. Therefore, the timeline of acceptance of the completed road parcel is subject to local government's internal process.

As responses to Queries 5 above, the project milestones for each road parcel have been closely monitored, assessed and met in an orderly manner. The Company re-emphasises that no default payment on milestones have occurred as of today. The Group consider the risk of impact on current project milestones due to change of management team in local authority is insignificant.

QUERY 8

It was disclosed on page 21 that there will be a postponement on the Trust Green City Township Development Project in Bangladesh.

- a. Please disclose when is the postponement until and whether there are any long stop date for this project.
- b. Please confirm whether the Bangladesh government has stopped all construction works from proceeding in Bangladesh and if not, why has the project by the Company been postponed but other projects have not been similarly postponed?

RESPONSE:

a. The Company will update and disclose further as soon as there is a material development in relation to this Project.

b. As announced on Page 21, the Project was postponed due to the on-going Covid-19 pandemic in Bangladesh and other regional countries. The Company will keep rigorous assessment and measurement on this project to mitigate any potential negative impact.

The Company is unable to comment on whether the Bangladesh government has stopped all construction works from proceeding as the Company has not received any information to such statement. The Company can only update on projects that relates to the Company.

QUERY 9

It was disclosed on page 21 that the Company has received the initial non-refundable deposit of S\$500,000 from the Subscriber in relation to the Subscription Agreement with Yayuan Limited. It was stated in the subscription announcement on 15 September 2021 that the deposit is refundable on certain conditions, specifically "The Deposit is refundable to the Subscriber within five (5) Business Days if Completion does not take place by the Cut-Off Date (unless extended by the parties thereto) or if the Subscriber terminates the Subscription Agreement in accordance with the terms of the Subscription Agreement but will not otherwise be refunded for any other reason, including where the Company has terminated the Subscription Agreement arising from a material breach of the terms of the Subscription Agreement by the Subscriber." Please clarify whether the deposit of S\$500,000 in relation to the Subscription Agreement is refundable.

RESPONSE:

According to the Subscription Agreement signed and announced on 15 September 2021, the initial deposits of S\$500,000 is refundable under agreed terms and conditions.

QUERY 10

Please clarify why the deposit of S\$500,000 by Yayuan Limited has not been reflected as an inflow from financing activities on the statement on cash flows on page 6.

RESPONSE:

The Company wishes to clarify that total deposits of SGD500,000 (RMB2,500,000) has been reflected in "changes in working capital - trade and other payables of RMB2.6 million" under cash generated from operations on Page 6.

By Order of the Board
Eric Choo Han Kiat
Executive Director and Chief Executive Officer
25 November 2021