

RAFFLES EDUCATION CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199400712N)
(the "Company")

ANNOUNCEMENT

- (1) INVESTIGATION**
- (2) COMPANY'S RESPONSE TO LETTER FROM OEI HONG LEONG DATED 16 OCTOBER 2021**

Investigation

The Board of Directors ("Board") of Raffles Education Corporation Limited ("Company", together with its subsidiaries, the "Group") wishes to announce that on 19 October 2021 the Company received an order jointly issued by the Monetary Authority of Singapore and the Commercial Affairs Department (collectively, the "Authorities") requiring the Company to provide certain documents relating to the loan facilities extended by Affin Bank Berhad to Raffles K12 Sdn Bhd and Raffles Iskandar Sdn Bhd in connection with an investigation into a potential offence under the Securities and Futures Act (Chapter 289 of Singapore) ("SFA") ("Investigations").

The Company understands that:

- (1) on 19 October 2021, certain current directors of the Company, namely Mr Chew Hua Seng (*Chairman and Chief Executive Officer*) ("Mr. Chew"), Mr Lim How Teck (*Lead Independent Non-Executive Director*), Mr Joseph He Jun (*Non-Independent Non-Executive Director*), Mr Ng Kwan Meng (*Independent Non-Executive Director*) and Mdm Gan Hui Tin (*Independent Non-Executive Director*), together with Mrs. Doris Chung Gim Lian, a director and key management of Raffles K12 Sdn Bhd and Raffles Iskandar Sdn Bhd ("Doris", together with the foregoing Directors, the "Relevant Individuals"), attended interviews with the Authorities in relation to the Investigations; and
- (2) in connection with the ongoing Investigations, the Relevant Individuals were notified that a possible offence under section 203 of the SFA has been committed, and as part of the usual procedure, they have surrendered their passports to the Authorities. As at the date of this Announcement, no further conditions or restrictions were imposed on the Relevant Individuals and none of the Relevant Individuals has been placed on bail, arrested or charged with any offence.

The Company understands that the Relevant Individuals have cooperated, and will continue to fully cooperate with the Authorities on the Investigations. Each of the Relevant Individuals has undertaken to inform the Company of the ongoing investigations and the subsequent developments. The Company will monitor the progress of the Investigation and will make further announcements as and when there are material developments.

In the interim, the Relevant Individuals will continue to serve as directors and/or executive officers of the Company (as may be applicable). In this regard, the Company wishes to highlight that material information relating to the claim by Affin Bank has been disclosed in the Company's announcements dated 29 July 2021, 11 August 2021, 23 August 2021, 25 August 2021, 30 August 2021 and 9 September 2021. In the circumstances, the Company believes that the Investigations will not compromise the ability of the directors to discharge their duties as directors of the Company.

In relation to the routine retirement and re-election of Mr Chew and Mr Ng Kwan Meng as directors of the Company at the upcoming annual general meeting of the Company, the Nomination Committee is of the view that its recommendation that Mr Chew and Mr Ng Kwan Meng seek re-election remains unchanged for the reasons set out above. For completeness, the Company would highlight that Mdm Gan Hui Tin had in June 2021 indicated that she did not wish to seek re-election as a director of the Company, and will accordingly retire as a director on 30 October 2021 at the conclusion of the upcoming annual general meeting of the Company.

COMPANY'S REPSONSE TO LETTER FROM OEI HONG LEONG DATED 16 OCTOBER 2021

The Board further refers to the letter issued by Mr. Oei Hong Leong ("**Mr. Oei**") dated 16 October 2021 ("**16 October Letter**"), which alleges, *inter alia*, that

- (1) Mr. Chew has "*caused the Company to hire all his adult members of his family at high salaries*";
- (2) "*S\$5,000,000 [was] paid to Mr Chew himself for his salary, bonuses and profit-sharing (disguised as "Amount due to a director")*";
- (3) *Doris received a salary of "almost S\$500,000.00"; and*
- (4) Mr Chew had received "*perks*" from the Company, including "*wine, gifts, entire family holiday expenses all paid by the Company in the name of the Company business*".

The 16 October Letter further suggests that there are "unofficial" family members of Mr. Chew who may be hired by the Group at "*high salaries*".

The above allegations are made without evidence and the Company considers them to be baseless and misleading. In particular, the Company questions the grossly inflated and inaccurate figures in the 16 October Letter, which was issued one day after the Company uploaded the Audited S164A Statement (as defined below) and its annual report and other relevant disclosures on 15 October 2021.

Accordingly, the Company had on, 20 October 2021, written to Mr. Oei to request for an explanation of his bases for making the above allegations (including the identities of Mr Chew's "unofficial" family members alleged to be hired by the Group and the basis for alleging the disguised remuneration in item (2) above). In the alternative, the Company invited Mr. Oei to retract such allegations.

The Company would highlight that the emoluments of the directors of the Group (which includes all fees, salary/bonus/profit sharing and other benefits received) ("**Emoluments**") were recently audited by the auditor of the Company and published on 15 October 2021. Such audit was conducted pursuant to an information request made by, *inter alia*, Mr. Oei pursuant to Section 164A of the Companies Act,

Chapter 50 of Singapore ("**Audited Section 164A Statement**"). Specifically, the Company would highlight the following findings of the Audited Section 164A Statement.

- (a) the total Emoluments payable to Mr. Chew was S\$2,893,053 (and not the S\$5,000,000 asserted by Mr. Oei); and
- (b) the total Emoluments payable to Doris was S\$372,240 (and not almost S\$500,000 asserted by Mr. Oei); and

Further, the Company is aware of an article published in an online form by The Straits Times on 18 October 2021 entitled "*Raffles Education shares sink as tycoon Oei Hong Leong's letter to the board circulates*" ("**ST Article**").

The ST Article notes that the Company's "*dived 26 per cent, or 2.1 cents, to close at 6.1 cents in the wake of a letter from Mr Oei asking why REC's chief executive and founder Chew Hua Seng had caused the company to hire all "adult members of his family at high salaries*". Further, the ST Article further states that the 16 October Letter was widely circulated through the market on Monday, 18 October 2021 without drawing any conclusion on whether there is any direct correlation between the circulation of the OHL Letter and the trading activities on the shares of the Company ("**Shares**") on Monday, 18 October 2021.

In this regard, the Company notes and would highlight that Mr. Oei notified the Company on 19 October 2021 that he sold approximately 38,930,100 Shares through open-market sales on 18 October 2021. Based on publicly available information, the total volume of Shares publicly traded on 18 October 2021 amounted to 52,342,500 and accordingly, the sales by Mr. Oei accounted for approximately 74.38% of the total volume of such transacted Shares.

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
21 October 2021