RAFFLES EDUCATION CORPORATION LIMITED

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

ANNUAL GENERAL MEETING TO BE HELD ON 30 OCTOBER 2021
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

The Board of Directors ("**Board**") of Raffles Education Corporation Limited ("**Company**", together with its subsidiaries, the "**Group**") refers to its notice of annual general meeting ("**AGM**") dated 15 October 2021.

The Board wishes to thank shareholders for taking the time to send their questions ahead of the Company's AGM. The Board wishes to inform shareholders that responses to further substantial and relevant questions submitted by shareholders are set out below.

Proposed Questions on the Resolutions

The Resolution no. 1 deals with Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30.06.2021.

I have gone through REC's Annual Report-2021 wherein it is represented to the shareholders that Board of REC together with its subsidiaries is committed to corporate governance, transparency and accountability. It is further represented that the Board is collectively responsible for the activities of the Group, its strategy and governance, risk management and financial performance.

The details of Directors are given at Page no. 16 to 18 as (i) Mr. Chew Hua Seng; (ii) Mr. Lim How Teck; (iii) Mr. Joseph He Jun; (iv) Mr. Ng Kwan Meng; (v) Mrs. Ng Siew Mun; (vi) Mr. Liu Ying Chun; (vii) Mdm Gan Hui Tin; and (viii) Mr. Teo Cheng Lok John

I note that it is projected to the shareholders that Raffles runs a University in Greater Noida, India. At page no. 126 - Point no. 7 under the heading "NOTES TO THE FINANCIAL STATEMENTS" with sub-heading "Investments in subsidiaries", it is mentioned that REC holds 99.3% shareholding of ERHEL and the principal activities of ERHEL is to provide training programmes and courses in various areas of design and management. It is further stated at Page no. 128 of Annual Report that during the financial year ended 30 June 2020, the Group obtained additional 41.2% equity interest in ERHEL. As a result, the Group's equity interest in ERHEL increased from 58.1% to 99.3%, granting it control of ERHEL.

Further, under the head "Contingent Liabilities" at Pag no. 156, it is stated that "the Company and three of its subsidiaries are involved in two separate arbitrations! legal proceedings relating to commercial transactions." At the end, it is opined by the Directors that no significant actual losses are expected to arise from these contingent liabilities.

On the basis of the above statements and disclosures made to members in the Annual Report, my specific queries to the Board are as under:

1. Why is REC and its Group concealing material information from SGX and shareholders of company? I note that it is not disclosed in the Annual Report-2021 that a criminal case bearing FIR no. 0222/2019 is being registered by Economic Offences Wing, New Delhi (which is equivalent to CAD, Singapore) and there are ongoing investigations against REC and its Directors i.e. Mr. Hua Seng Chew, Mr. Chew Han Wei, Mr. Cheng Lok Teo, Mr. How Tech Lim; Mr. Hui Tin Gan; Mr. Jun He, Mr. John Tham; Ms. Doris Chew; and an Indian official Mr. Saurabh Sharma for committing offence of forgery, fabrication of document and, extortion.

Company's Response

a. The FIR (First Information Report) No. 0222/2019 was registered with the Economic Offences Wing, Delhi Police on 14 November 2019. The investigating agency filed the closure report dated 11 December 2020 with the relevant court and as such not included in the Annual Report – 2021.

b. We are also advised that the Economic Offences Wing of the Delhi Police is a local police station for the territory of Delhi and not a federal agency like the CAD.

Background

c. The criminal case referred to in the question (FIR No. 0222/2019) were malicious and retaliatory proceedings initiated at the behest of the shareholder/querist, Mr. Shantanu Prakash, and Learning Leadership Foundation, of which Mr. Prakash founded, and for which Mr. Prakash was a managing trustee at the material time.

d. In 2008, Raffles and Educomp Solutions Limited and its group of companies (Educomp) became part of a joint-venture for establishing educational institutions in India. Mr. Shantanu Prakash (the shareholder/querist), as the founder/ promoter and Chairman and Managing Director of Educomp and the Indian joint venture partner under the JVA, made representations to Raffles as regards opportunities in India, permissible activities under Indian law and induced Raffles to enter into the JVA.

e. However, Educomp was riddled with financial difficulties (which we have now come to understand are because of serious fraudulent activities by Mr. Prakash for which he is undergoing several criminal investigations in India). Mr. Prakash and his affiliates started to obstruct the functioning of the joint-venture. Their actions resulted in a deadlock in the management of the joint-venture around 2015. Raffles has been forced to initiate various legal proceedings on this account against Educomp, Mr. Prakash, and his affiliates. On 31 March 2017, an Award was granted in Raffles' favour in arbitration proceedings initiated by Raffles under the Rules of the Singapore International Arbitration Centre (SIAC). The SIAC Award held Educomp to be in breach of its obligations. Raffles was awarded a sum of SGD 3.60 million as damages for Educomp's breaches; Educomp was directed to introduce within 30 days an amount of INR 118,322,422 (S$2,131,867.00) equivalent to the additional funding contributed by Raffles into the joint-venture for its operations; to pay interest at 5.33% for the above; and legal costs for the proceedings. The SIAC Award also found Mr. Prakash to be an unreliable witness who *"changed his position on a number of occasions on a number of claims"* and a number of his claims were rejected by the Arbitrator.

f. Educomp has failed to comply with the Award. As a result, Raffles was constrained to initiate proceedings for enforcement of the SIAC Award against Educomp (OMP (EFA) (Comm) 6/2017) before the High Court of Delhi and these proceedings are pending. Mr. Shantanu Prakash and Educomp have been resisting enforcement of the SIAC Award.

g. It is in retaliation to these disputes and Final Award described above, that the criminal case referred to in the question (FIR No. 0222/2019) has been registered at the behest of Mr. Prakash and Learning Leadership Foundation.

h. The questions raised by Mr. Prakash, the defaulting joint-venture partner who has lost in the arbitration proceedings, are motivated, self-serving, and purport to canvas false and untenable factual and legal positions, possibly in an attempt to obstruct the Indian legal proceedings initiated by Raffles. Following Educomp's default, Mr. Shantanu Prakash, as the President of JRRES (a Society that was introduced into the Raffles and Educomp joint-venture), has been obstructing repayments to Raffles under various contracts entered into between Raffles and JRRES. Raffles has been constrained to initiate legal proceedings before the High Court of Delhi and arbitration proceedings for the recovery of these and other sums due and payable by JRRES to Raffles. In the circumstances, it is evident that Mr. Prakash's queries are entirely self-serving and deliberate misrepresentations of facts. It is ironic that on the one hand, Mr. Prakash, a shareholder of REC, refuses to honour a binding arbitral Award issued against Educomp in favour of REC and actively blocks repayment of amounts due and payable to REC, to its detriment, and on the other hand, purports to raise queries purportedly for the purpose of espousing the interest of Raffles' shareholders. Mr. Prakash's conduct is demonstrably not in the interest of REC's shareholders and on the contrary, as set out above, he has been continuously acting in self-interest, against REC's interests.

i. Shantanu Prakash, is the founder and promoter of Educomp Group of Companies, which includes Educomp Solutions Limited ('ESL') and is the Managing Trustee of its associate entity – Learning Leadership Foundation, New Delhi. Shantanu Prakash is of Indian origin but has recently taken Antiguan citizenship, as he is being pursued by various creditors to the tune of over Rs. 2,000 crores (SGD360 million). He is the main accused in various criminal cases filed against ESL by its creditors including the State Bank of India. Mr. Shantanu Prakash has numerous civil and criminal cases pending against him in India. Apart from civil cases, the Company is aware of the following criminal cases pending against Shantanu Prakash:

    i. Criminal Complaint No. 11448/2018 entitled 'Raffles Education Corporation v. Educomp Solutions Limited and Others' pending before the Chief Metropolitan Magistrate, Patiala House Courts, New Delhi for cheating REC to the tune of over INR 110 crores (SGD 19.8 million) ;

    ii. The Indian Central Bureau of Investigation (CBI), a federal agency, has registered FIR No. RCBD1/2020/E/0002 dated 10.02.2021 on the basis of a complaint filed by State Bank of India (with the consent of 12 other creditor banks) alleging the commission of a bank fraud of INR 1955.36 crores (SGD 352 million) by ESL, Shantanu Prakash, Jagdish Prakash and his associates.

    iii. It is understood that the Enforcement Directorate, is undergoing an investigation [ECIR/DLZO-I/04/2020] to trace the proceeds of crime (vide FIR No. RCDB1/2020/E/0002), for which Mr. Shantanu Prakash applied to the Delhi High Court vide WP (CRL) 1845 /2021 [*Shantanu Prakash vs. Enforcement Directorate & Anr]* for quashing therefor, but was denied.

    iv. The CBI has registered another FIR bearing No. RC223/2021/A/0007 dated 29.06.2021 on a complaint filed by State Bank of India (with the consent of 7 other creditor banks) alleging the commission of a bank fraud of INR 806.87 crores (SGD145 million) by Educomp Infrastructure and School Management Limited, Shantanu Prakash, Jagdish Prakash and others.

j. The Company has also learnt that, the Indian Serious Fraud Investigation Office issued a Look-Out Circular against Shantanu Prakash and also rejected a request

made by Shantanu Prakash to lift the same. This would entail Indian authorities being informed when he enters or leaves Indian ports.

k. The multitude of complaints filed by Educomp and its proxies, stem from a failed joint venture between REC and Educomp, India. The failure was on account of the fact that Shantanu Prakash and Educomp were in consistently fraudulent breach of Master Joint Venture Agreement (16.05.2008) and Share Purchase Agreement (12.03.2015). This breach resulted in arbitration proceedings at SIAC, Singapore which terminated in REC securing Award dated 31 March 2017, which is presently being enforced in India against Shantanu Prakash and his companies.

l. Upon enquiries, the Company has learnt that FIR no. 0222/2019 was registered on 14 November 2019 based on a complaint filed by an entity called 'Learning Leadership Foundation.'

m. A similar complaint had been filed in the State of Uttar Pradesh, being FIR 1313/2019 dated 20 July 2019 registered at PS Surajpur, Greater Noida, Uttar Pradesh by Shantanu Prakash. It appears that the same material was being filed by proxies of Shantanu Prakash across Indian jurisdictions to create the impression of multiple prosecutions being launched against REC and its employees.

n. After an investigation that lasted a year, the Company is advised that the police filed a report closing their investigation into FIR and confirmed this fact to the Delhi High Court in August 2021. We have also learnt that the pleadings of Learning Leadership Foundation before the Delhi High Court contain xenophobic references to the senior management of REC with a view to tap into current nationalistic prejudices in India against people of Chinese origin. These complaints against REC are clearly part of a larger smear campaign that dishonestly seeks to cause wrongful loss to REC and its shareholders while causing wrongful gain to a few.

In view of the fact that the proceedings are evidently frivolous and *malafide*, filed in retaliation to the arbitration proceedings, and found to be without substance, they are insubstantial and immaterial for the purposes of disclosure.

2. I further note that it is not disclosed to the members of REC that an Indian Investigation Agency has found and categorically stated in its report which is submitted with Indian courts (Court of the Hon. Additional Chief Metropolitan Magistrate, Tis Hazari) that REC and its directors did not cooperate in the investigations and the documents used by them (to falsely implicate and trigger malicious prosecution against an erstwhile JV partner) are false and not genuine? There are prima facie interim findings of forgery and fabrication against Raffles key officials and directors. When do you propose to disclose the same to the shareholders?

Company's Response

The Company has not been served with any report by any Indian Investigation Agency filed before a Court in the Tis Hazari District Courts, Delhi which contains the assertions made in this question. As such there was nothing to disclose.

3. Is it correct to say that REC board of directors have been put on notice /summoned by any of the law enforcement agencies in India.

Company's Response

The REC Board of Directors has not been served any summons from law enforcement agencies in India.

4. The Annual Report falsely states that only two separate arbitrations/legal proceedings relating to commercial transactions are pending. This information is patently wrong and false. It is not being disclosed to the members that the Directorate of Enforcement, India ("ED") which is a law enforcement agency and economic intelligence agency responsible for enforcing economic laws and fighting economic crime in India is conducting thorough investigations in the affairs of REC's subsidiary i.e., ERHEL and has already summoned directors and representatives of REC and/ or its subsidiaries. ED is investigating the affairs of ERHEL to ascertain foreign exchange violations committed by REC through ERHEL (owned 99.3% by REC).

Company's Response

We understand that Educomp Solutions Limited, and other Educomp group entities, and Mr Shantanu Prakash are subject to investigations by the Enforcement Directorate (ED) pursuant to the complaints of 21 banks who petitioned the Indian Central Bureau of Investigations (CBI) to investigate Mr. Shantanu Prakash, and Educomp for bank fraud of INR 806.87 crores (about S$146 million), and INR 1955.36 crores (about S$ 352 million). ERHEL was asked to provide information to the ED to assist in the investigations. Therefore, at this stage the question of disclosure in the Annual Report for the purposes of contingent liabilities does not arise.

5. The Annual Report and Section 164A Statement is factually incorrect and incomplete. I note that it is falsely stated in the Annual Report that Raffles runs a university in Greater Noida, India. No such university is managed and operated by Raffles. This is a completely false statement. It is not disclosed in the Annual Report that REC through ERHEL had pumped funds to the tune of $25million in a not-for-profit charitable society i.e., Jai Radha Raman Educational Society which is situated at Greater Naida. Did the board authorise this infusion of shareholders' funds into a charitable entity whereby law no profit can be shared with REC. What was the reason for this mysterious transaction which seems to defy every commercial logic?

Company's Response

a. Section 164A Statement has been audited.

b. Operating a university was part of the master joint-venture agreement dated 16 May 2008 and supplementary agreements dated 5 August 2008 and 21 September 2008 between the Company and Educomp Solutions Limited.

ERHEL had provided working capital under a Loan Agreement and subsequent addendums, to JRRES. JRRES engaged MIDL, ERHEL's subsidiary, to construct their campus, under a Project Management and Construction Agreement.

Both ERHEL and MIDL have enforced their claims against JRRES at the Delhi High Court under the respective agreement(s).

The matter has extensively been argued and decided in the Singapore International Arbitration Centre No. 179 of 2015, and ruled against Educomp entities on 31 March 2017, an award which Educomp have to date failed to fulfill.

6. Mr. Chew along with his below mentioned family members became members of JRRES (A charitable not for profit society) to control the college and the land owned by society in contravention of Indian laws. In a blatantly related party transaction, in fact Chew Hua Seng became lifetime chairman and took a right that after his demise his son will become the Chairman of this entity in which REC has invested over $25 million. The list of the current members of the JRRES as on date are:

   a) Chew Hua Seng
   b) Chew's wife, Mrs. Doris Chung Gim Lian;
   c) Chew's sister-in-law, Mrs. Gim Ean Chung;
   d) Chew's brother-in-law, Yam;
   e) Chew's daughter, Ms. Chew Xuan Wei; and
   f) Chew's son, Mr. Chew Han Wei.

   Please explain why $25 million should not be considered as a diversion of REC funds into Chew controlled entity in which he is lifetime chairman. Has the board of Directors of REC approved the appointment of Mr Chew as lifetime chairman and appointment of almost the entire Chew Family to an entity in which over $25 million of REC money is invested.

   It is noted that the Report does not disclose that from the last 6 years, the society, JRRES and the college both are defunct and non-functional hence the entire money towards

Company's Response

a. It is false and dishonest on Mr. Shantanu Prakash's part to suggest that there has been diversion of funds of REC (Raffles) into JRRES or that JRRES is an entity controlled by Mr. Chew. JRRES is part of the joint venture between Raffles and Educomp.

b. Mr. Shantanu Prakash is the President and lifetime member of JRRES. As per JRRES' rules and regulations, administrative decisions of JRRES are to be jointly made by both its President and Chairman. At present, due to Mr. Prakash's deliberate actions to obstruct activities of JRRES, there is a deadlock in its management and proceedings are pending before the High Court of Delhi in this regard.

c. It is pertinent to note that since April 2014, JRRES has 16 members, 8 of whom are nominated by Raffles and 8 by Educomp. Apart from Mr. Prakash, his father, Mr Jagdish Prakash is, and daughter Priya Prakash was members of JRRES. Insofar as Raffles' nominees are concerned, they have no financial or personal interest in JRRES. They do not stand to financially (or in any other manner) gain from their membership in JRRES.

d. In view of the above membership of JRRES and its rules and regulations, there is no question of control of JRRES by Mr. Chew or Raffles. There is also no contravention of Indian law as has been decided by the Final Award in the SIAC arbitration proceedings.

e. Further, no funds have been unlawfully diverted from REC into JRRES. Loans have been extended by ERHEL and services rendered by MIDL to JRRES for the operations and development of the JRRES college. REC (through ERHEL and MIDL) has filed various legal proceedings to recover the same from JRRES.

Other Questions

7. Please clarify the breakdown of Amount owing to Director as at year end.

Company's response

Amount due to a director	**Group**	
Mr Chew Hua Seng	**FY21**	**Remarks**
	S$' million	
Balance as at beginning of financial year	5.84	
Cash loans in SGD and RMB	9.53	To the Company and certain PRC subsidiaries
Accrued profit sharing - Underprovision of S$ 0.1m	1.79	
Cash repayments in SGD and RMB	(6.25)	By the Company and a PRC subsidiary
Foreign currency translation movement	0.02	
Balance as at end of financial year	10.93	

Amount owing to Mr Chew is interest free.

8. What and how is the wages for Mr Chew's 2 sons computed in terms of basic salary and other remunerations in the full year? What are their designations and roles in the respective subsidiaries?

Company's response

Relationship		Eldest Son	Second Son
Name	:	Chew Han Wei	Chew Han Qiang
Designation	:	Vice-President (India & Europe)	Vice-President (Thailand & Suzhou)
Remuneration	:	100% attributable to salary	100% attributable to salary

9. Kindly clarify Italy's presence for REC and the number of staff there, if possible.

Company's response

The Company has a college in Milan, known as Raffles Milano Moda e Design. There are currently a total of 7 employees.

10. RAFFLES EDUCATION SHARE PRICES FLUCTUATES VERY MUCH. Can the current directors do something so as the price may not fluctuate so much in future trading? For long investors all lost so much. Please have some consideration for minority shareholders.

Company's response

Share price fluctuation is usually a function of market forces. It is unfortunate the recent events cause much fluctuation to the share price even though the Company has done its best to clarify its position.

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 investments 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