
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 queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in respect of the Company’s Annual Report 2019 for FY ended 30 June 2019.

QUERY 1

With reference to Pg 39 of the Annual Report 2019, the Company omitted to state whether the use of the proceeds was in accordance with the stated use of proceeds previously. Pursuant to Listing Rule 1207(20), please include the statement to confirm whether the proceeds had been utilized in accordance with their stated use. Where there is material deviation from the stated use of proceeds, please provide the reasons for such deviations. To also disclose a breakdown of the specific details on how the IPO proceeds of S\$2.2 million and Placement proceeds of S\$2.0 million respectively, had been utilized for “working capital purpose”.

RESPONSE:

- a. The Company hereby confirms that the Placement Proceeds had been utilized in accordance with their stated use and that there is no material deviation between the stated use and actual utilization.
- b. Regarding Use of IPO Proceeds of S\$2.2 million for “working capital purpose”, the Board wishes to re-emphasize that the state of affairs of the Company, including movement of funds, remains unclear between the time when Company was listed with SGX Mainboard and June 2018; the time when the Group decided to deconsolidate the entire accounts of Simwa Holdings Ltd (the subsidiary that owned the fabric business entities). Therefore, the Company is unable to determine the utilization of the said proceeds even after reviewing the Special Audit Report concluded in August 2019. Consequently, the Company has lodged an official report with the relevant authority in Singapore. The Company will update its Shareholders via Company Announcement accordingly on the progress.
- c. Regarding Use of Placement Proceeds of S\$2.0 million for “working capital purpose”, please refer to the breakdown as follow:
 - i. Payroll and Staff related (incl. Director Fees) – S\$0.5 million
 - ii Operating Expenses (incl. Rental, Stationery, Entertainments, Listing Fees) – S\$0.5million
 - iii. Professional Fees (incl. Legal, Audit, Corporate Secretary Services etc) S\$1.0 million

QUERY 2

With reference to Pg 36 of the Annual Report 2019, the Board, with the concurrence of the Audit Committee did not comment on the adequacy and effectiveness of the Group’s risk management system for FY2019, as required under Listing Rule 1207(10). Please include a statement on whether the Audit Committee concurs with the Board’s comment. To also disclose any material weaknesses identified by the Board or Audit Committee and the steps taken to address them.

RESPONSE:

The Audit Committee (“**AC**”) has appointed the independent internal audit firm to commission the first cycle of internal audit in April 2019. The AC hereby confirms and agrees with the Board’s comments on the adequacy and effectiveness of the Group’s risk management system for FY2019. Concurrently, the AC wishes to highlight that it has proposed the following implementations, elaborated below, to the Board to further strengthen the system.

1. To approve a matrix on payments in subsidiaries; obtaining two signatories together with AC to sight documents before payment release;
2. To obtain bank tokens for the Board to check on the Company and its subsidiaries bank balances on a daily basis.; and
3. To arrange site visits to the subsidiaries on a quarterly basis.

QUERY 3

On Pg 135 of the Annual Report 2019, the Board had answered “NO” to the question (j) whether Leow Yong Kin has ever been concerned with the management of conduct.. of any entity.. which has been investigated for a breach of any law or regulatory requirement...”. Please confirm whether this remains true in light of Leow Yong Kin’s role as Director of Foreland Fabritech Holdings Limited. Please substantiate with full details and explain the Board’s basis for indicating “NO”.

RESPONSE:

In consideration of the sequence of events stated below, the Board wishes to explain that it has indicated “NO” on that basis:

Leow Yong Kin (“**Mr. Leow**”) joined Foreland Fabritech Holdings Limited (“**Foreland**”) on 05 June 2014.

Prior to Mr. Leow’s joining in Foreland, Mr. Leow was told by Foreland that it was already considering the appointment of professionals to conduct an agreed upon procedures in relation to certain customer compensation claim issue (the “**Issue**”). Subsequently, it was decided by the relevant authority that a Special Audit was to be performed instead.

Mr. Leow, an Independent Director then, requested Foreland’s management to appoint one of the Big Four audit firms to perform the task. However, it was rejected by the CEO then. In view of the differences, Mr. Leow tendered his resignation and his last day of service with Foreland was 04 November 2014.

Not only Mr. Leow was not an officer of Foreland when the Issue took place, he had also resigned prior to the commencement of Special Audit on the Issue. Following his resignation, Mr. Leow did not keep tabs on the subsequent events of Foreland including the outcome of the Special Audit.

It was based on the above facts, the Board concluded that Mr. Leow has never been concerned in all ways stated in page 135 of the Company’s Annual Report 2019 under item (j) of Disclosure of Information on Directors seeking Re-Election.

By Order of the Board

Choo Han Kiat, Eric

Executive Director and Chief Executive Officer

31 October 2019