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

CLARIFICATIONS ON 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:

(1) its notice of annual general meeting ("**AGM**") dated 15 October 2021; and

(2) its announcement on 27 October 2021 ("**27 October Announcement**") setting out the Company's responses to substantial and relevant questions submitted by shareholders ahead of the AGM.

All capitalised terms used but not defined shall have the meanings ascribed to them in the 27 October Announcement.

CLARIFICATION

In the 27 October Announcement, the Company's responses in paragraphs 14, 16 and 22 referred to the in-principle approval received from the SGX.

The Board wishes to clarify as follows:

(1) the SGX's approval in principle relates solely to the application by the Company for the listing and quotation of the new ordinary shares to be issued under the Performance Share Plan ("**New Shares**"). In particular, in response to question 16, the Company had said that "*The remuneration committee, audit committee and board have given due consideration to the rationale and this Plan has been approved in line with existing guidelines and corporate governance objectives, and has been approved in principle by SGX.*" This should not be construed as the SGX having approved the matters in paragraph 5.2 of the circular. **Please note that the SGX's in-principle approval is not to be taken as an indication of the merits of the Performance Share Plan, the New Shares and/or the Group.**

(2) as stated above, the Company's earlier responses in the 27 October Announcement should not be construed in any way to suggest that the SGX's in-principle approval is an endorsement on the merits of the Performance Share Plan or in relation to the participation of NEDs in the scheme . The participation of the IDs in scheme is at the discretion of the Committee. Awards under the Plan remains solely the responsibility of the Company with such decision to be made by the Committee. The Committee will have to take into account the disclosure on page 14 of the circular that "The Directors are of the view that the participation by the independent non-executive directors in the Plan will not affect the independence of such independent non-executive directors. While the independent non-executive Directors will be granted Award(s)

under the Plan, it is contemplated that the number of Shares subject to such Award(s) will not be significant, and notwithstanding any grant of Awards to them, such grants of Awards will not affect their independence.

The Company wish to clarify and supplement its responses to the relevant parts of the questions in paragraphs 14, 16 and 22 (reproduced below) in the manner set out below.

A. Paragraph 14 of the 27 October Announcement

The Company is seeking shareholders' approval for a Performance Share Plan at the AGM. On page 14 of the Circular, it said that the Plan will be extended to non-executive directors (including independent directors). We disagree with the Company's assertion that the award of performance shares to independent directors will not compromise their independence. While independent directors are expected to provide oversight and advice to help the Company perform well financially, they should be remunerated differently from management to ensure that they also discharge their responsibilities relating to promoting proper risk management, accountability and transparency. Further, performance shares include many discretionary elements such as number of shares to be granted, performance conditions and vesting periods, which are under the responsibility of the remuneration committee or other committee of independent directors administering the plan. There is therefore a significant conflict of interest when independent directors determine key parameters of these plans when they are recipients of performance shares.

Company's Updated Response

The Directors are of the view that the participation by the independent non-executive directors in the Plan will not affect the independence of such independent non-executive directors. While the independent non-executive Directors will be granted award(s) under the Performance Share Plan, it is contemplated that the number of shares subject to such award(s) will not be significant, and notwithstanding any grant of Awards to them, such grants of Awards will not affect their independence.

As disclosed in the Circular, the rules of the Performance Share Plan provide that a member of the committee administering the Plan shall not be involved in the deliberations of the committee in respect of any grant of awards to him.

B. Paragraph 16 of the 27 October Announcement

Please explain how the remuneration committee, audit committee and board will ensure that theconflicts highlighted above will be mitigated?

Company's Updated Response

Although certain of these non-executive Directors may sit on the Committee, the rules of the Performance Share Plan provide that a member of the Committee shall not be involved in the deliberations of the Committee in respect of any grant of Awards to him. It is contemplated that the number of shares subject to award(s) granted to these non-executive Directors will not be significant.

The Remuneration Committee, Audit Committee and the Board have given due consideration to the Plan and the Plan has been approved in line with the relevant terms of reference.

C. Paragraph 22 of the 27 October Announcement

Also, can they assure not to participate in incentive schemes that would be a conflict of interest to their role?

Company's Updated Response

The Directors are of the view that the participation by the independent non-executive directors in the Plan will not affect the independence of such independent non-executive directors. While the independent non-executive Directors will be granted award(s) under the Performance Share Plan, it is contemplated that the number of shares subject to such award(s) will not be significant, and notwithstanding any grant of Awards to them, such grants of Awards will not affect their independence.

In addition to the above, Rule 12.1 of the Plan also states that the Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Award(s) granted or to be granted to him.

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
28 October 2021