

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

RESPONSES TO SGX REGCO QUERIES DATED 20 OCTOBER 2023

The Board of Directors of Raffles Education Limited ("Company") refers to queries raised by SGX RegCo in respect of the Company's Annual Report for Financial Year 2023.

The Company wishes to respond to the queries as follows:

QUESTION 1

It was disclosed in the notice of AGM that detailed information on Mr Ng Kwan Meng and Ms Lim Siew Mun (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited) can be found under "Supplemental Information on Directors Seeking Re-election" and "Board of Directors" in the Company's Annual Report 2023. The "Supplemental Information on Directors Seeking Re-election" is not in the Company's Annual Report 2023. Please disclose the required information under Appendix 7.4.1 for the Directors seeking re-election.

COMPANY RESPONSES:-

The supplemental information on Directors seeking Re-election and the Board of Directors can be found in page 14 to 16 of the Directors profiles and page 45 and page 65 of the Annual Report of the Company. The Company also set out the following information:-

Name of Director	Appointment	Date of Initial Appointment	Last Re-Election
Mr Chew Hua Seng <i>Age: 69 years old</i>	Chairman and Chief Executive Officer Member of Nominating Committee	25 November 1999	30 October 2021
Mdm Lim Siew Mun** <i>Age: 73 years old</i>	Lead Independent and Non-Executive Director Chairman of Independent Committee Member of Audit and Remuneration Committees	1 July 2021	30 October 2021
Mr Lim How Teck <i>Age: 73 years old</i>	Independent and Non-Executive Director Chairman of Audit and Remuneration Committees Member of Nominating Committee	6 March 2018	25 October 2022

Mr Ng Kwan Meng** <i>Age: 66 years old</i>	Independent and Non-Executive Director Chairman of Nominating and Risk Management Committees Member of Audit Committee	25 February 2021	30 October 2021
Mr Joseph He Jun <i>Age: 61 Years old</i>	Non-Independent and Non-Executive Director Member of Remuneration and Risk Management Committees	05 November 2018	25 October 2022
BG Chua Chwee Koh <i>Age: 60 years old</i>	Independent and Non-Executive Director Member of Audit, Risk Management, Independent and Nominating Committees	4 March 2022	25 October 2022

**the Directors that seeking for Re-election to the Board for upcoming Annual General Meeting

QUESTION 2

Listing Rule 710A requires issuers to maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity. The issuer must also describe its board diversity policy in its annual report, with disclosures on specific aspects required. It was only disclosed that the Nominating Committee is satisfied that the current Board composition is an appropriate size and sufficiently diverse.

Please elaborate on whether there is a formal Board diversity policy and how the Nominating Committee had satisfied itself that the Board is sufficiently diverse. In its response, the Company should include the disclosures required under Listing Rule 710A.

COMPANY RESPONSES:-

The Company has in place a board diversity policy that sets out the approach for the Board to set its objectives for achieving diversity in terms of age, gender, skills, experience and other relevant aspects.

Further to the above, the Company has provided an explanation on the Board Diversity and this can be found in page 48 of the Annual Report:-

“The NC recognises the importance of an appropriate balance and diversity of industry knowledge, skills, background, experience, professional qualifications and gender in building an effective Board. To this end, the NC reviews the Board’s collective skills matrix regularly.”

To this effect, the NC had reviewed the Board and was satisfied that the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the Company.

QUESTION 3

Listing Rule 1207(18B) requires an issuer to explain how it has complied with the following:-

- (a) the issuer has designated an independent function to investigate whistleblowing reports made in good faith;
- (b) the issuer ensures that the identity of the whistleblower is kept confidential;
- (c) the issuer discloses its commitment to ensure protection of the whistleblower against detrimental or unfair treatment; and
- (d) the Audit Committee is responsible for oversight and monitoring of whistleblowing.

The aforementioned disclosures were not included in the Company's whistle-blowing policy. Please do so accordingly.

COMPANY RESPONSES:-

The Whistle-Blowing Policy sets out procedures and rules for employees to raise responsibly, in confidence, concerns about possible improprieties in the Group, without fear of undue reprisals. Whistle-blowers may raise potential issues by contacting the Chairman & CEO or Audit Committee Chairman directly.

The Chairman & CEO and Audit Committee Chairman oversees the Whistle-Blowing Policy to ensure that arrangements are in place for independent investigation, by the Company's whistle-blowing function, on matters raised and for appropriate follow up action to be taken. The identity of the whistleblower and person(s) being reported on are kept confidential.

QUESTION 4

Listing Rule 1207(10C) requires the AC to comment on whether the internal audit function is independent, effective and adequately resourced. The AC has only indicated it's satisfaction that Baker Tilly Consultancy (Singapore) Pte Ltd is adequately resourced. Please also provide the AC's comment on their independence and effectiveness.

COMPANY RESPONSES:-

The AC is satisfied with the independence and effectiveness of Baker Tilly Consultancy (Singapore) Pte Ltd.

The Company has stated on page 56 of the Annual Report that -
"Based on the internal controls established and maintained by the Group, work performed by the internal auditors, reviews performed by management and various Board Committees and assurances received from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal control and risk management systems were adequate and effective as at 30 June 2023..."

The Company has stated on page 60 of the Annual Report that –

“Baker Tilly Consultancy (Singapore) Pte Ltd has conducted its internal audits on the Group in accordance with internal audit methodology which is aligned with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit has direct access to AC Chairman and would update AC Chairman regularly. The AC reviews annually the adequacy and effectiveness of the internal audit function.”

The AC is satisfied that the internal audit function is independent, adequate and effective.

QUESTION 5

The Group is in a net current liability position while the Board has opined that the Group is able to continue operating as a going concern. Current borrowings contribute a significant portion of current liabilities. Please provide a breakdown of the S\$176 million current borrowings and elaborate on the Group's repayment plan for the next 12 months.

COMPANY RESPONSES:-

The breakdown of \$176.0 million current borrowings are as follows:

	\$ million
Raffles Assets (Singapore) Pte Ltd (“RA”)	98.6
Oriental University Holdings (H.K) Co. Ltd (“OUCHK”) – separately listed in HKEX	12.8
Tianjin University of Commerce Boustead College	3.4
Raffles Assets (Thailand) Co., Ltd	1.9
Raffles Education Limited	27.9
Raffles K12 Sdn Bhd	16.9
Raffles Iskandar Sdn Bhd	11.7
Raffles Assets Italy S.R.L.	1.5
4 Vallees Pte Ltd (“4VPL”)	1.1
Raffles Siviez 1750 Pte Ltd	0.2
Total current borrowings	176.0

	\$ million	Remarks
Total current borrowings	176.0	
Less:		
RA	(98.6)	Due in May 2024. Negotiations are on-going with a few parties on the proposed sale of 51 Merchant Road. Alternatively, this mortgage can be refinanced.

OUCHK	(12.8)	OUCHK is generating positive free cashflow and can refinance this mortgage.
Net balance of current borrowings	64.6	

Net balance of current borrowings of \$64.6 million can be financed by:

- a) Cash and bank balances of \$58.5 million which included Pledged Deposits of RMB121.6 million (\$22.8 million) that will be released for the repayment of current borrowings;
- b) Positive cash flow generation from operations;
- c) Collection of the proceeds from the proposed disposal of shares of 4VPL by the Company to OUCHK amounting to \$17.3 million;
- d) Collection of \$9.0million of amounts owing by 4VPL to the Group after the disposal to OUCHK which OUCHK is to pay the amounts owing on behalf of 4VPL;
- e) Drawdown of available credit facilities of \$7.1 million;
- f) The Group's ability to realise certain of its assets through sale or lease of its properties;
- g) The Group is confident that the lenders will continue to give support to the Group;
- h) The Group's ability to refinance its existing borrowings when necessary with other banks; and
- i) The Group's ability to tap funds from its shareholders and capital markets.

QUESTION 6

Listing Rule 704(6) requires any material adjustment to an issuer's full-year results made by auditors to be announced. It is noted in the consolidated cash flow statement that there had been a material increase in the Group's "Unrealised foreign exchange gain, net" of 15.8% from \$19.05 million in its full-year results announced on 25 August 2023 to \$22.07 million in the audited FY2023 Annual Report.

Please provide an explanation as well as indicate the corresponding line item in the consolidated cash flow statement for the significant changes that contributed to this material increase.

COMPANY RESPONSES:-

The unrealised foreign exchange gain, net of \$19.06 million in unaudited full-year results announced on 25 August 2023 has increased to \$22.07 million in the audited FY2023 Annual Report is due to reclassification of \$3.01 million from Effect of

exchange rate changes on cash and cash equivalents to Unrealised foreign exchange gain, net. Illustration as follows:

<u>2023</u>	Unaudited	Audited
	\$'000	\$'000
Unrealised foreign exchange gain, net	(19,055)	(22,069)
Effect of exchange rate changes on cash and cash equivalents	(3,014)	This item has been removed due to the reclassification as explained above.

By Order of the Board
RAFFLES EDUCATION CORPORATION LIMITED

23 October 2023