

RESPONSE TO QUERIES FROM SGX-ST

The Board of Directors (the “**Board**”) of Raffles Infrastructure Holdings Limited (the “**Company**”, together with its subsidiaries, referred to as 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 HY2020 financial statements filed on 14 February 2020 and the Response to SGX Queries dated 25 February 2020.

QUERY 1

SGX-ST refers to the Company’s SGXNet announcement on 14 February 2020 titled “Half Yearly Results” and the subsequent “Response to SGX Queries” on 25 February 2020. SGX-ST noted in the Company’s response that the Company adopted the prudence concept of recording interest income only after receiving the bank confirmation slip.

When did the Company start recognising interest income using this prudence concept and explain why the Company is of the view that this is prudent. Please also disclose which bank is the money deposited in and why is there a risk that interest may not be paid to the Company such that prudence is required for recognising interest income?

RESPONSE:

The Company has its Deposit Account with China Construction Bank. The Company did not accrue for interest income from 25 June to 31 December 2019 as it has not received the confirmation slip. In China, the practice is to record upon receipt of confirmation slip. Moving forward, the Company will recognise the interest income on accrual basis.

QUERY 2

SGX-ST noted that the credit terms given to the client for the payment of the road parcels is based on a progressive payment schedule for every parcel of road accepted and that the Company currently has 1 road parcel under construction and 15 road parcels to be constructed.

Please set out in a tabular format, the following information under the road parcels contract:

- a. The full project milestones with the expected completion date (including those already handed over);

RESPONSE:

	Expected Completion Date								
	May 18	Jul 18	May 19	Jul 19	Aug 19	Dec 19	Apr 20	May 20	Jun 20
No. of road parcels	2	2	1	1	2	2	4	3	9

The above expected completion date was scheduled before the outbreak of COVID-19. Currently Company is still unsure when the construction can be resumed.

- b. The milestone completion date for those completed, and the percentage of completion and current status for those delayed; and

RESPONSE:

	Completion Date					Percentage of completion		
	May 18	Jul 18	Jul 19	Aug 19	Dec 19	0%	50%	100%
No. of road parcels	3	3	0	2	2	15	1	10

The construction shall be at a standstill till further notice from the local government.

- c. The progressive payment schedule including payment milestones, amounts outstanding, amounts paid, and credit terms.

RESPONSE:

RMB million				
Completed Project Amount	Amount outstanding	Amount received		
		Jan 19	Sep 19	Jan 20
274.2	1.8	12.6	5.7	21.2

RMB million								
Payment Schedule (Year)								
2021	2022	2023	2024	2025	2026	2027	2028	2029
27.4	27.4	27.4	27.4	27.4	27.4	27.4	27.4	13.5

The credit term given to the client is based on a progressive payment schedule for every parcel of road accepted. This is payable by the client over a period of 10 years, with an annual payment fixed at 10% of the principal sum of the road parcel, plus an interest of 8.8% per annum of the remaining receivable for the parcel.

QUERY 3

How will the delay impact the Company's ability to meet its obligations under the contract? Will there be liquidated damages payable to the client due to the delays and if yes, how will it be calculated?

RESPONSE:

Currently, the delay has no impact on the Company's ability to meet its obligations under the contract as the company is not responsible for the delay. There is no liquidated damage payable to the client due to delays beyond the control of the Company.

QUERY 4

We noted that an interest of 8.8% per annum on any remaining receivables from the client. Has any such interest been owed to or paid to the Company so far?

RESPONSE:

For the 10 completed road parcels, the total return based on 8.8% per annum amounted to RMB135.2 million. Up to January 2020, Company has received S\$18.4 million. The credit terms for the return is the same as the road parcel i.e. over a period of 10 year.

QUERY 5

We noted that the Company has disclosed the aging of contract assets with no upper band disclosed. Please provide the breakdown of the aging of contract assets in bands of 3 months with all upper band limits disclosed.

RESPONSE:

The breakdown of the aging of contract assets in bands of 3 months are as follows:

	1 - 3 months	4 - 6 months
	RMB million	RMB million
Contract assets	50.3	89.8

By Order of the Board

Eric Choo Han Kiat

Executive Director and Chief Executive Officer

2 March 2020