

RESPONSE TO QUERIES FROM SGX-ST

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 (the “**SGX-ST**”) in respect of the Company’s response to SGX-ST’s queries on full year result announcement for period ended 30 June 2020 (“**FY 2020**”) filed on 07 September 2020.

QUERY 1

In your response to SGX Query 1 on what were the reason(s) for the "nil" other expenses recorded in FY2020, the Company disclosed that the “other expenses of RMB 19.1 million in FY2019 was related to recognition of net assets lost as a result of loss of control of previously owned Fabric Subsidiaries”.... In FY2020 there was no recognition of previously owned Fabric Subsidiaries as Company has deconsolidated the Fabric subsidiaries in FY2019.” Please confirm that the fabric subsidiaries have not been disposed and are still owned by the Company.

RESPONSE:

The Company confirms that the fabric subsidiary has not been disposed, although the financial accounts have been de-consolidated from the Group due to loss of control over the said fabric subsidiary, and is still owned under the Company.

QUERY 2

In relation to the Fabric Subsidiaries, what are the actions being taken by the board to safeguard the interest of the Company and its assets so that “the Company [will be] able to re-establish control over the PRC subsidiaries and/or their assets, the Company will then re-consolidate and/or recognize this value” as disclosed in the Company’s response to SGX Query 2, noting that the Company has sufficient cash to take action to regain control.

RESPONSE:

The company have initiated Special Audit on the Subsidiaries in early 2019 and have submitted the report to relevant authorities for necessary actions. In the Audit Report for FY2019, the company have indicated that the subsidiaries will be deconsolidated from the company’s book because the company is not able to access the subsidiaries account and from the special audit results, the subsidiaries are of no value to the Group.

QUERY 3

In SGX Query 5, the Company was asked to disclose, amongst other things, when was the remaining contract to be fulfilled and the timeline for completion of the Bo Dao construction project. The Company disclosed the following table in response to SGX Query 5:

	RMB mil
Total contract value (approximately)	550.0
Total completed road parcels	422.4
Road parcels under construction (approximately)	87.2
Remaining road parcels	40.4

In particular, the Company disclosed that “...To-date the Company has completed 10 road parcels of RMB422.4 mil and is currently constructing 3 road parcels of approximately RMB87.2 million. Of these 3 road parcels, 1

will be completed by December 2020 and the other 2 by June 2021. Due to the disruption of the COVID-19, the Company is unable to ascertain the timeline and projected completion date at this moment. [emphasis added]”

The Exchange notes public information [link: https://www.caixinglobal.com/2020-07-06/leading-sichuan-coal-miner-pulled-into-bankruptcy-101576107.html?fireglass_rsn=true#:~:text=Sichuan's%20largest%20coal%20miner%20has,industry%20suffers%20from%20prolonged%20overcapacity.&text=While%20those%20smaller%20companies%20have,Sichuan%20Coal%20Industry%20Group%20Ltd.&fireglass_params&tabid=a954d076b4b2080f&start_with_session_counter=3&application_server_address=isolation-sgx1.wss.prod.fire.glass]

that suggests that “Sichuan Coal Industry Group Ltd Liability Co” is facing bankruptcy proceedings by its creditors. As the Company is aware, Sichuan Coal Industry Group Ltd Liability Co is the ultimate controlling parent company of Yi Bin H&B, the Company’s joint venture partner and financier of the Bo Dao road project which is also responsible for constructing the road parcels. Please confirm:

- (a) Whether Sichuan Coal Industry Group Ltd Liability Co” (“**Sichuan Coal**”) is indeed facing bankruptcy proceedings by its creditors;
- (b) Disclose the Board’s assessment of the materiality of this information that Sichuan Coal is facing bankruptcy proceedings as well as the impact of Sichuan Coal’s bankruptcy proceedings on the Company’s cash flow, ability to complete the Bo Dao Project and revenue in the next 12 months;
- (c) Why the Company did not disclose the information on Sichuan Coal’s bankruptcy proceedings under Listing Rule 703, if indeed, this information is factual. To provide basis for the Board’s view. To quantify accordingly.

RESPONSE:

- a) Whether Sichuan Coal Industry Group Ltd Liability Co” (“**Sichuan Coal**”) is indeed facing bankruptcy proceedings by its creditors;

Since having been informed by the SGX Regco, the Company has spoken with its fellow-shareholder and main contractor of Bo Dao Construction Project, Yibin H&B (“**Yibin**”). Yibin confirmed that while it knows Sichuan Coal is facing a court-led bankruptcy re-organisation, there has been no material adverse impact on it directly arising from Sichuan’s reported reorganisation. Yibin has also indicated that other than the fact that it is aware there is a court-led reorganization concerning Sichuan Coal, it does not have much information on these proceedings.

To clarify Yibin is a 7% shareholder of the Company’s subsidiary Bao Dao Construction Co. Ltd, and is the subsidiary of Ding Neng Group. Ding Neng is the subsidiary of Sichuan Coal. Yibin has over the course of the project loaned some money to the project but is not the Company’s financier for the project.

In addition, the Company has also instructed its lawyers in China to find out more about these reported proceedings against Sichuan Coal and if there has been any impact on Yibin. The lawyers have not been able to locate any information as instructed, save that there is pending certain reorganization proceedings in respect of Sichuan Coal, which is corroborated by public information. The China lawyers have also indicated that, in their view, as Sichuan is a state-owned enterprise, the reorganisation will usually be kept at the Sichuan level and would unlikely affect its indirect subsidiaries.

The Company understands from its own search from publicly available sources that in another new story reported by Bloomberg Law on 15 June 2020, it was said that a court in Chengdu had deemed that Sichuan Coal had been

unable to repay debt that matured and lacks repayment ability... but it has restructuring value and feasibility.

Therefore, in terms of Sichuan Coal, the information that is currently available is not definite both as to the type of proceedings and as to the impact it might have on Yibin. What the Company can be more certain about is that it has spoken to the management of Yibin and they have informed the Company that Yibin is not affected.

- b) Disclose the Board's assessment of the materiality of this information that Sichuan Coal is facing bankruptcy proceedings as well as the impact of Sichuan Coal's bankruptcy proceedings on the Company's cash flow, ability to complete the Bo Dao Project and revenue in the next 12 months;

The Board has assessed the information currently available on Sichuan Coal to be potentially material if there is a down-stream impact on Yibin; but as it is not definite and comprises matters of supposition and speculation as to the down-stream possibilities of Sichuan Coal's predicament, the Board has determined that it should not add to speculation since from the ordinary course of operation, nothing adverse has occurred to the project and from queries made to the management of Yibin, they have also confirmed that it's business as usual on their part. In fact, since being informed by the SGX Regco of this news, the Company has noted from publicly available news that Yibin appears to have won a new infrastructure project. Please see

<http://ggzyjy.sc.gov.cn/jyxx/002001/002001008/20200821/788F662D-C87A-4B05-9905-121ED14AE362.html>

The Board is, therefore, of the view that (i) as the information has not been generated by the Company and is information not directly about the Company and its operations, the Company is unable to ascertain what is really happening to Sichuan Coal; and (ii) any announcement relaying a third party source would raise questions and speculation that the Company will not be in a position to respond to in a meaningful way. The Company did not and does not want to cause unnecessary panic amongst its shareholders since the information also comprises matters of supposition and speculation.

As to what the impact is of Sichuan Coal's bankruptcy on the Company's cash flow, the Company does not rely on Sichuan Coal for any funding, nor according to Yibin's management does Yibin rely on funding from Sichuan Coal.

As the Company has informed the SGX Regco, the Company will keep in very close contact with the management of Yibin to ensure that it has advance information of any material development that may be adverse to Yibin, the Company and/or the Company's Bo Dao Construction project.

If there should, subsequently, be any rumour or news that Yibin or the Company's project is in trouble or may be in trouble arising from Sichuan's reorganisation or insolvency proceedings, the Company will address any such rumour or news directly. At the current time, the company has not heard or been informed of any such rumour or news.

- c) Why the Company did not disclose the information on Sichuan Coal's bankruptcy proceedings under Listing Rule 703, if indeed, this information is factual. To provide basis for the Board's view. To quantify accordingly.

As explained above, the information about Sichuan Coal's court-led reorganization is not sufficiently definite and as there has not been any adverse impact on the Company's project nor on Yibin, The Company prefers not to speculate on what the possibilities could be down-stream on the Company's project and/or Yibin. The Board will keep in close contact with the management of Yibin and will make appropriate disclosures to its shareholders via an announcement as and when there is any adverse material information concerning Yibin and/or the Company's

project.

The Board was and is of the view that as the information about Sichuan Coal is not sufficiently definite and comprises matters of supposition and speculation as far as any impact on the Company's project and on Yibin is concerned, it did not want to create a situation where shareholders are unnecessarily "spooked".

By Order of the Board

Eric Choo Han Kiat

Executive Director and Chief Executive Officer

14 September 2020