

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Raffles Infrastructure Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 4 to the financial statements, with respect to the Group's current and planned funding arrangements to fulfil a sales contract and to complete its performance obligations. The said contract is the main income source of the Group at the present moment. Our opinion is not modified in respect of this matter.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>i) <i>Revenue (refer to Note 4 to the financial statements relating to the revenue from infrastructure projects)</i></p> <p>ii) <i>Discounting of non-current trade receivables (refer to Note 3.2(iv) to the financial statements)</i></p> <p>The principal activity of the key operating subsidiary of the Group, Bo Dao Road Construction Co. Ltd ("Bo Dao") is the provision of infrastructure and construction projects. Bo Dao has entered into a public-private partnership ("PPP") agreement/contract with a government authority in the People's Republic of China ("PRC") in relation to road constructions in the PRC. Up to now, the Group has only one contract comprising 26 projects. Under the terms of the contract, the completed sections of the road ("projects") are required to undergo quality checks by the contracted parties before the single performance obligation of each project is deemed to be satisfied.</p> <p>Upon completion of the satisfied performance obligation of each project, Bo Dao will be paid by the abovementioned government authority in the PRC on a straight-line method over a 10 years period. In the current financial year ended 30 June 2021, Bo Dao had undiscounted revenue of RMB 23,888,000 from 1 project upon satisfying the identified single performance obligation.</p> <p>As there is a significant financing component, in determining the transaction price, Bo Dao had adjusted the above agreed amount of consideration of RMB 23,888,000 for the effects of the time value of money. The carrying amount of non-current trade receivables as at initial recognition had been reduced accordingly by the same amount.</p>	<p>We reviewed the application of the Group's revenue recognition policy and challenged management's assessment on whether the accounting treatment complies with SFRS(I) 15. In particular, we challenged management's assumptions on the identification of a single performance obligation for each project and on whether the revenue is recognised at a point in time or over time.</p> <p>We tested on a full basis whether valid contractual agreements or other documentation were in place to support the terms of the contract as represented by management.</p> <p>We also performed checking on whether the applicable terms of the contract had been followed, including but not limited to performing re-computation of revenue according to proper contract terms. We considered external evidence, especially the interim payment certificates stamped and verified by all independent parties to ascertain whether the single performance obligation relating to the only project completed during the current financial year had been satisfied and that the revenue has been recognised appropriately in the current financial year.</p> <p>We challenged the appropriateness of management's use of the prevailing China Government Bond rate as the discount rate to determine the amount of the significant financing component and the corresponding fair value of the non-current trade receivables at initial recognition.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How the matter was addressed in the audit
<p>Revenue recognition (cont'd)</p> <p>The amount of the significant financing component amounted to RMB 2,207,000 for the current financial year ended 30 June 2021. Accordingly, the revenue recognised for the current financial year ended 30 June 2021 was RMB 21,681,000.</p> <p>Management had used the prevailing 1, 2, 3, 5, 7 and 10-years' China Government Bond Yield rate as the discount rate to determine the amount of the significant financing component and the corresponding fair value of the non-current trade receivables at initial recognition, as this is the normal rate at which other entities would provide secured or unsecured lending to the debtor.</p>	

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information listed below that is included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

- Corporate Profile;
- Letter to Shareholders;
- Business Review;
- Board of Directors;
- Key Management;
- Group Financial Highlights;
- Corporate Information;
- Sustainability Report;
- Corporate Governance Report;
- Directors' Statement;
- Statistics of Shareholdings;
- Notice of Annual General Meeting; and
- Disclosure of Information on Directors Seeking Re-Election

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

Report on the Audit of the Financial Statements (Cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities including overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF RAFFLES INFRASTRUCTURE HOLDINGS LIMITED
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ravinthran Arumugam.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
Date: 12 October 2021