

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 further queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in respect to the fifth quarter financial statements for the period ended 31 March 2019 dated 28 May 2019.

QUERY 1 (on query 1 dated 14 May 2019)

1. We refer to Raffles Infrastructure Holdings Limited’s / the Company’s announcement dated 23 May 2019 and titled “Response to SGX-Queries” (the “**Company’s response**”). In SGX Query 1, the Company was asked to “**provide a breakdown of the major expenses and explain the material variances**” in the costs of sales in 5Q2019 as compared to 5Q2018. However, the Company did not specify the breakdown of the costs of sales or explain the material variances. Please disclose accordingly;

RESPONSE: The construction of the roads has been outsourced exclusively to a service provider; 宜宾建功路桥有限公司. The cost of sales of RMB 105.1 million incurred in 5Q2019 derives from the amounts invoiced to the Company by 宜宾建功路桥有限公司. Hence, in the Company’s books, there is no further breakdown of costs for like raw materials, direct labour etc. Instead, the total amounts were taken in as cost of sales.

The material variances between the 2 periods is due to the complete change in business nature; from fabric dye to road infrastructure. Hence, the comparison would not be deemed meaningful.

QUERY 2 (on query 3 dated 14 May 2019)

2. In SGX Query 3, SGX-ST had noted that in 5Q2019, the Company’s trade receivables of RMB 171.8million was significantly higher than revenue of RMB 155.9million. The Company was asked “**to disclose why it is unable to collect its receivables from customers notwithstanding certificates of acceptance of work done and thereby revenue recognized**”. The Company had stated “The credit term given to the Client is based on a progressive payment schedule for every parcel of road accepted (Parcel) by the Client. This is payable by the Client over a period of 10 years, with an annual payment amount fixed at 10% of the principal sum of the Parcel, plus an interest of 8.8% per annum of the remaining receivable for the Parcel...” Please provide a breakdown of these outstanding trade receivables;

RESPONSE: As at 5Q2019, the trade receivable came solely from the 5 parcels of roads delivered and duly accepted by our sole Client; 四川省兴文县财政局.

QUERY 3 (on query 3 dated 14 May 2019)

3. In response to SGX Query 3, the Company had also stated that “The Company does not foresee any collection issue [for the significant outstanding trade receivables] given that the Client is the Provincial Government where the funds allocated for this project has already been budgeted for and approved.” Please disclose the aging schedule of these trade receivables in bands of 3 months (with upper limit of the longest due debt specified in bands of 3 months);

RESPONSE: The age analysis of trade receivables is as follows:

Within 3 months = RMB 141.4 million
Between 4- 6 months = RMB 30.4 million

QUERY 4 (on query 4 dated 14 May 2019)

4. In SGX Query 4, the Company was asked “**To disclose the reasons for the significant trade payables of RMB 162.8million on the back of revenue of only RMB 155.9million for 15M2019 and cash on hand of RMB 105.8million**”. However, the Company only addressed the reasons for the significant trade payables with reference to the revenue recognized for 15M2019. Please disclose accordingly and explain the reasons for the significant trade payables of RMB 162.8 million despite cash on hand of RMB 105.8 million;

RESPONSE: The Company has only 1 trade creditor; namely 宜宾建功路桥有限公司. The payment terms agreed was payment to supplier upon collection from our client; 四川省兴文县财政局. As such the trade payment amount of RMB162.8 million is not due yet.

QUERY 5 (on query 4 dated 14 May 2019)

5. In SGX Query 4, the Company was also asked “**To provide a breakdown and disclose aging schedule of these trade payables in bands of 3 months (with upper limit of the longest due debt specified in bands of 3 months).**” However, the Company did not provide a breakdown of these trade payables. The Company also did not specify the debts in bands of 3 months. Please disclose accordingly;

RESPONSE: The age analysis of trade payables is as follow:

Within 3 months = RMB 125.1 million
Between 4-6 months = RMB 37.7 million

QUERY 6 (on query 7 dated 14 May 2019)

6. In response to SGX Query 7, the Company stated that “In relation to the geographic locations of the projects the Company has and going to invest in, there is always a certain amount of risks to be factored into.” Please specify and explain what are the “geographical locations of the projects

the Company has and going to invest in”;

RESPONSE: Beside the investment/s in China, the Company is currently exploring business opportunities in South East Asia. The Company shall update its shareholders via SGXNet should there be projects being identified with high potential along with the respective associated risks.

QUERY 7 (on query 7 dated 14 May 2019)

7. In SGX Query 7, the Company was asked “**To disclose and elaborate on factors that will affect the Company’s operations in the next reporting period and the next 12 months**”. However the Company did not disclose and elaborate on these factors in its response. Please disclose accordingly.

RESPONSE: Apart from the general risk factors described in our Circular dated 28 August 2018 - paged between 28 and 33 particularly, the Company has no further comment on any factor that may affect the Company’s operation in the next reporting period and the next 12 months.

By Order of the Board

Choo Han Kiat, Eric

Executive Director and Chief Executive Officer

29 May 2019