

RESPONSE TO SGX QUERIES

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 Company’s Annual Report announced on 15 October 2020.

QUERY 1

LR1207(20) provides that the issuer must disclose in its annual report, "a status report on the use of IPO proceeds and any proceeds arising from any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use and is in accordance with the percentage allocated in the prospectus or the announcement of the issuer. Where the proceeds are used for general working capital purposes, the issuer must announce a breakdown with specific details on the use of proceeds for working capital." Please disclose accordingly.

RESPONSE

With reference to the Company’s disclosure made on 07 September 2020 titled ‘Response to SGX Queries’ under Query no. 7., the Company wishes to reiterate that the utilisation of the IPO proceeds cannot be determined from the outcome of the special audit that was completed and disclosed on 13 August 2019. As a result, the Company has not been able to provide further meaningful update on the usage of IPO proceeds.

On the Use of Placement proceeds as of FYE 30 June 2020, it was disclosed on page 40 of the Company’s Annual Report 2020.

	Amount allocated S\$’000	Amount Utilised S\$’000	Balance S\$’000
Use of IPO Proceeds			
to construct new facilities and acquire new machinery	14,000	13,231	769
to expand Research & Development facilities	1,000	1,000	-
Working capital purposes	2,182	2,182	-
	17,182	16,413	769
Use of Placement Proceeds			
Project Investment	22,900	6,980	15,920
Working capital purposes*	7,000	3,663	3,337
	29,900	10,643	19,257
	47,082	27,056	20,026

*The amount utilised for Working Capital Purposes from the Placement proceeds is broken down as follow:

- Payroll and Staff related expenses (incl. Directors Fees) – S\$1.6 million
- Operating Expenses (incl. Rental, Stationery, Entertainments, Travelling) – S\$0.6million
- Professional Fees (incl. Legal, Audit, Corporate Secretary Services etc) S\$1.5 million

QUERY 2

LR 1207(10) provides that "The board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps taken to address them." Please disclose accordingly.

QUERY 3

Qn 3. LR 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please also provide information on whether the head of the internal audit function team has the relevant experience and qualifications. Where the internal audit function is outsourced, please provide information on the relevant experience of accounting firm and the engagement team.

RESPONSE (collective for Query 2 & 3)

With reference to pages 36 and 37 of the Company's Annual Report 2020, the relevant information is extracted below, followed by the Audit Committee (the "AC")'s view with regard to the internal audit function.

"The internal audit was conducted by the AC for FY2020.

The AC identified areas of risk and evaluated the efficiency and effectiveness of internal controls.

Their review consists of the following phases:

- *Systems documentation, walk-through and gap analysis;*
- *Detailed testing and validation; and*
- *Reporting.*

The Board reviews and approves the internal audit plan. Implementation of internal audit recommendation is further reviewed by the AC based on dates agreed with the Management. The AC have unfettered access to the Company's documents, records, properties and personnel.

The AC also reviews, at least annually, the adequacy and effectiveness of the internal audit function including the qualifications and experience of the internal audit staff assigned to perform the reviews.

The Board is of the view that the present level of internal control is appropriate and will continue to review such internal control systems at least on an annual basis.

Based on the work performed by the external auditors and the Board, with the concurrence of AC, is of the opinion that, the system of Internal Controls maintained by the Group's Management throughout the financial year ended 30 June 2020 is adequate and effective to address the financial, operational, compliance and information technology risks within the Group's business operations.

The Board notes that any system of Internal Controls can only provide reasonable, but not absolute, assurance that the Group would not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. Therefore, the Board recognizes the limitations that are inherent in any system as this control system is designed to manage rather than eliminate risk of failure to achieve corporate objectives. The Board is also of the view that given the above limitations to internal controls system, there is no absolute assurance against occurrence of material errors, poor judgement in decision making, human error, fraud or other irregularities.

In overall internal control assessment for FY2020, the AC and the Board noted that no material control deficiencies were identified.”

The AC comprises 3 members, namely Mr. Toh Hai Joo, Mr. Toh Tiong San, and Mr. Leow Yong Kin as the Chairman, in FY 2020.

Mr. Toh Hai Joo has extensive experience in financial control and management, group financial operations and corporate governance as well as accounting, audit, and corporate taxation. He had several years of erstwhile experience in these areas for listed companies, multinational companies in the capacity of Director as well as Financial Controller.

Mr Toh Tiong San has more than 20 years of experience in private equity, fund management and corporate finance. He was responsible for deal origination, due diligence, deal structuring, valuation, financial modelling, investment monitoring and divestments. He was also involved in merger and acquisition activities, financial engineering and securitisation.

Mr Leow has more than two decades of experience in the field of finance and accounting. He was Chief Financial Officer of a listed company between July 2014 and March 2017. Currently, Mr. Leow is Director of a company providing accounting, human resource management and payroll solutions and another in the mining and quarrying industry.

In conclusion, the AC, which comprises entirely of independent directors, believes that they have appropriate standing to perform their functions effectively and the internal audit function is adequately resourced.

Listing Rule 1207(10C) has been complied with.

By Order of the Board

Eric Choo Han Kiat

Executive Director and Chief Executive Officer

2 November 2020