

RAFFLES UNITED HOLDINGS LTD
(Company Registration No.: 197302030N)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERY

In response to the query raised by the Singapore Exchange Limited ("SGX") in its e-mail dated 16 August 2019 in connection with the Company's announcement dated 14 August 2019 entitled "*Financial Statements and Related Announcement: Half Yearly Results*", we wish to reply as follows:

SGX Query:

Paragraph 12 of Appendix 7.2 of the Listing Manual provides that if no dividend has been declared, a statement to that effect and the reason(s) for the decision should be provided. Please provide the reason(s) not to declare / recommend any dividend.

Company's Response:

We refer to our previous announcements on the recent rights issue. The Company had undertaken a rights issue in May 2019 to enable the Group to reduce its bank borrowings, finance its working capital requirements and strengthen the balance sheet of the Group. The Company required sufficient standby funds from the Rights Issue to ensure stable sustainable operating conditions for the Group, in the event of any possible negative actions from existing financing banks of the Group. Although the Company is currently a going concern, the bankers and other stakeholders of the Company may be adversely concerned with the fact that (i) the Company had been included in the SGX-ST Watch-list under the minimum trading price entry criteria ("Watch-list"); and (ii) investigations on the Company by the Commercial Affairs Department ("CAD") were still ongoing. The existing financing banks of the Group had previously expressed their concern over the two issues of the ongoing CAD investigations and the inclusion of the Company in the Watch-list in spite of the Company's overall financial health. As at 29 May 2019, the net proceeds raised from the Rights Issue had been fully utilised for the repayment of bank borrowings.

Having considered the current circumstances of the Company and in anticipation of the uncertain global economy, the Group is keenly aware of the need to be prudent and conserve its resources in order to achieve long term capital growth. Keeping in mind the Group's best interest, it has thus not declared any dividend for the half year ended 30 June 2019.

BY ORDER OF THE BOARD

Teh Geok Koon
Director
20 August 2019