RafflesEducation

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

RESPONSE TO QUERIES BY SGX-ST ON ANNUAL REPORT FOR FINANCIAL YEAR ENDED 30 JUNE 2018

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1. SGX-ST Query

Paragraph 9.3 of the Code of Corporate Governance 2012 (the "Code") states that the company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

As required by Rule 1207(12) of the Listing Manual, please make disclosures as recommended in paragraph 9.3 of the Code or otherwise explain the reason(s) for the deviation from the following Code recommendations.

Company's Response:

It is disclosed on page 55 of the Company's Annual Report 2018 that the Board is of the view that disclosing the total remuneration paid in aggregate to the key management team would compromise confidentiality and may affect the retention of competent personnel.

The Board would like to add that disclosing the identities and remuneration bands of each of the top five key management personnel would cause internal conflict and affect morale given the inevitable pay or compensation disparities between the key personnel.

Moreover, such non-disclosure would not by itself compromise good corporate governance as the majority of the Company's Remuneration Committee consists of independent directors.

2. SGX-ST Query

On page 145 of the Annual Report, it was disclosed that $7.1 million and $4.4 million have been used for general working capital. Please provide a breakdown for the proceeds used for general working capital.

Company's Response:

Details for the use of proceeds for general working capital of $7.1 million are as follows:

	S$ million
Interest expenses on borrowings	3.24
Operating expenses in Asia Pacific	3.86
Operating expenses in Europe	1.66
Total	7.10

Details for the use of proceeds for general working capital of $4.4 million are as follows:

	S$ million
Interest expenses on borrowings	0.94
Operating expenses in Asia Pacific	3.39
Operating expenses in Europe	0.11
Total	4.44

3. SGX-ST Query

With reference to the "Annual Review of Director's Independence" on page 48 of the Annual Report, please disclose the Nomination Committee's views on independence of the directors who have served for a period of more than 9 years.

Company's Response:

As stated on page 48 of the Company's Annual Report 2018, the Board considers continuity and stability of the Board as important and that it is not in the interest of the Company to require directors who have served more than 9 years to be ineligible for re-election as independent directors, and that the Board, "…nevertheless will on a continual basis, review the need for progressive refreshing of its board".

Be that as it may, the Nomination Committee agrees with the broad principle that there is a risk that relationship built up with management over an unduly long period of service could compromise a long-serving director's independence, and as such, the Committee would rigorously review or reconsider the independence of a long-serving director, who has served for a period of more than 9 years.

In any case, the Company has refreshed its board recently, where three long-serving independent directors and one executive director have stepped down, making way for the appointment of three new directors. The Board now comprises five members, three are independent, and only one independent director has served for slightly more than 9 years.

On behalf of the Board

Chew Hua Seng
Chairman
14 November 2018