

RESPONSE TO QUERIES FROM SGX-ST

The Board of Directors (the “**Board**”) of Raffles Infrastructure Holdings Limited (the “**Company**”, together with its subsidiaries, referred to as the “**Group**”) would like to provide the following information in response to the queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in respect of the Company’s announcement dated 29 October 2019 titled “Response to SGX Queries”.

QUERY 1

At SGX Query 8, the Company was asked to elaborate on how a placement of shares which resulted in **increased share capital of RMB 137.9million and share premium of RMB 13.2 million** had to be classified to Treasury shares [bolded and underlined for emphasis]. The Company replied that the share capital reduction on 28 Sep 2018 “resulted in a **decrease in share capital of RMB 81.5million and treasury shares of RMB 11 million**” [bolded and underlined for emphasis].

(a) Please reconcile the figures [in emphasis] in your responses to SGX Query 8 and

(b) explain why the placement shares “had to be classified to treasury shares”.

RESPONSE (a):

Below table illustrates the audited classification of the four amounts [bolded and underlined above] under the Share Capital, Share Premium and Treasury Shares columns when the two corporate exercises took place on 28 September 2018.

TABLE A	No. of shares (including 8,000 treasury shares)	Share Capital RMB'000	Share Premium RMB'000	Treasury Shares RMB'000
Balance as at 1 January 2018 (Audited)		135,773	79,908	(35)
<u>Corporate Exercise I</u> Share capital reduction due to reduction of par value of the shares from US\$1.00 to US\$0.40	17,959,582	<u>(81,464)</u>		<u>11</u>
<u>Corporate Exercise II</u> Placement shares of 50,000,001 new ordinary shares at S\$0.60 per share with par value of US\$0.40 per share	50,000,001	<u>137,878</u>	<u>13,179</u>	
Balance as at 30 June 2019 (Audited)		192,187	93,087	(24)

RESPONSE (b):

The Company wishes to highlight that the adjustment made under the Treasury Shares column was for Corporate Exercise I; Reduction of par value from US\$1.00 to US\$0.40 and NOT for Corporate Exercise II; New Shares Placement.

QUERY 2

In response to SGX Query 9 on the “Other Payable to amounts due to “corporate shareholder”; “subsidiary” and “Directors”, the Company disclosed that the “Subsidiary” refers to Bo Dao Road Construction Co. Ltd (“Bo Dao”) and the “Directors” refer to the Board of Directors of the Company.

- (a) Please disclose the nature of the transactions and circumstances under which the amounts are owed to Bo Dao;
- (b) Please provide a breakdown of the amounts owing to each of the Directors and to specify which Directors.

RESPONSE (a):

An extract of Query 9 from announcement dated 29 October 2019 copied here for easy reference:

QUERY 9

In Note 6, material variances in cash flows from operating activities and financing activities were mainly due to reclassification of “Other Payable to amounts due to corporate Shareholder by a subsidiary and Directors; change in receivables and payables”.

Query 9a

Please disclose the names of the “Corporate Shareholder”, the “subsidiary” and “Directors” referred to.

RESPONSE:

The “Corporate Shareholder” refers to 宜宾建功路桥有限公司, the minority shareholder of Bo Dao Road Construction Co., Ltd. (“Bo Dao”), and the “Subsidiary” refers to Bo Dao. The “Directors” refer to Board of directors of the company.

The Company wishes to highlight that the related amounts are not amounts due to Bo Dao. They are amounts due to 宜宾建功路桥有限公司 (the “Corporate Shareholder”) by Bo Dao (the “Subsidiary”) as disclosed in the Company’s Annual Report for FY2019. 宜宾建功路桥有限公司 is a shareholder of Bo Dao and is also the main contractor for the Xingwen County Rural Road project. The nature of these transactions is related to the said project.

RESPONSE (b):

Breakdown of the Amounts due to Directors as at 30 June 2019

	RMB'000
Directors	
- Leow Yong Kin	152
- Toh Tiong San	127
- Toh Hai Joo	127
- Li Jia Chen	102
- Ex-Director Fees (on hold)	350
	858

QUERY 3

At SGX Query 10b, the Company was asked to disclose the reasons for management's decision to impair the investments in Raffles Infrastructure Investments (Singapore) Pte Ltd ("RII"). The Company replied that the "impairment arise due to assets lower than liabilities and there is no recurring net economic inflow to this subsidiary since RII is a cost centre".

(a) Please explain what was this subsidiary's cost relating to; and

(b) Explain why is it a cost centre.

RESPONSE (a) & (b):

RII is an entity incorporated for the sole purpose of having it operate as the Headquarter Management Office for the Group. All cost incurred by RII are employees' related expenses, professional fees, office and administrative expenses. Therefore, the management impaired the investment cost of RMB0.5 million which is equivalent to S\$100,000; the share capital of RII.

By Order of the Board
Eric Choo Han Kiat
Executive Director and Chief Executive Officer
19 November 2019