
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**”) wishes to respond to the queries raised by the Singapore Exchange Securities Trading Limited in respect of the Company’s announcements dated 19 April 2023, 11 May 2023 and 26 July 2023 regarding the cessation of Ms. Yuanita Tjia, Ms. Agnes Chen and Mr. Ryan Chiu, and the Company’s announcement dated 30 June 2023 regarding its update on the exit offer.

QUERY 1

Following the cessation of Mr. Ryan Chiu, Ms. Yuanita Tjia and Ms. Agnes Chen from the Board of the Company and Mr. Ryan Chiu as Deputy CEO of the Company,

- a. Please disclose the remaining members of the Board and composition of the Board committees.
- b. Please explain how the Board’s size and composition is appropriate and how the Board has adequate manpower, skills, experience, and expertise, considering the scope and nature of the Company’s business and operations.
- c. Please explain the suitability of Mr. Li Jia Chen as a director of the Company given that he has not attended any board meetings and has not been appointed to any Board committees in FY2022. As such, please explain how the Company is able to fulfil the requirements under Provision 4.1 of the Code of Corporate Governance 2018 (“Code”) regarding the composition of the Nomination Committee and Provisions 12.1 and 12.2 regarding the composition and qualifications of the Audit Committee.
- d. Noting that the Company does not have a Chairman and CEO, please disclose who will be take on the role and responsibilities of managing the overall strategy and operations and driving the financial performance of the Company and its businesses.
- e. Please disclose the persons in the Board and key management of the Company that will be responsible to engage the Exchange regarding the Company’s exit offer and provide their contact details.
- f. Please disclose the two appointed authorized representatives of the Company as required under Listing Rule 725.

RESPONSE:

a. The Board of Directors:

Mr Wong Ann Chai – Non-executive Group Chairman
Mr Chay Yiowmin - Lead Independent Director
Mr Li Jia Chen - Non-Executive Non-Independent Director

Audit Committee:

Mr Chay Yiowmin - Chairman
Mr Wong Ann Chai - Member

Nominating Committee:

Mr Wong Ann Chai - Chairman
Mr Chay Yiowmin - Member

Remuneration Committee:

Mr Wong Ann Chai – Member
Mr Chay Yiowmin - Member

- b. The Board's size and composition are thoughtfully designed to be appropriate for the Company's business and operations. Each member brings specific and relevant expertise and qualifications, such as financial acumen, industry experience, and strategic leadership. These diverse skill sets ensure that the Board has adequate manpower and expertise to make informed decisions and oversee the Company effectively.

As responsible care-taking Independent Directors, the Board remains committed to upholding and maintaining the listing requirements despite the delisting situation. The Company is actively seeking necessary waivers and exploring strategies for an orderly exit that aligns with SGX's regulations and minimizes deviations.

The Company will continue to prioritize corporate governance practices, ensuring transparency, accountability, and effective communication with stakeholders during this challenging period.

Rest assured, we are dedicated to steering the Company through this transition with prudence and professionalism.

- c. Regarding Mr. Li Jia Chen's attendance at board meetings, he was on record present at least one Board meeting. It would be perfidious to suggest otherwise. In instances where he is unable to attend, all meeting minutes are promptly circulated to him, ensuring that he is kept informed of the discussions and decisions made during his absence. While Mr. Li Jia Chen did not attend board meetings in FY2022, his attendance at a subsequent meeting and his contributions in other capacities

make him a suitable director for the Company. The Company adheres to the provisions of the Code of Corporate Governance 2018 by ensuring the Nomination Committee and Audit Committee are composed of qualified and experienced members.

Despite not attending any board meetings in FY2022, Mr. Li Jia Chen's suitability as a director of the Company is supported by his relevant qualifications, expertise, and contributions in other capacities.

Regarding the Code of Corporate Governance 2018, the Company ensures compliance with its provisions through the following measures:

- 1) Composition of the Nomination Committee (Provision 4.1): The Nomination Committee comprises other experienced and qualified Board members, including the Non-executive Group Chairman, Mr. Wong Ann Chai, and the Lead Independent Director, Mr. Chay Yiowmin. They collectively possess the necessary skills to perform their responsibilities effectively, which includes considering and recommending suitable candidates for directorship positions.
 - 2) Composition and Qualifications of the Audit Committee (Provisions 12.1 and 12.2): The Audit Committee is chaired by Mr. Chay Yiowmin, who is the Lead Independent Director, and includes Mr. Wong Ann Chai as a member. Both members have significant expertise in investment, accounting, and financial management. Their qualifications ensure the Committee's ability to fulfill its responsibilities in overseeing financial reporting and internal controls effectively.
- d. The Company's Non-Executive Group Chairman is Mr. Wong Ann Chai. While the Company currently does not have a CEO, this has no significant impact on the overall strategy and operations of the Group. The responsibilities of managing the Company's businesses are divided among key executives:
- 1) Mr. Ryan Chiu continues to serve as the Executive Officer, responsible for overseeing the daily operational and business strategy for the Digital Business Segment.
 - 2) Mr. Eric Choo serves as the Group's Executive Officer, overseeing the core business revenue stream, the Bo Dao project.
 - 3) Ms. Sherry Xie, the Group's CFO, fulfills her role as the Chief Financial Officer, managing the overall financial accounts of the Group.

- e. Please refer to the following Board and key management of the Company that will be responsible to engage the Exchange regarding the Company’s exit offer and provide their contact details.

Board of Director	Email address
Mr Wong Ann Chai	annchai@rafflesinfrastructure.com
Mr Chay Yiowmin	yiowmin.chay@rafflesinfrastructure.com
Key Management	Email address
Mr Ryan Chiu	ryan.chiu@rafflesinfrastructure.com
Mr Eric Choo	ericchoo@rafflesinfrastructure.com
Ms Sherry Xie	sherryxie@rafflesinfrastructure.com

- f. The two appointed authorized representatives of the Company are Mr. Wong Ann Chai and Mr Chay Yiowmin.

QUERY 2

In the Company’s announcement dated 30 June 2023 (“30 June 2023 Announcement”) regarding its update on the exit offer, the Company stated that it has two significant creditors with short-term obligations including, as at 31 March 2023, (i) RMB151.7 million owed to non-controlling shareholder, Yi bin, under the Bo Dao Project and (ii) RMB9.5 million owed to Chengdu Bowen Jinfu Technology Co., Limited (“Chengdu Bowen”). Please provide details of the payment and credit terms for the short-term obligations to each of these entities and state clearly whether these are interest bearing and whether there are triggers that will change the payment/credit terms.

RESPONSE:

Non-controlling shareholder, Yi Bin, is owed RMB 151.7 million under the Bo Dao Project as of 31 March 2023. The credit term for this amount is payable on demand and is classified as a non-trade short-term obligation. Yi Bin has proposed to impose an interest rate. Currently, the Company is still in the process of negotiating the interest charge with Yibin, and the interest charge has not yet been agreed upon by either party as of today. As per unaudited financial statements for 2Q&1HY2023 announced on 2 August 2023, the Company has repaid RMB 39.5 million to Yi Bin in 1HY2023. The Company wants to emphasis that all current receipts from the local Provincial Government will be promptly repaid to the main contractor to ensure the project’s ongoing progress.

Total outstanding payment of RMB 9.5 million is owed to Chengdu Bo Wen, with a credit term of 45 days as of 31 March 2023. As of today, the outstanding payment is fully overdue. Chengdu Bowen has contacted us to follow up on the payment but has not yet imposed any late charges or penalties for the late payment. To clarity, this payment is related to back-to-back business transactions, and the Company is capable of settling the due payment upon receiving the payment from the customer.

QUERY 3

In the 30 June 2023 Announcement, the Company stated that it does not have sufficient cash to provide an exit offer because of the trade and other payables owed to Yi bin and Chengdu Bowen, short-term operational cost commitments and working capital requirements, amounting to approximately RMB163.0 million. We note that the Company is however in significant net asset position of RMB230.7 million as at 31 March 2023 (inclusive of its substantial amount of trade and other receivables amounting to approximately RMB309.7 million) and its net cash outflow for the past 3 financial years (which have already factored in the regular repayments to Yi bin and Chengdu Bowen and the Company's operation cost and working capital requirements) have not been sizeable compared to its cash holdings of RMB85.1 million. Please robustly explain, with clear supporting figures and computations, why the Company does not have enough cash to provide an exit offer to shareholders. We reiterate that the Company is required to provide a fair and reasonable exit offer to shareholders in accordance with Listing Rule 1309.

RESPONSE:

As of March 31, 2023, our Group maintains cash and bank balances totalling approximately RMB 85.1 million ("Cash Resources"). It is essential to clarify that the Company faces significant short-term obligations that impact its liquidity:

- (i). **Trade Liabilities and Non-controlling Shareholder Debt (Bo Dao Project):** The Company owes trade liabilities and outstanding amounts of RMB 151.7 million to a non-controlling shareholder, 宜宾路桥 (referred to as "Yibin"), associated with the Bo Dao Project.
- (ii). **Trade Payables to Chengdu Bowen Jinfu Technology Co., Limited:** Additionally, the Company has trade payables amounting to RMB 9.5 million owed to Chengdu Bowen, our technology provider for the software-as-a-service business unit under the Digital Infrastructure Business.
- (iii). **Other Operational Cost Commitments:** Operational cost commitments totalling approximately RMB 1.0 million encompass professional fees, legal costs, expenses related to local regulatory compliance, and other pertinent expenditures.
- (iv). **Average Monthly Working Capital Requirement:** Our Group's average monthly working capital requirement stands at a minimum of RMB 750,000. This covers personnel costs, office rental charges, office-related expenses, and various costs related to conducting our business activities.

Given these obligations amounting to approximately RMB 163.0 million, we have a commitment to prioritize the payment of these short-term obligations. However, after accounting for these commitments, there remains an inadequate amount of cash to facilitate a meaningful exit offer to our shareholders.

Our financial position, as of March 31, 2023, presented a total net asset of RMB 230.7 million. Notably, RMB 262.3 million of this figure consists of long-term trade and other receivables with credit terms extending over a decade. To initiate a cash exit offer, we would require reserves of RMB 80.1 million.

This allocation would serve to address the immediate obligation to Yibin, a secured creditor, amounting to RMB 151.7 million.

It's important to highlight that our position has been further complicated by several factors:

- **Delisting Announcement and Yibin's Inquiry:** Following the announcement of the delisting notice on 1st June 2023, Yibin, the principal contractor, has sought clarification on our strategy to settle outstanding dues. Regrettably, the ongoing uncertainty regarding the delisting timeline prevents us from presenting a definitive resolution at this point.
- **Current Liabilities Position:** Our financial statement as of March 31, 2023, reveals a current liabilities position of RMB 5.5 million, underscoring our current inability to address short-term obligations with available assets.
- **Impact of External Factors:** Over the past three years, our cash flow also has been impacted by surging inflation, the Covid-19 pandemic, and the global economic slowdown. The financial ramifications are reflected in our unaudited financial statements, which include impairment losses of RMB 5.1 million as of March 31, 2023, and RMB 9.4 million as of June 30, 2023.

To meet regulatory requirements, we have diligently conducted internal operational and financial assessments, including exploring the potential for controlling shareholders to make an exit offer. Unfortunately, as of this date, no exit offer proposals have been received. Our current financial position leaves us without adequate remaining cash resources or the ability to generate sufficient funds for a meaningful exit offer to shareholders.

With due respect, we humbly request SGX's consideration for a waiver of Listing Rule 1309, permitting delisting without a cash exit offer. This transition would facilitate our continued business operations, optimize costs for future plans, and ultimately enhance shareholder value in the long run.

QUERY 4

In the 30 June 2023 Announcement, the Company stated that it is not able to dispose Bo Dao Road Construction Co., Ltd, which holds the Company's one remaining core asset that is the trade receivables pertaining to the Bo Dao Project, because any change in ownership of Bo Dao Road Construction Co., Ltd before the completion of the Bo Dao Project would constitute a breach of contract under the PPP agreement.

- a. Please provide the PPP agreement for our information and highlight the relevant clause within the PPP agreement.
- b. The Company also stated that any assignment of its interests under the PPP agreement would require the consent of the Provincial Government. Please disclose whether the Company has engaged the Provincial Government to explore this option and the outcome of discussions.

- c. Please also explain whether the Company has considered other options to obtain financing for the exit offer, leveraging on the significant assets under the Bo Dao Project. Please provide details of these options and the outcome.

RESPONSE:

- a. Please refer to clauses 9.1.2 of the PPP contract. These clauses explicitly prohibit the Company from transferring equity ownership to any third parties before the completion of the PPP project. Any such transfer would result in the termination of the contract.
- b. The Company has not initiated any conversations or discussions with the Local Provincial Government concerning the possibility of assigning its interests under the PPP agreement. The PPP agreement itself already outlines all the terms and conditions that the Company is obligated to fulfilled. Moreover, as the project is currently ongoing, the Company is being cautious not to jeopardize its positive relationship with the Local Provincial Government. The project continues to be profitable, and there have been no issues with collecting payments or any defaults thus far.
- c. The Company has indeed explored possibilities for the exit offer. However, as disclosed on Page 30 of the unaudited financial statements for 2Q & 1HY2023 announced on 2 August 2023, there has been a significant impact on investor confidence after the Company received the delisting notification on 1 June 2023 and subsequently trading suspension on 3 July 2023. This negative impact has affected the value of the Company's efforts for the past three financial years as well as its prospects for the future. As a result, obtaining financing for the exit offer has been challenging under the current circumstances. In addition, it would be also financially damaging for the Company to incur high cost of financing for exit offer which is not in the best interest of shareholders.

18 August 2023

By Order of the Board
Ryan Chiu Tzong Min
Executive Director