RafflesEducation

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in Singapore)
Company Registration No. 199400712N

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Raffles Education Corporation Limited (the "Company") will be held on 31 October 2019 at 9.00 a.m. in Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2019 together with the Independent Auditor's Report thereon. **[Resolution 1]**

2. To re-elect the following Directors retiring pursuant to the Company's Constitution:-

   (a) Mr Teo Cheng Lok John {retiring pursuant to Article 91} **[Resolution 2]**
   (b) Mr He Jun {retiring pursuant to Article 97} **[Resolution 3]**

   Notes:

   Mr Teo Cheng Lok John is an Independent Director. Upon re-election, he will continue to serve as the Chairman of the Remuneration and Risk Management Committees and a member of the Audit Committee.

   Mr He Jun is a Non-Independent Director. Upon re-election, he will continue in the capacity as a Director of the Company.

   Please refer to section on "Board of Directors" in the Annual Report for key information on Mr Teo Cheng Lok John and Mr He Jun.

3. To approve the proposed Directors' fees of S$241,670/- for the financial year ended 30 June 2019. [2018: S$244,110/-] **[Resolution 4]**

4. To re-appoint Messrs BDO LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **[Resolution 5]**

5. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without any modifications:-

6. Authority to allot and issue shares up to fifty per cent (50%) of issued share capital.

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited of SGX-ST (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue and allot new shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/ or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force.

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings* in each class) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) (as calculated in accordance with sub-paragraph (ii) below);

(ii) subject to such other manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(A) any new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(B) any subsequent bonus issue, consolidation or sub-division of Shares;

*"Subsidiary holdings" shall refer to the Company held by any subsidiary of the Company in accordance with the provision of the Companies Act.

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and

(iv) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)] **[Resolution 6]**

7. Authority for Directors to grant options, and to allot and issue shares pursuant to the Raffles Education Corporation Employees' Share Option Scheme (Year 2011).

THAT the Directors of the Company be and are hereby authorised to:

(a) offer and grant options to non-executive directors and employees who are eligible to participate in the Raffles Education Corporation Employees' Share Option Scheme (Year 2011) (the "Scheme") in accordance with the Scheme; and

(b) allot and issue from time to time such number of fully paid shares in the capital of the Company as may be required to be issued pursuant to exercise of such options in accordance with the terms and conditions of the Scheme,

provided always that the aggregate number of shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class) from time to time and subject to such lower limits as the terms of the Scheme may impose.

[See Explanatory Note (ii)] **[Resolution 7]**

8. Renewal of the Share Purchase Mandate

THAT

(a) for the purposes of the Companies Act as may be amended or modified from time to time, the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each an "**On-Market Purchase**") on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may, for the time being, be listed and quoted; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST or any other stock exchange in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earlier.

(c) In this Resolution:

"**Maximum Limit**" means that number of shares representing ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class) as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of shares shall be taken to be the number of the shares as altered (excluding any treasury shares that may be held by the Company from time to time and subsidiary holdings in each class);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(A) in the case of an On-Market Purchase, 105 per cent (105%) of the Average Closing Price (as hereinafter defined); and

(B) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent (120%) of the Average Closing Price,

where:

(1) "**Average Closing Price**" means the average of the closing market price of a Share over the last five (5) Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rule of the SGX-ST, for any corporate action that occurs after the relevant five (5) Market Days;

(2) "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase; and

(3) "**Subsidiary holdings**" shall refer to Shares of the Company held by any subsidiary of the Company in accordance with the provision of the Companies Act.

(C) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iii)] **[Resolution 8]**

BY ORDER OF THE BOARD

Keloth Raj Kumar (Mr)
Company Secretary

15 October 2019

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) The proposed **Resolution 6**, if passed, will empower the Directors of the Company from the date of the passing of the Resolution to the earlier of the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, to allot and issue shares and to grant instruments (such as warrants, debentures or other securities) convertible into shares, and to issue shares in pursuance of such instruments, unless such authority is earlier revoked or varied by the shareholders of the Company at a general meeting.

The aggregate number of shares which the Directors may issue (including shares to be issued pursuant to convertibles) under this Resolution shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class). For issue of shares other than on a pro rata basis, the aggregate number of shares to be issued (including shares to be issued pursuant to convertibles) shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class).

(ii) The proposed **Resolution 7**, if passed, will empower the Directors of the Company from the date of the passing of the Resolution until the earlier of the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, to grant options to eligible non-executive directors and employees of the Company under the Scheme, and to allot and issue shares from time to time pursuant to the exercise of the options under the Scheme, provided always that the aggregate number of shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class) from time to time and subject to such lower limits as the terms of the Scheme may impose, unless such authority is earlier revoked or varied by the shareholders of the Company at a general meeting.

(iii) The proposed **Resolution 8**, if passed, will empower the Directors of the Company from the date of the passing of the Resolution until the earlier of the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, to purchase or otherwise acquire, by way of On-Market Purchases or Off-Market Purchases, up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class) as at the date of passing of the Resolution on the terms of the Share Purchase Mandate as set out in the letter to shareholders dated 15 October 2019 accompanying this Notice of Annual General Meeting (the "**Letter**"), unless such authority is earlier revoked or varied by the shareholders of the Company at a general meeting.

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of the shares pursuant to the Share Purchase Mandate. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of Annual General Meeting as these will depend on, inter alia, the aggregate number of shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the shares purchased or acquired are cancelled or held as treasury shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition of 66,054,577 shares, at a purchase price equivalent to the Maximum Price per share, in the case of an On-Market Purchase and an Off-Market Purchase respectively, based on the audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2019 and certain assumptions, are set out in paragraph 2.8 of the Letter.

Notes:

(1) A member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than two proxies to attend and vote on his behalf. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

(2) A member who is not a Relevant Intermediary* is entitled to appoint not more than two proxies to attend and vote at AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(3) A member who is a Relevant Intermediary* is entitled to appoint more than two proxies to attend and vote at AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

*A **Relevant Intermediary** is either:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(4) The instrument appointing a proxy must be signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

(5) If a proxy is to be appointed, the duly executed instrument appointing a proxy must be duly deposited at the registered office of the Company at **51 Merchant Road, Raffles Education Square, Singapore 058283** not later than 48 hours before the time appointed for the holding of the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

LETTER DATED 15 OCTOBER 2019

THIS LETTER TO SHAREHOLDERS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This letter to shareholders is circulated to the shareholders of Raffles Education Corporation Limited together with the Annual Report 2019 (as defined herein). Its purpose is to provide the shareholders of the Company with information relating to, and to explain the rationale for, the proposed renewal of the Share Purchase Mandate (as defined herein), to be tabled at the annual general meeting of the Company to be held on 31 October 2019 at 9.00 a.m. in Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031.

The Ordinary Resolution (as defined herein) proposed to be passed in respect of the proposed renewal of the Share Purchase Mandate, is set out in the Notice of AGM (as defined herein).

If you are in any doubt in relation to this letter to shareholders of the Company or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all of your ordinary shares in the capital of the Company held through the Central Depository (Pte) Limited, you need not forward this Letter to the purchaser or transferee as arrangements will be made by the Central Depository (Pte) Limited for a separate Letter to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Letter, the Notice of AGM and the attached Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected, for onward transmission to the purchaser or the transferee.

Capitalised terms appearing on the cover of this Letter have the same meanings as defined herein.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy or correctness of any of the statements made, opinions expressed or reports contained in this Letter.

RafflesEducation

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199400712N)

LETTER TO SHAREHOLDERS IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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DEFINITIONS

In this Letter, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"**AGM**"	:	The annual general meeting of the Company to be held on 31 October 2019 at 9.00 a.m. in Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031, notice of which is enclosed with the Annual Report 2019
"**Annual Report 2019**"	:	The annual report of the Company for the financial year ended 30 June 2019
"**Average Closing Price**"	:	Has the meaning ascribed to it in section 2.3.4 of this Letter
"**Board**"	:	The board of Directors of the Company for the time being
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEO**"	:	The Chief Executive Officer of the Company for the time being
"**Companies Act**"	:	The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
"**Letter**"	:	This letter to Shareholders dated 15 October 2019
"**Company**"	:	Raffles Education Corporation Limited
"**Constitution**"	:	The constitution of the Company, as may be amended, modified or supplemented from time to time
"**concert parties**"	:	Has the meaning ascribed to it in section 2.9.2 of this Letter
"**Controlling Shareholder**"	:	A person who:— (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company

"**day of the making of the offer**"	:	Has the meaning ascribed to it in section 2.3.4 of this Letter
"**Directors**"	:	The directors of the Company for the time being
"**EPS**"	:	Earnings per Share
"**FY2019**"	:	The financial year ended 30 June 2019
"**Group**"	:	The Company, together with its Subsidiaries
"**Latest Practicable Date**"	:	11 October 2019, being the latest practicable date prior to the printing of this Letter
"**Letter**"	:	This letter to Shareholders dated 15 October 2019
"**Listing Manual**"	:	The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Maximum Price**"	:	Has the meaning ascribed to it in section 2.3.4 of this Letter
"**NAV**"	:	Net asset value
"**Notice of AGM**"	:	The notice of the AGM, as enclosed with the Annual Report 2019
"**Off-Market Purchase**"	:	Off-market purchases (effected otherwise than on the SGX-ST or any other stock exchange) effected pursuant to an equal access scheme as defined in Section 76C of the Companies Act, as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual in accordance with Section 76C of the Companies Act
"**On-Market Purchase**"	:	On-market purchases, transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may, for the time being, be listed and quoted, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose, in accordance with Section 76E of the Companies Act
"**Ordinary Resolution**"	:	The ordinary resolution for the renewal of the Share Purchase Mandate

"**Proxy Form**"	:	The proxy form in respect of the AGM as enclosed with the Notice of AGM
"**REC ESOS 2001**"	:	The employee share option scheme of the Company known as "Raffles Education Corp Employees' Share Option Scheme (Year 2001)" which was approved on 28 August 2000
"**REC ESOS 2011**"	:	The employee share option scheme of the Company known as "Raffles Education Corporation Employees' Share Option Scheme (Year 2011)" which was approved on 23 March 2011
"**Register**"	:	The register maintained by the Company setting out details of the Shareholders and their respective shareholdings
"**Register of Directors**"	:	The register of Directors of the Company
"**Register of Substantial Shareholders**"	:	The register of Substantial Shareholders of the Company
"**Relevant Period**"	:	The period commencing from the date of the AGM, being the date on which the Ordinary Resolution is passed (if approved by Shareholders), and expiring on the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier
"**Securities Accounts**"	:	The securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
"**SFA**"	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Options**"	:	Options to subscribe for new Shares granted pursuant to the REC ESOS 2001 or the REC ESOS 2011
"**Share Purchase Mandate**"	:	The general and unconditional mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in the Ordinary Resolution, as more particularly described in this Letter, and in accordance with the rules and regulations set forth in the Companies Act and the Listing Manual

"**Shareholders**"	:	Persons who are registered as holders of Shares in the Register of the Company except that where the registered holder is CDP, the term "**Shareholders**" shall mean the Depositors who have Shares credited to their Securities Accounts
"**Shares**"	:	Ordinary shares in the capital of the Company
"**SIC**"	:	The Securities Industry Council of Singapore
"subsidiary holdings"	**:**	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
"**Substantial Shareholder**"	:	A person who has an interest or interests in one (1) or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than 5% of the total votes attached to all the voting Shares (excluding treasury shares) in the Company
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as may be amended, modified or supplemented from time to time

Currencies, units and others

"**S$**" or "**SGD**" and "**cents**"	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
"**%**" or "**per cent.**"	:	Per centum or percentage

The expressions "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the respective meanings ascribed to them in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference to a time of day or date in this Letter is a reference to a time of day or date, as the case may be, in Singapore, unless otherwise stated.

Any reference in this Letter to any statute or enactment is a reference to such statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, the SFA, the Take-over Code or any statutory modification thereof and used in this Letter shall have the meaning assigned to it under the said Companies Act, Listing Manual, SFA, Take-over Code, or any statutory modification thereof, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Take-over Code and the Listing Manual) contained in this Letter are of such laws and regulations (including the Take-over Code and the Listing Manual) as at the Latest Practicable Date.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

Any discrepancies in this Letter between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Letter may not be an arithmetic aggregation of the figures which precede them.

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199400712N)

Directors:

Mr Chew Hua Seng (Chairman and CEO)
Mr Lim How Teck (Lead Independent Non-Executive Director)
Mdm Gan Hui Tin (Independent Non-Executive Director)
Mr Teo Cheng Lok John (Independent Non-Executive Director)
Mr Joseph He Jun (Non-Independent, Non- Executive Director)

Registered Office:

51 Merchant Road,
Raffles Education Square,
Singapore 058283

15 October 2019

To: The Shareholders of the Company

Dear Sir/Madam,

1 INTRODUCTION

The Directors have issued the Notice of AGM convening the AGM. Item 8 appearing under the heading "As Special Business" in the Notice of AGM is the Ordinary Resolution for the renewal of the Share Purchase Mandate.

The purpose of this Letter is to explain the rationale for, and to provide Shareholders with the relevant information relating to and to seek Shareholders' approval for the proposed renewal of the Share Purchase Mandate at the AGM.

Shareholders are advised that the SGX-ST assumes no responsibility for the contents of the Letter, including the accuracy or correctness of any of the statements made, opinions expressed or reports contained in this Letter.

2 THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 The Proposed Renewal of the Share Purchase Mandate

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. It is also a requirement under the Listing Manual that an issuer who wishes to purchase its own shares has to obtain approval of its shareholders to do so at a general meeting of its shareholders. In this regard, the Share Purchase Mandate was first approved at the extraordinary general meeting of the Company held on 5 March 2008 and last renewed at the annual general meeting held on 29 October 2018.

Unless renewed again, the Share Purchase Mandate will expire on the date of the AGM. In this regard, it is proposed that the Share Purchase Mandate be tabled to Shareholders for renewal and approval at the AGM.

2.2 Rationale for the Proposed Renewal of the Share Purchase Mandate

The approval of the renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the 10% limit as described in section 2.3.1 of this Letter, at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

(a) in managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchase may be considered as one of the ways through which the return on equity of the Group may be enhanced;

(b) the Share Purchase Mandate would provide the Company with the flexibility to purchase or acquire Shares if and when circumstances permit during the period when the Share Purchase Mandate is in force. The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash or funds over and above its ordinary capital requirements, if any, which are in excess of the financial and possible investment needs of the Group, to its Shareholders, taking into account its growth and expansion plans. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and dividend policy;

(c) the purchase or acquisition of Shares under the Share Purchase Mandate may help to mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and off-set the effects of short-term share price speculation, supporting the fundamental value of the issued Shares, thereby boosting Shareholders' confidence and employees' morale; and

(d) under the REC ESOS 2011, subject to prevailing legislation, the Constitution and the Listing Manual, the Company has the discretion whether to issue new Shares, deemed fully paid upon issuance and allotment, or transfer existing Shares (whether held as treasury shares or otherwise) to such participants who have exercised their Share Options under the REC ESOS 2011. Shares bought back under the Share Purchase Mandate can therefore be held by the Company as treasury shares to satisfy the Company's obligation to furnish Shares to participants under the REC ESOS 2011, thus giving the Company greater flexibility to select the method of providing Shares to employees most beneficial to the Company and its Shareholders. In the event that the Company, with the approval of Shareholders, introduces another share option scheme or share scheme subsequently, in compliance with prevailing legislation, the Constitution and the Listing Manual, the Company may also utilise such Shares bought back under the Share Purchase Mandate and held by the Company as treasury shares to satisfy the Company's obligation to furnish Shares to participants thereunder.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares by the Company up to the said 10% limit during the duration referred to in section 2.3.2 of this Letter, Shareholders should note that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would be made only as and when the Directors consider

it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not adversely affect the financial condition of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.3 Authority and Limits on the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company under the Share Purchase Mandate.

The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the AGM at which the proposed renewal of the Share Purchase Mandate is approved, unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I confirming the reduction of share capital of the Company, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by the special resolution of the Company or the order of the court, as the case may be.

Any Shares which are held as treasury shares or subsidiary holdings will be disregarded for purposes of computing the 10% limit. As at the Latest Practicable Date, the Company does not have any subsidiary holdings.

For illustrative purposes only, based on the general rule in the foregoing paragraph, on the basis of 1,378,656,672 Shares in issue (excluding treasury shares) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, not more than 137,865,667 Shares (representing 10% of the total number of issued Shares (excluding treasury shares) as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the Relevant Period.

As at the Latest Practicable Date, there are 3,832,639 outstanding Share Options under the REC ESOS 2001 and the REC ESOS 2011, of which Share Options comprising 637,639 Shares are exercisable as at the Latest Practicable Date. In the event that the Company issues 637,639 new Shares prior to the AGM pursuant to the exercise of the exercisable Share Options, the total number of issued Shares (excluding treasury shares) as at the date of the AGM will be 1,379,294,311, and not more than 137,929,431 Shares (representing 10% of the total number of issued Shares (excluding treasury shares) as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the period when the Share Purchase Mandate is in force.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next annual general meeting or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases, transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may, for the time being, be listed and quoted, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose, in accordance with Section 76E of the Companies Act ("**On-Market Purchase**"); and/or

(b) off-market purchases (effected otherwise than on the SGX-ST or any other stock exchange) effected pursuant to an equal access scheme[1] as defined in Section 76C of the Companies Act, as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual in accordance with Section 76C of the Companies Act ("**Off-Market Purchase**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act and the Constitution as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme.

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[1] With effect from 1 July 2015, a selective off-market purchase or acquisition of shares may be undertaken by a Singapore company that is listed on a securities exchange in accordance with the provisions of the Companies Act. However, Rule 882 of the Listing Manual provides that an off-market purchase or acquisition of shares may only be made in accordance with an equal access scheme as defined in the Companies Act.

An Off-Market Purchase must however satisfy all of the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:

(A) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements (if applicable);

(B) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and

(C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase, it must issue an offer document to all Shareholders containing at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed purchase or acquisition of Shares;

(d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;

(f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by a committee of Directors constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Purchase Mandate.

However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares by the Company must not exceed:

(a) in the case of an On-Market Purchase, 105% of the Average Closing Price (as defined below); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the purposes of determining the Maximum Price:

(i) "**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares pursuant to an On-Market Purchase was made, or as the case may be, the day of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.

(ii) "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase.

2.4 Status of Purchased Shares

A Share purchased or acquired by the Company under the Share Purchase Mandate is deemed cancelled immediately on purchase or acquisition, unless such Share is held by the Company as a treasury share. On a cancellation, all rights and privileges attached to that Share will expire upon cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

The Shares purchased or acquired under the Share Purchase Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time. It is presently intended by the Company that all or most of the Shares which are purchased or acquired by the Company under the Share Purchase Mandate will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) and cancelled will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition.

2.5 Treasury Shares

Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

In the event that the Company holds more than 10% of the total number of its issued Shares as treasury shares, the Company shall cancel or dispose of the excess treasury shares in the manner set out under section 2.5.3 of this Letter within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular and for the purposes of the Companies Act, the treasury shares shall be treated as having no voting rights and as such, the Company cannot exercise any right to attend or vote at meetings.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

2.5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

(a) sell the treasury shares (or any of them) for cash;

(b) transfer the treasury shares (or any of them) for the purposes of, or pursuant to, any share scheme, whether for employees, directors or other persons;

(c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares (or any of them); or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

2.6 Reporting Requirements

Reporting Requirements under the Companies Act

The Company shall notify the Accounting and Corporate Regulatory Authority within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchases or acquisitions including the date of the purchase

or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled and the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition, whether the shares were purchased or acquired out of the profits or the capital of the Company and such other information as required by the Companies Act.

Within 30 days of the passing of a Shareholders' resolution to approve or renew the Share Purchase Mandate, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority.

Reporting Requirements under the Listing Manual

Under the Listing Manual, the Company shall notify the SGX-ST of all purchases or acquisitions by the Company of its Shares not later than 9.00 a.m.:

(a) in the case of an On-Market Purchase, on the Market Day following the day on which the On-Market Purchase was made and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisition of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company, in a timely fashion, the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company must also immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

(i) date of the sale, transfer, cancellation and/or use;

(ii) purpose of such sale, transfer, cancellation and/or use;

(iii) number of treasury shares sold, transferred, cancelled and/or used;

(iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;

(v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(vi) value of the treasury shares sold, transferred, cancelled and/or used.

2.7 Source of Funds

The Company may only apply funds legally available for the purchase or acquisition of the Shares as provided in the Constitution and in accordance with applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of an On-Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the NAV per Share and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The repurchased Shares may be cancelled or held as treasury shares. If the Shares are cancelled, the Company's total number of issued Shares will be diminished by the total number of the Shares purchased by the Company. The NAV of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares cancelled (including any expenses (such as *inter alia* brokerage or commission incurred directly in the purchase or acquisition of the Shares which is paid out of the Company's capital or profits). If the Shares are held as treasury shares, the issued share capital of the Company will not be affected.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The proposed Share Purchase Mandate will be exercised with a view to enhance the EPS and/or the NAV per Share of the Group.

As at the Latest Practicable Date, the total number of issued Shares is 1,458,446,772, of which 79,790,100 Shares are held in treasury (the Company does not have any subsidiary holdings). On this basis and **for illustrative purposes only**, as the Company can only hold 10% of its Shares in treasury pursuant to Section 76I(1) of the Companies Act, it can only hold up to 145,844,677 Shares in treasury. As such, even though the Share Purchase Mandate provides for potentially up to 137,865,667 Shares to be purchased or acquired

by the Company, the maximum number of Shares that the Company can purchase or acquire and hold in treasury is 66,054,577 Shares. Accordingly, the exercise in full of the Share Purchase Mandate would result in the purchase or acquisition of 66,054,577 Shares if all the Shares so purchased or acquired were to be held in treasury.

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Group and the Company, based on the audited financial statements of the Group for the financial year ended 30 June 2019 are based on the assumptions set out below:

(a) the Company has assumed that pursuant to the Share Purchase Mandate, it will purchase or acquire the smaller number of Shares, i.e. 66,054,577 Shares, instead of the entire 10% of the total number of issued Shares (excluding treasury shares), i.e. 137,865,667 Shares;

(b) in the case of On-Market Purchases by the Company and assuming that the Company purchases or acquires 66,054,577 Shares at the Maximum Price of S$0.08 for one (1) Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 66,054,577 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$5,284,366;

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 66,054,577 Shares at the Maximum Price of S$0.09 for one (1) Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 66,054,577 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$5,944,912;

(d) such purchase or acquisition of Shares is financed solely by borrowings and;

(e) the Share Purchase Mandate been effective on 1 July 2018 and the Company had purchased or acquired 66,054,577 Shares on 1 July 2018,

the financial effects of the:

(A) purchase or acquisition of the abovementioned number of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made out of capital and profits and held as treasury shares; and

(B) purchase or acquisition of the abovementioned number of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made out of capital and profits and cancelled,

on the audited financial accounts of the Company and the Group for FY2019 are set out below:

(1) Purchases made out of capital and profits and held as treasury shares

(A) On-Market Purchases

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 June 2019				
Profit/(Loss) after tax	40,213	40,213	(18,182)	(18,182)
Share Capital	554,337	554,337	554,337	554,337
Capital and Other reserves	(2.885)	(2,885)	2.584	2,584
Accumulated profits / (losses)	123,036	123,036	(135,361)	(135,361)
	674,488	674,488	421,560	421,560
Treasury shares	(39,683)	(44,967)	(39,683)	(44,967)
Shareholders' funds	634,805	629,521	381,877	376,593
NAV	634,805	629,521	381,877	376,593
Current Assets	79,224	79,224	221,434	221,434
Current Liabilities	194,268	194,268	324,974	324,974
Borrowings	380,071	385,355	64,299	69,583
Number of issued Shares ('000)	1,458,447	1,458,447	1,458,447	1,458,447
Treasury shares ('000)	79,790	145,845	79,790	145,845
Financial Ratios				
NAV per Share (cents)	46.05	47.96	27.70	28.69
Gearing (times)	0.60	0.61	0.17	0.18
Current Ratio (times)	0.41	0.41	0.68	0.68
EPS (cents)	2.92	3.06	(1.32)	(1.39)

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 June 2019				
Profit/(Loss) after tax	40,213	40,213	(18,182)	(18,182)
Share Capital	554,337	554,337	554,337	554,337
Capital and Other reserves	(2.885)	(2,885)	2.584	2,584
Accumulated profits / (losses)	123,036	123,036	(135,361)	(135,361)
	674,488	674,488	421,560	421,560
Treasury shares	(39,683)	(45,628)	(39,683)	(45,628)
Shareholders' funds	634,805	628,860	381,877	375,932
NAV	634,805	628,860	381,877	375,932
Current Assets	79,224	79,224	221,434	221,434
Current Liabilities	194,268	194,268	324,974	324,974
Borrowings	380,071	386,016	64,299	70,244
Number of issued Shares ('000)	1,458,447	1,458,447	1,458,447	1,458,447
Treasury shares ('000)	79,790	145,845	79,790	145,845
Financial Ratios				
NAV per Share (cents)	46.05	47.91	27.70	28.64
Gearing (times)	0.60	0.61	0.17	0.19
Current Ratio (times)	0.41	0.41	0.68	0.68
EPS (cents)	2.92	3.06	(1.32)	(1.39)

(2) Purchases made out of capital and profits and cancelled

(A) On-Market Purchases

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 June 2019				
Profit/(Loss) after tax	40,213	40,213	(18,182)	(18,182)
Share Capital	554,337	549,053	554,337	549,053
Capital and Other reserves	(2.885)	(2,885)	2.584	2,584
Accumulated profits / (losses)	123,036	123,036	(135,361)	(135,361)
	674,488	669,204	421,560	416,276
Treasury shares	(39,683)	(39,683)	(39,683)	(39,683)
Shareholders' funds	634,805	629,521	381,877	376,593
NAV	634,805	629,521	381,877	376,593
Current Assets	79,224	79,224	221,434	221,434
Current Liabilities	194,268	194,268	324,974	324,974
Borrowings	380,071	385,355	64,299	69,583
Number of issued Shares ('000)	1,458,447	1,392,392	1,458,447	1,392,392
Treasury shares ('000)	79,790	79,790	79,790	79,790
Financial Ratios				
NAV per Share (cents)	46.05	47.96	27.70	28.69
Gearing (times)	0.60	0.61	0.17	0.18
Current Ratio (times)	0.41	0.41	0.68	0.68
EPS (cents)	2.92	3.06	(1.32)	(1.39)

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase S$'000	After Share Purchase S$'000	Before Share Purchase S$'000	After Share Purchase S$'000
As at 30 June 2019				
Profit/(Loss) after tax	40,213	40,213	(18,182)	(18,182)
Share Capital	554,337	548,392	554,337	548,392
Capital and Other reserves	(2.885)	(2,885)	2.584	2,584
Accumulated profits / (losses)	123,036	123,036	(135,361)	(135,361)
	674,488	668,543	421,560	415,615
Treasury shares	(39,683)	(39,683)	(39,683)	(39,683)
Shareholders' funds	634,805	628,860	381,877	375,932
NAV	634,805	628,860	381,877	375,932
Current Assets	79,224	79,224	221,434	221,434
Current Liabilities	194,268	194,268	324,974	324,974
Borrowings	380,071	386,016	64,299	70,244
Number of issued Shares ('000)	1,458,447	1,392,392	1,458,447	1,392,392
Treasury shares ('000)	79,790	79,790	79,790	79,790
Financial Ratios				
NAV per Share (cents)	46.05	47.91	27.70	28.64
Gearing (times)	0.60	0.61	0.17	0.19
Current Ratio (times)	0.41	0.41	0.68	0.68
EPS (cents)	2.92	3.06	(1.32)	(1.39)

Shareholders should note that the financial effects set out above are purely for illustrative purposes only and are based only on the assumptions set out above. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2019 and is not necessarily representative of the future financial performance of the Company and the Group. Although the proposed renewal of the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), or purchase or be able to purchase up to the maximum number of its issued Shares that it can hold in treasury as illustrated above. The Company may, subject to the requirements of the Companies Act, cancel all or part of the Shares repurchased and/or hold all or part of the Shares repurchased in treasury, at its discretion.

2.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The takeover implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.9.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the percentage of voting rights in the Company of a Shareholder and/or persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such an increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.9.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

(a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and/or entities, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors, and their concert parties respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder, who is not acting in concert with the Directors, will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Based on the notifications received by the Company, as at the Latest Practicable Date, as set out in section 2.9.4 of this Letter, save for Mr Chew Hua Seng and Ms Doris Chung Gim Lian, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase or acquisition by the Company of the maximum limit of 10% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of Company purchasing or acquiring its Shares pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Purchase Mandate is in force.

2.9.4 Effect of the Share Purchase Mandate on Mr Chew Hua Seng and Ms Doris Chung Gim Lian

As at the Latest Practicable Date, each of Mr Chew Hua Seng and his spouse, Ms Doris Chung Gim Lian held, directly and indirectly, 33.58% of the total number of Shares (excluding treasury shares).

Assuming that there is no change in the number of Shares held or deemed to be held by each of Mr Chew Hua Seng and Ms Doris Chung Gim Lian, the purchase or acquisition by the Company of the maximum amount of 10% of the total number of issued Shares (excluding treasury shares) (the Company does not have any subsidiary holdings as at the Latest Practicable Date) will result in an increase in the shareholding interests of each of Mr Chew Hua Seng and Ms Doris Chung Gim Lian from the present 33.58% to 37.31%.

Accordingly, each of Mr Chew Hua Seng and Ms Doris Chung Gim Lian may *prima facie* be required to make a take-over offer for the Shares held by the other Shareholders pursuant to Rule 14 of the Take-over Code.

Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties, are exempted from the requirement to make a take-over offer for the Shares held by the other Shareholders pursuant to Rule 14 of the Take-over Code as a result of the Company purchasing or acquiring the Shares pursuant to the Share Purchase Mandate, subject to the following conditions:

(a) this Letter in relation to the Ordinary Resolution contains advice to the effect that by voting for the renewal of the Share Purchase Mandate, Shareholders are waiving their right to a general offer at the required price from Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties, who, as a result of the Company buying back its Shares, would increase their voting rights by more than 1% in any period of six (6) months;

(b) this Letter discloses the names of Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties, their voting rights at the time of the Ordinary Resolution and after the proposed purchase or acquisition of Shares by the Company under the Share Purchase Mandate;

(c) the Ordinary Resolution is approved by a majority of those Shareholders present and voting at the AGM on a poll who could not become obliged to make an offer for the Company as a result of the Company purchasing or acquiring Shares under the Share Purchase Mandate;

(d) Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties, shall abstain from voting for, and Mr Chew Hua Seng shall abstain from recommending Shareholders to vote in favour of, the Share Purchase Mandate Ordinary Resolution; and

(e) within seven (7) days after the passing of the Ordinary Resolution, Mr Chew Hua Seng shall submit to the SIC a duly signed form as prescribed by the SIC; and

(f) Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties, have not acquired and will not acquire any Shares between the date on which they know that the announcement of the proposal for the renewal of the Share Purchase Mandate is imminent and the earlier of:

(i) the date on which the authority of the Share Purchase Mandate expires; and

(ii) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest annual general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with those purchased or acquisition of Shares by the Company under the Share Purchase Mandate, would cause their aggregate voting rights to increase by more than 1% in the preceding six (6) months.

It follows that where the aggregate voting rights held by Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties, increase by more than 1% solely as a result of the purchase or acquisition of Shares by the Company under the Share Purchase Mandate, and none of them has acquired any Shares during the relevant period defined above, then Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties, would be eligible for the SICE exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy back its Shares before it has purchased in full such number of Shares authorised by its Shareholders at the latest annual general meeting, and the increase in the aggregate voting rights held by Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties, as a result of the purchase or acquisition of Shares at such time is less than 1%, Mr Chew Hua Seng and Ms Doris Chung Gim Lian and their concert parties will be allowed to acquire voting shares in the Company without being required to make a take-over offer under Rule 14 of the Take-over Code. However, any increase in their percentage voting rights in the Company as a result of the Company buying back its Shares under the Share Purchase Mandate will be taken into account together with any Shares acquired by Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties (by whatever means) in determining whether Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties, have increased their aggregate voting rights in the Company by more than 1% in any six (6) month period.

2.9.5 Waiver of Rights to General Offer

Shareholders should note that by voting in favour of the Ordinary Resolution in relation to the renewal of the Share Purchase Mandate to be tabled at the AGM, Shareholders are waiving their rights to a general offer at the required price from Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

2.10 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications of the purchase or acquisition of Shares by the Company under the Share Purchase Mandate or who may be subject to tax whether in or outside of Singapore should consult their own professional advisers.

2.11 Listing Manual

While the Listing Manual does not expressly prohibit a purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board, until such time as such information has been publicly announced. In particular, in line with the best practices on securities dealings as reflected under Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares (excluding treasury shares) are in the hands of the public.

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 737,468,337 Shares, representing 53.49% of the total number of issued Shares (excluding treasury shares), are in the hands of the public.

For illustrative purposes only, assuming that (a) the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate and all such Shares purchased are held by the public, and (b) all Shares purchased by the Company are held as treasury shares, the number of Shares in the hands of the public would be reduced to 599,602,670 Shares, representing 48.32% of the total number of issued Shares (excluding treasury shares).

Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect the orderly trading of the shares.

In undertaking any purchases or acquisitions of Shares through On-Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.12 Previous Share Purchases

The Company has not purchased any Shares during the 12-month period preceding the Latest Practicable Date.

2.13 Limits on shareholdings

The Company does not have any limits on the shareholdings of the Shareholders.

3 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors and Register of Substantial Shareholders, respectively, as at the Latest Practicable Date are set out as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of shares	%[1]	No. of shares	%[1]	No. of shares	%[1]
Directors						
Chew Hua Seng[2]	428,864,605	31.1%	34,043,159	2.5%	462,907,764	33.6%
Lim How Teck	-	-	-	-	-	-
Gan Hui Tin	-	-	-	-	-	-
Teo Cheng Lok John	361,562	0.03%	-	-	361,562	0.03%
Joseph He Jun	-	-	-	-	-	-
Substantial Shareholders (other than Directors)						
Doris Chung Gim Lian[3]	170,992,222	12.4%	291,914,842	21.2%	462,907,064	33.6%
Oei Hong Leong[4]	134,565,569	9.8%	43,353,440	3.1%	177,919,009	12.9%

Notes:

(1) Based on the total number of 1,378,656,672 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Mr Chew Hua Seng's direct interest in the Shares comprises 428,864,605 Shares held in his sole name and 136,949,763 Shares held jointly with his spouse, Ms Doris Chung Gim Lian. Ms Doris Chung Gim Lian also holds 170,992,222 Shares in her sole name. Mr Chew Hua Seng is deemed to be interested in the 170,992,222 Shares held by Ms Doris Chung Gim Lian.

(3) Ms Doris Chung Gim Lian is the spouse of Mr Chew Hua Seng. In this respect, Ms Doris Chung Gim Lian is deemed to have an interest in the shareholdings of Mr Chew Hua Seng and *vice versa*.

(4) Mr Oei Hong Leong is deemed to have an interest in the shares held by Oei Hong Leong Art Museum Limited ("**OHLAM**") due to his direct interest of 90% in the ultimate holding company of OHLAM.

Save for their respective interests in the Company, if any, none of the Directors or the Controlling Shareholders has any direct or indirect interest in the Share Purchase Mandate.

4 DIRECTORS' RECOMMENDATIONS

The Directors (other than Mr Chew Hua Seng, who has abstained from making any recommendations in respect of the Ordinary Resolution) are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the Ordinary Resolution at the AGM.

5 ANNUAL GENERAL MEETING

The AGM, notice of which is circulated with this Letter, will be held on 31 October 2019 at 9.00 a.m. in Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 for the purpose of considering and, if thought fit, passing, with or without modifications, the Ordinary Resolution set out in the Notice of AGM.

6 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf will find attached to this Letter a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the AGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he subsequently wishes to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP as at 72 hours before the AGM.

7 ABSTENTION FROM VOTING

Each of Mr Chew Hua Seng and Ms Doris Chung Gim Lian, and their concert parties, are required to abstain from voting on the Ordinary Resolution at the AGM. Each of Mr Chew Hua Seng and Ms Doris Chung Gim Lian shall not, and shall procure that their concert parties shall not, accept appointment as proxies for voting on the Ordinary Resolution unless specific instructions have been given on the Proxy Form(s) on how the votes are to be cast in respect of the Ordinary Resolution and that they inform their concert parties accordingly.

8 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 51 Merchant Road, Raffles Education Square, Singapore 058283, from the date hereof up to and including the date of the AGM:

(i) the Constitution; and

(ii) the Annual Report 2019.

Yours faithfully
For and on behalf of the Board of Directors of
RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng
Chairman and CEO