RAFFLES EDUCATION CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199400712N)
(the "**Company**")

RESPONSE TO SGX REGCO QUERIES DATED 27 OCTOBER 2021

The Board of Directors (the "**Board**") of Raffles Education Corporation Limited ("**Company**") refers to queries raised by SGX RegCo in respect of the Company's announcement dated 26 October 2021 in response to SGX queries ("**Response**").

The Company wishes to respond to the queries as follows:

Question 1) We refer to the Company's responses to SGX queries announced on 26 October 2021 ("Response"). In the Company's Response to question 3, it was disclosed in the table that cash loans extended by Mr Chew Hua Seng in FY2021 amounted to S$9.53 million whilst cash repayments to him amounted to S$6.25 million. This computes to a net increase in cash loans extended by Mr Chew Hua Seng in FY2021 of S$3.28 million.

a) Please reconcile the FY2021 net increase of cash loans extended by Mr Chew in question 3 of S$3.28 million in the Response to the amount in the audited consolidated statement of cash flows relating to the "Loan from/(repayment of loan to) a director, net" of S$4,887,000 in FY2021 disclosed in the Annual Report.

Company's Response

Loan from a director – net			
Mr Chew Hua Seng		Total	
	S$' million	S$' million	
Cash loans from Mr. Chew in SGD	1.20		
Cash loans from Mr. Chew in RMB	8.33		
Sub-total cash loans from Mr Chew		**9.53**	**Note 1**
Cash repayments in SGD	5.84		
Cash repayments in RMB	0.41		
Sub-total cash repayments to Mr Chew		(6.25)	
Net increase in cash loans from Mr Chew		**3.28**	
Accrued profit sharing – Under-provision of S$ 0.1m		1.79	
Sub-total		5.07	
Difference in exchange rate		**(0.18)**	**Note 1**
Loan from a director – net		**4.89**	

Note 1:
There is a difference between Note 33 Significant Related Party Transactions and Consolidated Statement of Cash Flows in Annual Report mainly due to different exchange rate used as shown below:

	Company	Wanbo	Total
	S$' million	S$' million	S$' million
Significant Related Party Transactions - **Above**	1.2	8.33 [(a)]	**9.53**
Consolidated Statement of Cash Flows	1.2	8.15 [(b)]	9.35
Difference in exchange rate - **Above**			**(0.18)**

(a) Based on year end rate as at 30 June 2021
(b) Based on average rate for the financial year ended 30 June 2021

b) Please provide details of which currency(ies) and a breakdown of which entity was involved in the loan(s) extended by the director in the following:

(i) The cash repayments to the director of $6.25 million in FY2021 and $17.03 million in FY2020;

Company's Response

Cash repayments to the director of $ 6.25million in FY2021 –

Cash repayments by	
The Company to Mr Chew Hua Seng	S$ 5.84million
Langfang Tonghui Education Consulting Co., Ltd to Mr Chew Hua Seng of RMB 2.0million	S$ 0.41million
Total	S$ 6.25million

Cash repayments to the director of $ 17.03million in FY2020, the Company repaid S$ 17.03million to to Mr Chew Hua Seng.

(ii) The cash loan extended by director of $7.14 million in FY2020.

Company's Response

Cash loan extended by Mr Chew Hua Seng to the Company was S$ 7.14million in FY2020.

2) We refer to the Response to question 3, in relation to the line item in the movement table of the amount due to a director, "Accrued profit sharing – Underprovision of S$0.1m".

a) Please clarify the nature of the "Underprovision of S$0.1m", how it occurred and to which period does it relate to.

Company's Response

The Company provided/accrued S$ 1.79million as Mr Chew Hua Seng's profit sharing for FY2021.
The actual profit sharing amount for FY2021 was S$ 1.88m of which S$0.09m was not provided/accrued, therefore this is the underprovision.
As this underprovision of S$0.1m (rounded up from S$0.09m) was not material, the Company did not record it in the profit sharing due to Mr Chew.

b) Noting that the Underprovision is only S$0.1m, please clarify the basis for recording an amount of S$1.79 million instead.

Company's Response

Please refer to Company's Response in 2) a) above.

c) Reconcile the amount of S$1.79 million to the remuneration payable to Mr Chew Hua Seng of S$2,893,053 disclosed in the S164A disclosure. Please disclose where the remaining amount of $1.1 million was recorded in the balance sheet.

Company's Response

Mr Chew Hua Seng		
Base salary	S$ 1.01million	Paid so not recorded in the balance sheet
Profit sharing	S$ 1.79million	Recorded in Amount due to a director
Underprovision of profit sharing	S$ 0.09million	Not accounted for as amount is immaterial
Total salary and profit sharing FY2021	S$ 2.89million	S164A disclosure

3) In the Response to question 5, it was disclosed that Mr Liu was paid his salary in his capacity as an employee of the Company from July 2020 to June 2021. Please explain:

a) why Mr Liu was disclosed as a non-executive director when he is an employee of the Company, Raffles Education Corporation Limited;

Company's Response

Mr. Liu was not part of the executive team of the Company, not engaged in the day-to-day management of the Company but nevertheless is involved in the policy making and planning exercises in relation to the Company's independent investments in the PRC and acts as the Chairman and legal representative of Wanbo Institute of Science and Technology, a wholly owned subsidiary of the Company in the PRC.

Mr. Liu is an employee of the Company. Following his secondment to OUCHK, in his day-to-day functions / duties as executive director and CEO of OUCHK, he is not involved in the executive functions of the Company. In these circumstances, when Mr. Liu was appointed as a director of the Company's Board, the Company bona fide considered him to be a non-executive director of the Company.

b) the role, responsibilities and designation of Mr Liu in the Company, Raffles Education Corporation Limited and all the financial periods he was employed and paid by Raffles Education Corporation Limited as an employee of Raffles Education Corporation Limited. To also disclose whether his employment cost was re-charged to the GEM listed Oriental University City Holdings (H.K.) Limited ("OUCHK"). If not, please disclose the basis for the cost borne by Raffles Education Corporation Limited instead of OUCHK.

Company's Response

Mr. Liu is the executive director and CEO of OUCHK, Chairman and legal representative of Wanbo Institute of Science and Technology and is involved in the policy making and planning exercises in relation to the Company's independent investments in the PRC.

OUCHK is 75% owned by the Company. In view that Mr. Liu is seconded from the Company to OUCHK, and is involved in the policy making and planning exercises in relation to the Company's independent investments in the PRC, the Company deems it appropriate that Mr. Liu's employment costs be, in the main, borne by the Company.

c) Under row 22 in the S164 disclosure announced on 15 October 2021 by the Company, it is noted that Mr Liu's remuneration as the CEO of OUCHK of $60,079 was paid by "OTHER Business Units (including Salary and Other Benefits") and not charged to OUCHK. Please clarify which business unit paid his salary of $60,079 and the reason why this was charged to other business units instead of OUCHK.

Company's Response

Mr. Liu's remuneration of $60,079 was paid by Langfang Development Zone Oriental University City Education Consultancy Co., Ltd ("OUCEC"), which is classified as Other Business Unit. OUCEC is a wholly owned subsidiary of OUCHK.

Shareholders are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in respect of their investment, which may be prejudicial to their interests. In the event that shareholders wish to deal in the shares of the Company, they should seek their own professional advice and consult with their own stockbrokers.

BY ORDER OF THE BOARD
Raffles Education Corporation Limited
29 October 2021