RAFFLES UNITED HOLDINGS LTD

(Company Registration No.: 197302030N)

(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES

In response to the queries raised by the Singapore Exchange Limited ("SGX") in its e-mail dated 8 August 2018 in connection with the Company's announcement dated 1 August 2018 entitled "*Financial Statements and Related Announcement: Half Yearly Results*", we wish to reply as follows:

SGX's Queries:

We note that the Company has stated in Note 4 of its consolidated statement of profit or loss that "[provisions] *for trade doubtful debts was made upon internal assessment of the Group's outstanding trade receivables*".

Please provide:-

(i) the bases for the provision for the "trade doubtful debts" and if these relate to material contracts that are still on-going or the Company is continuing to trade with these customers;
(ii) a breakdown of the aging of these "trade doubtful debts";
(iii) the credit period granted for trade receivables; and
(iv) the Audit Committee's assessment of the adequacy of the provisions for "trade doubtful debts".

Company's Response:

(i) The provision for the "trade doubtful debts" is based on:
   a. Evaluation by the Company based on the aging analysis of the trade receivables prepared monthly; and
   b. The Company's knowledge and assessment of the specific credit customers by taking into consideration factors such as the profile and creditworthiness of the customer

   The "trade doubtful debts" do not relate to on-going material contracts of the Group. For those customers whereby trade doubtful debts had been provided for,
   - Where the Group assesses that there is a high possibility of such debts being uncollectible, the Group would cease trading with them except on cash terms;
   - Where the Group assesses that the customers may likely continue to pay their debts due to repayment plans or regular payments being received in the past, the Group may continue to trade with them but would follow up closely on debt collections.

(ii) The aging analysis of these "trade doubtful debts" is as follows:

Age of trade doubtful debts from invoice date	**30 June 2018 $'000**
<120 days	25
121 to 150 days	1
180 to 210 days	34
> 210 days	166
TOTAL	**226**

(iii) The credit period granted for these trade receivables range from 30 to 120 days.

(iv) The Audit Committee has assessed that provisions for "trade doubtful debts" are adequate based on management's analysis of the aged trade receivables and explanations provided by management and that the basis for provision for trade doubtful debts was consistent with the prior year's audited accounts.

BY ORDER OF THE BOARD

Tan Saik Hock
Chairman
14 August 2018