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## RESPONSE TO QUERIES FROM SGX-ST

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The Board of Directors (the “**Board**”) of Raffles Infrastructure Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to respond to the queries raised by the Singapore Exchange Securities Trading Limited in respect of its financial statements for the third quarter and nine months periods ended 31 March 2023.

### **QUERY 1**

Please explain why there is an impairment loss of approximately RMB5.1 million for non-current other contract assets when the Company has assessed that the credit risk of the same counterparty, being the Provincial Government, is limited and no impairment losses has been catered for trade receivables.

### **RESPONSE:**

The Company wishes to clarify that notwithstanding that the Provincial Government is the same counterparty, the non-current other contract assets are subject to impairment assessment after taking into account, inter alia, the macroeconomic outlook in China.

As the non-current other contract assets amounting to RMB5.1 million is past due for more than two years, the management has evaluated and determined that the amount is unlikely to be recovered taking into account China’s macroeconomic factors as disclosed in Note 15 of the unaudited financial statements.

The management has also evaluated and determined that the expected credit loss associated with the non-current trade receivables amounting to approximately RMB244.6 million in relation to the Infrastructure Business is limited as all current collections from the Provincial Government for each completed road parcel is due within one year, and there has been no default to-date.

### **QUERY 2**

We note that the Company recognised revenue of RMB 6.2 million in 3QFY2023 from monthly maintenance services provided by its SaaS business unit.

a. Please confirm whether the contracts which contributed to this revenue are the same contracts disclosed in response to Query 2 of the Company's announcement dated 24 February 2023. If so, please explain why the maintenance revenue in 3QFY2023 is similar to that recorded for 2QFY2023 of RMB6.3 million when 2 of the 3 contracts should have expired in January 2023 after the 1-year tenure for the provision of maintenance services.

b. Otherwise, please disclose details of each contract, including the following:

i. a description and utility of the e-platform

- ii. the client, the jurisdiction and size of the client, and location where the sales occurred;
  - iii. the scope of work performed/to be performed and tenure of the contract;
  - iv. the technology and services provided in-house by the Company and the work to be contributed by its partner(s)/service;
  - v. providers that the Company collaborated with/engaged, including the role and contribution of each partner/service provider;
  - vi. when was each contract signed and when it commenced; and
  - vii. whether the revenue of RMB6.2 million have been fully paid by the client to-date.
- c. please disclose the contract expiry date of the contract signed in July 2022 and whether there have been any new contracts signed under the SaaS and PaaS business unit since the last contract signed in July 2022.

**RESPONSE:**

- a. The Company confirms that the contracts which contributed to the revenue of RMB6.2 million in 3QFY2023 are the same contracts disclosed in the response to Query 2 of the Company's announcement dated 24 February 2023. Details of the three contracts can be found in the Company's responses to SGX queries announcement dated 24 February 2023.

The Company wishes to clarify that one of the contracts signed in January 2022 and the contract signed in July 2022 were terminated in March 2023 (including a 60-day notice period) and April 2023 respectively, as the customers no longer require the Company's services in providing the monthly maintenance. The Company is currently in discussions with the customer to extend the other contract signed on 10 January 2022 for the provision of monthly maintenance services.

In light of the abovementioned terminations, the revenue recognized for the monthly maintenance service fee has been adjusted to reflect the period until 31 March 2023

- b. Please refer to the response to Query 2(a) above.
- c. As mentioned above, the contract signed in July 2022 was terminated in April 2023, and no new contracts have been signed since July 2022.

**QUERY 3**

Please reconcile the unexpected difference between the total trade receivables amounting to RMB311.3 million disclosed at page 26 of the Company's financial statements with the total amount to be billed amounting to RMB275.4 million disclosed at page 27 of the same.

**RESPONSE:**

The Company wishes to clarify that the total trade receivables of RMB311.3 million (disclosed on page 26 of the unaudited financial statements) comprised current trade receivables of RMB35.9 million and non-trade and other receivables of RMB275.4 million. The non-trade and other receivables of RMB275.4 refers to the aggregate amount of future billings as disclosed on page 27. Please refer to the table presented on page 26 of the unaudited financial statements for a detailed breakdown of the components contributing to the trade and other receivables.

**QUERY 4**

The Company stated that the total project cost of 海纳路 and 云顶路 are still pending approval from the Provincial Government. This total project cost has been pending approval since the end of FY2022. Please disclose what is holding up the approval process and when is it expected to be approved and recognised under contract assets. Please also quantify this project cost that is pending approval.

**RESPONSE:**

The Company would like to emphasize that the total project cost amounting to RMB47.3 million for both 海纳路 and 云顶路 is still pending approval from the Provincial Government, which is largely beyond the Company's control. The Company is closely monitoring the approval status of these projects and maintaining regular contact with the Provincial Government and will continue to remain vigilant and take appropriate recovery measures.

**QUERY 5**

The Company stated at page 29 of its financial results that construction is ongoing for the remaining 4 road parcels and looks forward to collecting the remaining revenue of RMB309.8 million which includes RMB69.0 million approved by the Provincial Government and the rest outstanding. For each of the remaining 4 road parcels, please disclose an update on the percentage completion, the costs recognised in the financial statements, where it is recognised, the revenue recognised, and the amount collected thus far.

**RESPONSE:**

Please refer to the table below for the percentage of completion, project costs recognised for the four on-going road parcels to-date:

Name of parcels	% of completion	Total project costs recognized as current contract assets (RMB mil)
九大路	47%	12.9
麒新路	83%	12.6
海纳路	67%	Both 海纳路 and 云顶路 are on-going but the project costs incurred are still pending for the Provincial Government's acceptance. The Company will account for the project costs as contract assets upon the acceptance and approval from the Provincial Government.
云顶路	48%	

The Company would like to clarify that the revenue and collection will be accounted for in the financial statements only upon the 100% completion of the projects and initial payment from the Provincial Government.

#### **QUERY 6**

The page 29 of the Company's financial results, it stated "... which includes approximately RMB69.0 million approved by the Provincial Government...". For the RMB69.0 million approved by the Provincial Government, please explain

- a. what it refers to
- b. which road parcel(s) it relates to
- c. whether and how it has been recognised in the Company's financial statements.
- d. why this amount has been increasing from RMB66.9m in 1QFY2023 to RMB68.1m in 2QFY2023 and RMB69.0m in 3QFY2023 when the contract assets recognised for the 4 ongoing road parcels has remained the same at RMB25.5million for these 3 quarters.

#### **RESPONSE:**

- a. The amount of RMB69.0 million represents the total current and non-current contract assets recognized as of 31 March 2023. This amount includes an additional 8.8% investment return per annum, which will be applied once the Company collects the first down payment. Please note that total amount of RMB69.0 million is calculated before accounting for the adjustments for time value of money and unwinding of discounted cash flows.
- b. Total current contract assets pertain to the 九大路 and 麒麟新路. The non-current other contract assets, which are pending for the collection from the Provincial Government, mainly consist of architect design fees, project inspection, testing & quality audit fees, and general administrative and related costs incurred for the Infrastructure Business. These assets encompass both completed projects and ongoing projects.
- c. These contract assets are accounted for as current and non-current contract assets, as described in the responses to Query 6(a) and 6(b) above, before adjustments for the time value of money and unwinding of discounted cash flows.
- d. The increases of (i) RMB1.2 million between 1QFY2023 and 2QFY2023 and (ii) RMB0.9 million between 2QFY2023 and 3QFY2023 are primarily due to additions made to the non-current other contract assets. For a detailed breakdown of the non-current other contract assets for each quarter of FY2023, please refer to the table below. Please note that the amounts presented is before adjustments for the time value of money and unwinding of discounted cash flows.

	<b>1QFY2023</b> <b>RMB mil</b>	<b>2QFY2023</b> <b>RMB mil</b>	<i>Increase</i> <i>RMB mil</i>	<b>3QFY2023</b> <b>RMB mil</b>	<i>Increased</i> <i>RMB mil</i>
Project costs	19.5	20.3		24.4	
8.8% pa. investment return	9.5	9.9		11.8	
Impairment loss	-	-		(5.1)	
<b>Total</b>	<b>29.0</b>	<b>30.2</b>	<i>1.2</i>	<b>31.1</b>	<i>0.9</i>

8 June 2023

By Order of the Board  
Ryan Chiu Tzong Min  
Executive Director