
RESPONSE TO QUERIES FROM SGX-ST

The Board of Directors (the “**Board**”) of Raffles Infrastructure Holdings Limited (the “**Company**”) and together with its subsidiaries, (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 9 September 2021 in relation to the Response to Queries on twelve months results for the financial year ended 30 June 2021.

QUERY 1

In relation to the Company’s response to question 6 published on 9 September 2021, please disclose the projects that the non-current contract assets amounting to RMB 10.6 million relate to and whether the counterparties are related parties.

RESPONSE:

The Company wishes to clarify that non-current contract assets amounting to RMB10.6 million refers to the receivables from our client – Local Transportation Authority of Bodao City, PRC. in relation to the infrastructure business (i.e. PPP Project) in China.

QUERY 2

In relation to the Company’s response to questions 2 and 11 published on 9 September 2021, based on the contract value of RMB 550 million for its PPP Bo Dao project, please provide the following information:

- a. The total construction cost for the PPP Bo Dao project;
- b. The amount of construction cost that has been incurred to-date;
- c. The amount of construction costs that has been paid by the Company to-date;
- d. How much construction costs remains to be paid by the Company; and
- e. To tabulate the breakdown of the above figures in the same table on payments received and future payments to show the cash flow generated from the project to-date and the outstanding liabilities.

RESPONSE:

- a. Total construction costs for the PPP Bo Dao Project is RMB 550 million.
- b. The amount of construction costs that has been incurred to-date is RMB446.3 million.
- c. The amount of construction costs that has been paid by the Company to date is RMB151.8million.
- d. The total construction costs of RMB398.2 million remains to be paid by the Company. As per our full year results announcement on 27 August 2021 and our responses to SGX’s queries on 9 September 2021, 宜宾路桥, who is a shareholder of Bo Dao Construction Co. Ltd and also the main contractor for the project, is currently financing the Bo Dao Project. Both the contractor and the Company have mutually agreed that the settlement of their payment will be upon the receipt payment from our client.
- e. The table for the breakdown of payments received and future payments expected to be received, as provided in our response on 9 September 2021, is as follows:

	Current Assets FY2021 RMB mil	Non-current assets FY2021 RMB mil	Total RMB mil
Trade receivables	47.8	281.7	329.5
Adjustments for time value of money	-	(47.8)	(47.8)
Adjustments for unwinding of discounts cash flow	-	7.3	7.3
Contract assets	-	10.6	10.6
Total	47.8	251.8	299.6

Payment received:

	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	Feb 21	Apr 21	total
Billing date	10.4	7.6		0.9	30.6		14.5			32.8		20.0				116.8
Payment date			18.0			10.0		30.0	6.0		0.5		0.7	40.0	11.6	116.8

Future billing/payment dates:

	Aug 21	Dec 21	Jan 22	Aug 22	Dec 22	Jan 23	Aug 23	Dec 23
Billing date	29.5	18.0		31.4	19.2		30.0	18.2
Payment date			47.5			50.6		
	Jan 24	Aug 24	Dec 24	Jan 25	Aug 25	Dec 25	Jan 26	Aug 26
Billing date		28.1	17.2		26.6	16.2		26.7
Payment date	48.0			45.3			42.8	
	Dec 26	Jan 27	Aug 27	Dec 27	Jan 28	Aug 28	Dec 28	Jan 29
Billing date	16.3		21.8	13.3		9.0	5.3	
Payment date		43.0			35.2			14.4
	Aug 29	Dec 29	Jan 30	Total				
Billing date	1.7	1.0		329.5				

QUERY 3

In relation to the Company's response to question 12 published on 9 September 2021, please disclose the following:

- Why does the Bo Dao road project require a loan of RMB 440 million when it has already completed construction of RMB 446.3 million of its RMB 550 million contract?
- How has the construction been funded so far and why is the Company is still seeking to obtain a RMB 440 million bank loan to fund the project when the remaining road parcels under construction and to be constructed amounts to RMB 103.7 million?
- How will the project be profitable to the Company if interest is payable on RMB 440 million bank loan and how will such commercial loans of RMB 440 million be repaid by the Company
- Whether the Company will have sufficient cash to repay its bank loan and interest?
- Why the Company is unable to fund the project with its cash on hand of RMB 91.2 million?

RESPONSE:

- a. With reference to the Company's circular dated 28 August 2018, the Company had disclosed to the public its intention to finance the Bo Dao road project, valued at RMB 550 million, through a RMB 440 million bank loan and utilisation of 73.6% of its placement proceeds (from the 28 September 2018 exercise), which was equivalent to approximately RMB 111.9 million. Subsequently, as disclosed in the Company's Response to SGX Queries dated 12 June 2020, the bank loan of RMB 440 million has not been materialised yet due to a change of policy, and the main contractor of the project, 宜宾路桥, whom is also a shareholder of Bo Dao road project company, has been obligated to finance the project as a loan while the Company continues to secure financing through a bank loan. This is all in accordance with the joint venture agreement and concurrences of all the shareholders.
- b. As explained in (a) above.
- c. Interest rate considered being lower than the project return rate of 8.8% enables the project to remain profitable. The Company intends to repay using the revenue receipts from client.
- d. Based on the receivable schedule from PPP project, which has been carried out in a timely manner, the Company will be able to meet its loan repayment obligations. There is no default payment from the client for prior financial years.
- e. The Board and Company believe that it is absolutely logical to retain its cash and leverage on the benefits of debt financing especially when the Company has other projects to invest into potentially in future.

QUERY 4

In relation to the Company's response to question 13 published on 9 September 2021, please disclose how revenue of RMB 6.1 million was recorded in 4Q2021 given that there is a delay in the acceptance of the road parcel by the client in 4Q2021.

RESPONSE:

The road parcel was fully completed during 2QFY2021 and the first 10% of total payments was received in the beginning of April 2021. Generally, the client will take four to six months to review and process the payments.

Based on our response to SGX's query 11 announced on 9 September 2021, the Company wishes to clarify that our revenue is recognised based on the first initial payment (i.e. First 10% of total revenue recognised) from the client rather than based on the project milestones. This revenue recognition had been consistently applied since the date of commencement of this project.

QUERY 5

In relation to the Company's response to question 14(a) published on 9 September 2021, please disclose the following:

- a. The reasons that led to Deng Feng City Project becoming dormant in FY2020;
- b. Whether there was any default of contract by any of the parties involved; and
- c. Why the company did not update shareholders of the material information that the MOU which the Board

announced it was pursuing in relation to this project is no longer applicable.

RESPONSE:

- a. With reference to the announcement made by the Company on 3 June 2020, the progress of Deng Feng City project since the signing of framework agreement on 22 October 2018 has not met a satisfactory level to justify a continuation of planting resources by the Company. At the rate the project was being carried out, and with the other potential projects presented, the Company decided to prioritise other active projects.
- b. There was no default of contract by any parties involved.
- c. After the Company raises to project owners its intention not to extend the validity of the framework agreement, the parties eventually agreed not to terminate the collaboration entirely and instead to arrange for a meeting to explore the alternatives after the COVID-19 travel restriction and situation eases. Since July 2020, the Company has been prioritizing the other potential projects and have not made arrangements to travel for Deng Feng City project. Hence, there has not been any material information on this that the Company could have disclosed. Nevertheless, the Company agrees that it should have kept the shareholders updated and would hereby like to invite shareholders to post any questions or clarifications that they may have at the upcoming Annual General Meeting, which details of the meeting will be announced soon.

QUERY 6

In relation to the Company's response to question 14(d) published on 9 September 2021, please disclose when the Company last engaged the MOU partners for each project and the milestones planned / targeted for the next 12 months.

RESPONSE:

As there are a lot of uncertainties surrounding the current pandemic situation, the Company has been engaging the MOU partners on a regular basis as part of the business operations to be kept updated on the current situation pertaining to the MOU partnerships.

The Company will review and assess the situation with all MOU partners on the appropriate decisions to take by the end of 2021. The decisions will be announced accordingly.

Nevertheless, the Company would like to point out that there would be no legal, financial liabilities and obligations that will arise as a result of the decisions on the MOUs.

QUERY 7

In relation to the Company's response to question 17 published on 9 September 2021, please disclose:

- a. What are the next milestones for the use of funds and the amount of funds to be used for the Bo Dao project.
- b. Why the Company is obtaining a bank loan when it intends to use the placement proceeds to fund the Bo Dao project and noting that the remaining road parcels under construction and to be constructed amounts to about RMB 103.7 million.

RESPONSE:

- a. The Company is seeking the bank loan while our main contractor continues financing the Bo Dao project.
- b. Please refer to the response to query 3.

QUERY 8

In relation to the Company's response to question 19 published on 9 September 2021, please disclose:

- a. The reasons that the Company has now fully divested of its shareholdings in Raffles Infrastructure Capital Limited (the "JV") given that the JV was established less than a year ago on 2 November 2020 and that the Company had disclosed in its 25 May 2021 response to SGX's query that the decision to allow the new investor (In Investments Limited) will enable the Group to take advantage of emerging investment opportunities and complement the Group's PPP model for its projects.
- b. Whether there are any outstanding loans or amounts due to the Company from the JV and explain what will happen to these amounts following the disposal of the Company's shareholdings in the JV.

RESPONSE:

- a. Due to the COVID-19 pandemic, the Company realized that it needs to preserve the capital it has and would likely not be successful in sourcing for funding to pay its proportion of costs required for any projects entered into by the JV company. Therefore, as a measure of prudence, the Company decided to dispose its entire shareholding.
- b. There is no outstanding loan or amount due to the Company from JV as at the date of disposal.

By Order of the Board
Eric Choo Han Kiat
Executive Director and Chief Executive Officer
14 September 2021