

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 25 May 2021 in relation to the Response to Queries on the third quarter and nine months results for the period ended 31 March 2021.

QUERY 1

In relation to the Company’s response to question 2 in the announcement dated 25 May 2021, as there was no revenue reported for 3QFY2021, please elaborate on where the annual / monthly instalments of deferred income for previously completed work is recorded in the income statement. Please quantify.

RESPONSE:

Please refer to our audited financial statement for FY2020 announced on 15 October 2020, total annual revenue of RMB184.5 million and RMB 188.0 million were recognized for FY2019 and FY2020 respectively. The Group has recognized total revenue of RMB15.6 million for 9MFY2021 which was also announced on 14 May 2021.

QUERY 2

In relation to the Company’s response to question 3 in the announcement dated 25 May 2021, the Company has not tabulated the original revenue milestones / timeline as requested in the original question. Please tabulate accordingly and explain how the balance revenue milestones will be pushed back due to disruption arising from the Covid-19 pandemic.

RESPONSE:

The Company wishes to clarify that our revenue is recognised based on the first initial payment from the Client rather than based on the project milestones. Hence, we have made the clarifications and announced on the revenue recognition on 25 May 2021. However, we can present table schedules below for payment received and future billing/payment received which is scheduled

	Current FY2021 RMB mil	Assets Non-current assets FY2021 RMB mil	Total RMB mil
Trade receivables	12.0	322.6	334.6
Adjustments for time value of money	-	(47.3)	(47.3)
Adjustments for unwinding of discounts cash flow	-	6.6	6.6
Other receivable	-	14.2	14.2
Total	12.0	296.1	308.1

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	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	105.2

Future billing/payment dates:

	Apr 21	Aug 21	Dec 21	Jan 22	Aug 22	Dec 22	Jan 23	Aug 23
Billing date		29.5	18.0		31.4	19.2		30.0
Payment date	11.6			47.5			50.6	
	Dec 23	Jan 24	Aug 24	Dec 24	Jan 25	Aug 25	Dec 25	Jan 26
Billing date	18.2		28.3	17.3		26.7	16.3	
Payment date		48.0			45.5			43.0
	Aug 26	Dec 26	Jan 27	Aug 27	Dec 27	Jan 28	Aug 28	Dec 28
Billing date	24.3	14.8		16.5	10.1		11.9	7.2
Payment date			39.2			26.6		
	Jan 29	Aug 29	Dec 29	Jan 30	Total			
Billing date		2.0	1.2		322.9			
Payment date	19.2			3.4	334.6			

QUERY 3

In relation to the Company's response to question 4b in the announcement dated 25 May 2021, please disclose the basis of how the amount of RMB 1.1 million was determined. What was the value of the contract and was this announced previously?

RESPONSE:

The Company wishes to re-emphasise that the write-off of revenue of RMB1.1 million was based upon the agreement with the customer on the termination of service contract. The Company announced a total revenue of RMB4.6 million from the Agreement for 2QFY2021 on 10 Feb 2021.

QUERY 4

In relation to the Company's response to question 4d in the announcement dated 25 May 2021, please explain why did the Company not recover these costs of RMB 1.0 million which had been incurred under the agreement that was signed and eventually terminated.

RESPONSE:

The Company did not recover RMB1.0M cost as both parties mutually agreed to terminate agreement and the Company has recognised a revenue of RMB4.6m in Q2FY2021. After set off, this will result a positive non-recurring net income of RMB2.5m (RMB4.6m less RMB1.1m of credit note and RMB1.0 costs).

QUERY 5

In relation to the Company's response to question 7 in the announcement dated 25 May 2021, please provide specific explanation of how unwinding of discount leads to increase in non-current trade and other non-trade receivables. Please provide the accounting entries for the double entry of such unwinding of discounts and how the amount of RMB 6.6 million is determined as the amount for reversal.

RESPONSE:

The Company wishes to clarify that we had already made announcement to elaborate the rationale of unwinding of discounts on non-current receivable on 30 November 2020, 1 March 2021 and 25 May 2021.

The accounting double entry of RMB6.6 million is:

Dr. Non-current trade receivables

Cr. Other income

Please refer to the computation of unwinding of discounts of RMB6.6 million for your reference:

FY2019

Year	Financial year	Cash flows (based on last year's AWP)	Interest Income (unwinding of discount)	Year end balance
0	NPV	-141,501,828.00		
1	30-Jun-20	0	4,343,687.62	145,845,515.62
2	30-Jun-21	22,220,987.88	4,477,025.98	128,101,553.71
3	30-Jun-22	23,619,890.24	3,932,338.83	108,414,002.30
4	30-Jun-23	22,457,878.48	3,327,989.23	89,284,113.04
5	30-Jun-24	21,306,780.63	2,740,758.21	70,718,090.62
6	30-Jun-25	20,165,636.28	2,170,836.23	52,723,290.57
7	30-Jun-26	19,033,569.52	1,618,449.09	35,308,170.13
8	30-Jun-27	17,909,781.51	1,083,856.40	18,482,245.02
9	30-Jun-28	16,793,543.74	567,350.26	2,256,051.54
10	30-Jun-29	2,325,305.65	69,254.11	0.00

Effective interest rate **3.07%**

	RMB
Unwinding of discount on non-current trade receivables for FY2021	4,477,025.98
Proportional unwinding discount for nine months from July'20 to Mar'21	3,357,769.48 A

FY2020

Year	Financial year	Cash flows (based on last year's AWP)	Interest Income (unwinding of discount)	Year end balance
0		-142,326,963.00		
1	30-Jun-21	0	4,371,857.58	146,698,820.58
2	30-Jun-22	19,472,731.53	4,506,147.94	131,732,237.00
3	30-Jun-23	24,481,965.88	4,046,419.36	111,296,690.49
4	30-Jun-24	23,231,339.24	3,418,700.65	91,484,051.89
5	30-Jun-25	21,980,712.61	2,810,115.79	72,313,455.08
6	30-Jun-26	20,730,085.97	2,221,252.53	53,804,621.63
7	30-Jun-27	19,479,459.34	1,652,716.66	35,977,878.96
8	30-Jun-28	18,228,832.70	1,105,132.57	18,854,178.83
9	30-Jun-29	16,978,196.07	579,143.85	2,455,126.61
10	30-Jun-30	2,530,540.73	75,414.13	0.00

Effective interest rate **3.07%**

	RMB
Unwinding of discount on non-current trade receivables for FY2021	4,371,858
Proportional unwinding discount for nine months from July'20 to Mar'21	3,278,893.19 B

Total unwinding of discount on non-current trade receivables as at 31 March 2021	6,636,662.67 (A+B)
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QUERY 6

In relation to the Company's response to question 10b in the announcement dated 25 May 2021, it is not clear what is meant by the Company's response that "its Board of Directors includes is formed by 3 individuals." Please clarify.

RESPONSE:

It means three individual person.

QUERY 7

In relation to the Company's response to question 10c in the announcement dated 25 May 2021, please clarify whether the net loss of the JV for the 9 months ended 31 March 2021 was RMB 772 or RMB 772,000.

a. We note that the JV Partner, Raffles Financial Group Ltd ("RFG") had reported that the JV recorded a profit of S\$492k for the period ended 31 Dec 2020, with RFG reporting a profit of S\$246,123 for its 50% interest in the JV. Please confirm whether the Company reported a profit of S\$246,123 for its 50% interest in the JV as at 31 Dec 2020 and if so, to explain the significant change in net income position of the JV from positive to negative in the 3 months ended 31 March 2021.

RESPONSE:

The Company wishes to clarify that net loss of the JV (i.e. Raffles Infrastructure Capital Limited) for 9MFY2021 is RMB772.

a. The net loss recorded in 3Q2021 was mainly due to (i) various operating expenses being booked in 3Q2021 (ii) no revenue being recorded for 3Q2021 after the termination of the service agreement.

By Order of the Board
Eric Choo Han Kiat
Executive Director and Chief Executive Officer
1 June 2021