

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 to the Company’s unaudited FY2019 financial statements dated 29 August 2019 for the period from 01 January 2018 to 30 June 2019.

QUERY 1

1. In response to SGX Queries on the Company's 5Q2019 results, the Company disclosed on 23 May 2019, that the Project for the Xingwen County government was "scheduled to complete by end of the year". Please disclose the reasons for the significant contract receivables of RMB 194.7 million as at 30 June 2019 (FY2019) and any delay in construction.

RESPONSE: Our Contract Receivables (f.k.a our construction in progress) consists of parcels of roads that are still under construction and ones that have been completed but yet to be accepted by the client. Each time when an acceptance (by client) occurs, we will then recognise the revenue for the relevant parcels and convert it to our trade receivables. Considering the current rate of construction and acceptance, we are expecting the project to be completed in YR 2020.

QUERY 2

2. In response to SGX Queries on the Company's 5Q2019 results, the Company disclosed on 23 May 2019, that the 5 road parcels project valued at RMB 189.76 million was completed by the Company by 31 March 2019. Please clarify whether the revenue of RMB 208.9 million for FY2019, was wholly attributable to the 5 parcels of land that were completed. If yes, please reconcile the figure of RMB 189.76 million and explain the reasons for the variance.

RESPONSE: Yes, the revenue recognised for FY2019 is fully attributable to the same 5 parcels of roads there were accepted previously. The variance is from the additional work done to the said 5 parcels of roads and subsequently accepted by the client.

QUERY 3

3. The Company disclosed that "the Group booked an one off extraordinary gain arising from the acquisition of its subsidiary; BoDao Road Construction. The Group managed to purchase below the fair value of this company reserves".

a. Please disclose the methodology for the assessment of the fair value and extraordinary gain of RMB 18.7 million arising from the acquisition of BoDao Road Construction;

RESPONSE: At the time of acquisition, BoDao had a reserve of RMB130.6 million as per its unaudited financial statements as at 31 December 2018. With the Company's investment of RMB 100.0 million for a stake of 90.9%, the Company has recognised this extraordinary income after deducting the cost of investment. Furthermore, the Company noted that the actual consideration sum of the net tangible assets would have been higher. A professional valuation firm has been engaged for a Purchase Price Allocation Report. The Company will eventually use that as the fair value to record its extraordinary gain.

b. If the extraordinary income is due to future value of projects, please disclose the list of projects and quantify amounts.

RESPONSE: The methodology used to record the extraordinary income is as disclosed in 3(a).

c. As extraordinary income has been recorded in the current year, will this indicate that the project, when milestones are met, will no longer see any profits reported as these are already recognized upfront at the point of acquisition?

RESPONSE: The methodology used to record the extraordinary gain is as disclosed in 3(a). Hence, when milestones are met, i.e. completion of this project, the Company will continue to generate profits stably with the 8.8% return per year on the construction cost amortized over a total period of 10 years.

QUERY 4

4. The Company had allocated S\$7 million of the placement proceeds towards "working capital purposes", of which S\$2 million has already been utilized. Please provide a specific breakdown of how the proceeds of \$2 million have been applied.

RESPONSE: The use of placement proceeds utilised for working capital purposes of S\$2 million were:

- i) Payroll and Staff related (incl. Director Fees) of S\$0.53 million;
- ii) Operating expenses (incl. rental, stationery, entertainment, listing fees) of S\$0.43 million; and
- iii) Professional fees (incl. legal, audit, corporate secretary services) of S\$0.99 million.

By Order of the Board

Choo Han Kiat, Eric

Executive Director and Chief Executive Officer

6 September 2019