



ALTUM LAW

Friday, 22 October 2021

Singapore Exchange Regulation Pte. Ltd.
("RegCo")
11 North Bouna Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589
Attention: Ms Lorraine Chay / Mr. Nicholas Sim

Dear Sir/Madam

RAFFLES INFRASTRUCTURE HOLDINGS LIMITED (THE "COMPANY")
APPLICATION FOR THE DEALING IN, LISTING OF AND QUOTATION ON THE MAINBOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OF 10,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "APPLICATION")

1. We act for the Company in respect of the Application, and we refer to your letter received via the RegCo submission portal on 8 October 2021 ("**8 October Letter**").
2. In the 8 October Letter, RegCo informed that it was not able to approve the Application. It noted that "*the Company was undertaking the proposed placement despite the Company having substantial balances of approximately S\$18.8 million of funds, including significant unutilised proceeds from its September 2018 placement exercise as at 30 June 2021*".
3. It was further stated in the third paragraph of the 8 October Letter that RegCo was unable to process the Application until there is clarity on the matter, after the Company commissioned and completed a special audit into the cash transactions of the Group. In the said paragraph, the scope of this requested special audit was stated to be as follows:

"to independently verify:
a) the Company's cash balances; and
b) the Company's cash transactions since the placement exercise in September 2018 to-date, including the use and disbursement of proceeds from the placement, the use and disbursement of proceeds from the Group's cash balances at bank and on hand, the counterparties to the transactions, and to review the details surrounding the transactions.", (the "Special Audit").
4. The Company has now instructed us to provide RegCo with the following further information as follows:

(A) Further Information regarding the proposed placement

(i) On 30 June 2021, the Company announced the proposed placement of 8 million new ordinary shares to Integrated Health Ventures Pte. Ltd. ("IHV").

- (ii) The rationale for the proposed placement was for the Company to embark on a new venture in the field of the management and development of healthcare infrastructure in Asia, especially in India, where the sole owner of IHV (“**Mr Thyagarajan**”) had identified certain ready projects the Company could take up with his introduction and co-operation.
- (iii) There were ready 2 projects which had been identified: (a) the leasing out of certain medical equipment to healthcare facilities in India and (b) the management of the leasing out of certain premises to healthcare businesses (collectively, the “**New Venture**”).
- (iv) However, this proposed placement had to be terminated as Mr Thyagarajan was not able remit funds from India to IHV to pay for the subscription of new shares.
- (v) Notwithstanding, the Singapore representative of Mr Thyagarajan informed the Company that Mr Thyagarajan would still be willing to make the necessary connection and also to participate in the New Venture if the Company was able to fund the initial costs of undertaking the New Venture.
- (vi) The Company then contacted Mr. Zhao who is known to the Company and presented him with the prospects of the New Venture.
- (vii) Mr Zhao agreed to invest on condition that the Company also considered digital technology such as healthcare apps, which the Company accepted.

(B) Reasons for undertaking a placement for new funds

- (i) As announced by the Company (see announcements dated 9 September 2021, 14 September 2021 and 20 September 2021), the Company has previously explained that the proceeds remaining from the placement of September 2018 were allocated for the Bo Dao project in China.
- (ii) As also announced by the Company, the Company has previously disclosed that it needed to obtain a bank loan to finance the project as the proceeds of September 2018 alone would not be sufficient. The Company also explained that its main contractor has been providing the required financing in the meantime;
- (iii) The Company has to leave the funds intact (as much as possible) in China for the purpose of showing to the bank that it has approximately 20% of the loan of approximately RMB440 million required for the project in China (assuming a LTV of a maximum of 80%), if and when a loan was granted. The loan if received would of course be utilised to repay the Company’s main contractor for the financing it has provided thus far for the project.
- (iv) As the idea of the New Venture came to the Company via the representative of Mr Thyagarajan, and on the back of the promise of funding by IHV, the Company readily accepted the agreement by Mr Thyagarajan to participate in the issue of new securities by the Company as an investor; therefore, the Company signed the subscription agreement announced on 30 June 2021 with IHV.
- (v) When the Company analysed the New Venture, it became quite clear that the New Venture had real potential.
- (vi) When IHV pulled out of the Subscription, the Company pivoted to Mr Zhao, who was already known to the Company.

- (vii) Therefore, while the Company does have about S\$18 million in its bank in China, this amount or part of it cannot, prudently, be diverted to the New Venture.
- (C) Enhanced Audit and current request to undertake the Special Audit
 - (i) In respect of the Special Audit, the Company would like to bring to the attention of RegCo that an enhanced audit covering the basic scope of the Special Audit has been performed for its FY2020 audit, namely, in addition to other specified areas of enhanced audit, the verification of the existence and ownership of bank and cash balance in China which comprised additional procedures independent of attending to matters at the banks itself ("**Enhanced Audit**").
 - (ii) The results of the Enhanced Audit were reported directly by the Company's auditors to RegCo when it was completed with no exceptions to the existence of the Company's bank and cash balance in China being noted.
 - (iii) The Enhanced Audit was performed in consultation with RegCo, and in this connection, the Company understands that multiple discussions were had between the Company's auditors and RegCo.
 - (iv) The Company would like to highlight that it understands verification of the cash balance of approximately RMB97 million was confirmed by sightings at (aa) bank terminal, (bb) independent internet banking access, and (cc) ATM machines in China. The verification was performed by the audit partner himself and no abnormal or notable irregularity was noted in the 12 months prior to such verification.
 - (v) The Company understands that RegCo has not queried the Company nor its auditors regarding the Enhanced Audit results since its completion.
- 5. On the basis of the information provided above, the Company would like to make the following representations and appeal:
 - 5.1 The Company submits that any doubts over the bank and cash balance of the Company in China should have been resolved by the Enhanced Audit.
 - 5.2 The Company understands that one of the key principles of the exercise of administrative and/or enforcement powers is of efficacy and that outcomes should be expeditious, and decisions made are fair and in the interests of market participants.
 - 5.3 In this connection, the Company submits that any doubts over its bank and cash balance held in China should by now have been resolved as the Enhanced Audit was carried out in FY2020 with no exceptions noted.
 - 5.4 Also, the requirement of the Special Audit in relation to the Application also sends an adverse signal to the market and potential investors, such as Mr Zhao regarding the Company.
- 6. The Company, therefore, humbly appeals to RegCo to reconsider its decision of the Application.

7. The Company stands ready to discuss the matter with RegCo. Please, therefore, kindly contact the undersigned or the officers of the Company directly should RegCo have any queries.

Yours faithfully

DocuSigned by:

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Allan Tan

Director

Altum Law Corporation