

**RAFFLES EDUCATION CORPORATION LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No. 199400712N)

(the "**Company**")

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**RECEIPT OF LETTER FROM MR OEI HONG LEONG DATED 22 OCTOBER 2021 AND  
COMPANY'S RESPONSE**

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The Board of Directors ("**Board**") of Raffles Education Corporation Limited ("**Company**") refers to its announcement dated 21 October 2021 ("**21 October Announcement**") setting out, *inter alia*, the Company's responses to a letter issued by Mr Oei Hong Leong ("**Mr Oei**") to the Company dated 16 October 2021 (the "**16 October OHL Letter**").

All capitalised terms used but not defined shall have the meanings ascribed to them in the 21 October Announcement.

The Board wishes to announce that:

- (1) it had on 22 October 2021 received a further letter from Mr Oei responding to the Company's request for explanations to the unsubstantiated allegations made in the 16 October OHL Letter ("**22 October OHL Letter**", together with the 16 October OHL Letter, the "**OHL Letters**"); and
- (2) it had on 23 October 2021 issued its response to Mr. Oei on the 22 October OHL Letter ("**Company's Response**").

**Company's response to the 22 October OHL Letter**

The Board notes that the 22 October OHL Letter does not explain the basis for Mr Oei's allegations contained in the 16 October OHL Letter and contains inaccurate information to maintain such allegations.

For instance, the 22 October OHL Letter names Ms Chung Gim Ean, Mr Yam Keong Chee, Mr Daryl Chew Mr Liu Yingchun as members of Mr Chew that are "*involved in the business of the Company*" and alleges that the Audited Section 164A Statement is incomplete as it does not contain disclosure of such individuals' emoluments. Such allegations are wholly inaccurate. None of these individuals is a current director/employee of the Group, and their emoluments are therefore not required to be disclosed under the Audited Section 164A Statement. Specifically, Ms Gim and Mr Yam had left the employ of the Group since in or around October 2014, and Mr Daryl Chew since in or around October 2019. Mr Liu Yingchun is also not a member of Mr Chew's family (unofficial or otherwise).

The Board further notes that the 22 October OHL Letter sets out further unsubstantiated allegations that are completely baseless and made without any evidence. For instance:

- (a) Mr Oei has "suspicion" that the increase of S\$5.1 million "*amount due to a director*" in FY 2021 compared with FY 2020 (as stated in the Company's financial statements for FY 2021) was not a "*genuine loan*" but *creative accounting entries to give the appearance of a loan from Mr Chew*

and [Ms Chung]". The increase in "amount due to a director" reflected was due to Mr Chew having increased his loan to the Company in FY 2021 (such loans were given on an interest-free basis). This is consistent with the disclosure in the consolidated statement of cashflow included in the audited financial statements for the financial year ended 30 June 2021;

- (b) in spite of the fact that the Company's external auditors, BDO LLP, has audited and confirmed in the Audited Section 164A Statement that the total benefits payable to Mr Chew and Ms Doris Chung Gim Lian were S\$2,893,053 and S\$372,240 respectively, the 22 October OHL Letter continues to allege (without evidence) that such amounts ought to be significantly higher at S\$5,000,000 and S\$500,000; and
- (c) the 22 October OHL Letter alleges that the Company's repayment of certain loans may have "contravened regulations governing suspicious fund transfer". Such allegation is completely baseless and no evidence has been provided by Mr Oei on this point.

In the Company's Response, the Company has invited Mr Oei to retract such allegations, and to refrain from making these allegations in the future. The Company has reserved all its legal rights.

The 22 October OHL Letter and the Company's Response are attached to this announcement for the shareholders' information. Shareholders are advised to read the attached letters together with the Company's responses as set out in the 21 October Announcement and this announcement.

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  
24 October 2021

23 October 2021

**Mr. Oei Hong Leong**

1, Scotts Road  
#20-05, Shaw Centre  
Singapore 228208

By Email (lee@chiplian.com.sg)

Dear Sir,

**YOUR LETTER TO RAFFLES EDUCATION CORPORATION LIMITED ("COMPANY") DATED 22 OCTOBER 2021**

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1. We refer to your captioned letter, where you attempt to respond to our request *vide* our letter of 20 October 2021 ("**20 Oct Letter**") for an explanation of the bases for the unsubstantiated allegations made in your letter of 16 October 2021 ("**16 Oct Letter**"). The abbreviations in our 20 Oct Letter are adopted.
2. Your response confirms our view that you had simply no basis for making the assertions in your 16 Oct Letter.
3. *First of all*, we note with regret that notwithstanding the fact that an independent third party auditor (BDO LLP) has confirmed by way of the Audited s 164A Statement that the Total Benefits payable to Mr Chew Hua Seng and Ms Doris Chung Gim Lian were S\$2,893,053 and S\$372,240 respectively, you continue to inexplicably insist that the audited figures were somehow wrong and ought to have been significantly higher at S\$5,000,000 and S\$500,000 instead.
4. The only basis cited for these grossly inflated figures appears to be your purported "suspicion" that the increase of S\$5.1 million "*amount due to a director*" in FY 2021 compared with FY 2020 (as stated in the Company's financial statements for FY 2021 ("**Financial Statements**")) was not a "*genuine loan*" but *creative accounting entries to give the appearance of a loan from Mr Chew and [Ms Chung]*". These far-fetched suspicions are wholly unsubstantiated and strictly denied. All that the increase in "*amount due to a director*" reflected was that Mr Chew had increased his loan to the Company in FY 2021, which is self-evidently unrelated to the issue of quantum of benefits he had received from the Company. We also fail to see anything unusual or suspicious with directors extending loans (what is more, interest-free loans, as here) to the company, and thereafter being repaid for the same.
5. Your assertions that the Company's repayment of certain loans may have "*contravened regulations governing suspicious fund transfer*" is clearly baseless and nothing more than a rehash of the same assertions that you had previously raised but rightly declined to pursue after receipt of the Company's responses of e.g. 9 October 2020, 14 May 2021 and 7 June 2021. We need say no more.

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6. *Second*, your assertion that there are “*other unofficial family members [of Mr Chew] which have not been fully disclosed*” in the Audited s 164A Statement is patently false. Crucially, none of the “*unofficial family members*” which you cite are “*involved in the business of the Company*”. Ms Chung Gim Ean, Mr Yam Keong Chee and Mr Daryl Chew are all no longer with the Company / Raffles Education Group. Ms Gim and Mr Yam had left the employ of the Group since in or around October 2014, and Mr Daryl Chew since in or around October 2019. Mr Liu Yingchun is also not a member of Mr Chew's family (unofficial or otherwise). In particular, the Board understands that Mr Liu uses the 30C Nassim Road address merely a posting (c.f. residential) address. It is a leap of logic and wild speculation to say this must mean Mr Liu is a member of Mr Chew's family. Your other baseless allegations pertaining to Mr Liu have been previously addressed by the Company in its letters of e.g. 21 April 2021, 14 May 2021 and 7 June 2021.
7. *Third*, we note for the record that your letter discloses no explanation at all for your other baseless assertions set out at [2.a] and [2.d] of our 20 Oct Letter.
8. For completeness, we note that your letter also quite audaciously calls for an independent special audit into how Mr Chew and Ms Chung was “*able to finance these expensive acquisitions [i.e. your reference to the property they have purchased] and still able to extend sizeable “loans” to the Company*”. Suffice to say, this is a thinly disguised attempt to snoop into the personal affairs of Mr Chew and Ms Chung, which have nothing to do with the Company.
9. In light of the above, we invite you to forthwith retract the baseless and/or libellous allegations which are set out at [2] of our 20 Oct Letter, and to refrain from making these allegations in the future.
10. We again urge you to allow the Board to focus on managing the Company's business in these difficult times and returning value to the shareholders, rather than having to constantly deal with your repeated attacks.
11. All of the Company's and Board's rights are reserved.

Yours faithfully,



**Lim How Teck**

Lead Independent Director

For and On Behalf of the Board of Raffles Education Corporation Limited

Cc.

SGX Regco (Attention: Lorraine Chay)

BDO

The Straits Times

22 October 2021

BY EMAIL

**RAFFLES EDUCATION CORPORATION LIMITED**

51 Merchant Road  
Raffles Education Square  
Singapore 058283

Attention: The Board of Directors  
Lim How Teck, lead independent director

Dear Sirs

**RAFFLES EDUCATION CORPORATION LIMITED ("THE COMPANY")**

I refer to your letter of 20 October 2021 which was received yesterday 21 October 2021. You have asked for the basis of several allegations which I have set out in my letter of 16 October 2021.

Mr Chew Hua Seng's official and unofficial family members

We note that apart from Mr Chew Hua Seng's second wife, Doris Chung Gim Lian, his daughter, Chew Xuan Wei, his son Chew Han Qiang, his son from his first wife, Chew Han Wei, his daughter-in-law Christine Seojin Shin, to the best of my knowledge, he has other members of the family that are involved in the business of the Company such as:

- Mrs Gim Wan Chung, sister-in-law of Mr Chew
- Mr Keong Chee Yam, brother-in-law of Mr Chew
- Mr Daryl Chew, nephew of Mr Chew also the son of Patrick Chew (younger brother of Mr Chew), the former CEO of scandal-plagued **Midas Holdings** currently being investigated by CAD.
- Mr Liu Yingchun, who shares the same residential address of Mr Chew at 30C Nassim Road. Mr Liu is officially the CEO of OUCHK, a 75% Hong Kong subsidiary of the Company and also an alternate director of Mr Chew's spouse in an Australian company. He also acted as nominee for Mr Chew to hold 39,371,700 shares in the Company, then worth \$11.7 million. He was also rewarded \$42,000 monthly salary as a **non-executive director** of the Company when he was not even based in Singapore.

Amounts paid to these some of these other **unofficial** family members may have not been fully disclosed in the section 164 statement. It simply cannot be that Mr Chew had no involvement in getting his family members appointed to the Company.

\$5,000,000 being paid to Mr Chew and \$500,000 to Doris Chung

It is not surprising that Mr Chew has received substantial benefits from the Company which seems to be more than what is stated in the section 164 statement. Please refer to the various years in which Mr Chew has recorded "*amounts due to a director*" in varying amounts having been created and purportedly repaid in the course of each year. There is an obvious pattern of loans being extended to the Company by Mr Chew and his spouse and these loans repaid in course of the year with further loans being extended again each year and being repaid within the same year.



For example, in the latest financial statement FY2021, there is an increase of S\$5.1 million “*amount due to a director*” (\$5.84 million FY2020, \$10.982 million FY2021). There is no explanation for such loan patterns each year and I have strong suspicion that these are not genuine loans but **creative accounting entries** to give the appearance of a loan from Mr Chew and his spouse. If these are included as benefits to Mr Chew and his spouse, the amount of \$5 million and \$500,000 respectively are grossly under-estimated.

Some of these “loans” were purported extended to Chinese subsidiaries but were repaid out of proceeds of rights issue by the Company in Singapore which may have contravened regulations governing suspicious fund transfer.

| Financial Year | Amount due to director at year end (\$'000) | IPT (CHS) (\$'000) | IPT (Doris) (\$'000) |
|----------------|---|--------------------|----------------------|
| 2017           | 10,941                                      | 12,831             | 2,109                |
| 2018           | 13,066                                      | 67,600             | 0                    |
| 2019           | 15,767                                      | 11,212             | 0                    |
| 2020           | 5,840                                       | 7,142              | 0                    |
| 2021           | 10,923                                      | 9,530              | 0                    |

Mr Chew and his wife have been able to accumulate sizeable assets which included 4 good class bungalows at Nassim Road (where 50 meters from my sister's house was sold at \$4,000 per square feet), a big mansion at Lake Como in Italy and a villa at Switzerland.

From the remuneration received by Mr Chew between 2012 and 2020, assuming he earned the top band as disclosed in the annual report, Mr Chew would only have received \$16.65 million. How did Mr Chew and his spouse able to finance these expensive acquisitions and still able to extend sizeable “loans” to the Company? All these require **independent special audit** to be conducted the cost of which I had previously offered to bear if it was proven that my suspicion is not supported but you have rejected the proposal.

I note that you have not responded to the list of questions for the AGM which I have posed to the Board for a response by 25 October 2021 giving sufficient time for shareholders to consider before they lodge their proxy votes.

Yours faithfully,

  
 OEI HONG LEONG

c.c. SGX Regco (Attention: Lorraine Chay)  
 BDO  
 The Straits Times