

RESPONSE TO QUESTIONS BY SGX-ST ON ANNUAL REPORT FOR FINANCIAL YEAR ENDED 30 JUNE 2020

1. SGX-ST Question

We refer to the Company's Annual Review of Director's Independence on pages 50 to 51 of the FY2020 Annual Report announced on 8 October 2020. We note that Mr Teo Cheng Lok John has served as a Director for a continuous period of more than 9 years. The Company has not indicated that a rigorous review of his independence had been conducted and has not provided an explanation as to why he should be considered independent.

As per Paragraph 2.4 of the Code of Corporate Governance 2012, please clarify whether his independence as a Director of the Board has been subject to particularly rigorous review and provide the Board's explanation on why he should be considered independent in spite of his long tenure of more than 9 years as a director of the Company.

Company's Response:

The Nomination Committee (NC) assesses on a continual basis the contribution and ability of each director to exercise independent judgment on issues or matters before the Board.

In considering whether Mr Teo Cheng Lok John, who has served on the Board for more than nine (9) years, is still independent the Board has taken into consideration the following factors:-

- a) The considerable amount of experience and wealth of knowledge that the Independent Director brings to the Company.
- b) The Independent Director's attendance and active participation in the proceedings and decision making process of the Board and Board Committee meetings.
- c) The provision of continuity and stability to the Management at the Board level as the Independent Director has developed deep insight into the business of the Company and possesses experience and knowledge of the business.
- d) The Independent Director's qualification and expertise in providing reasonable checks and balances on the Management.
- e) The Independent Director's overall guidance to Management in safeguarding the Company's assets and shareholders' interests.
- f) The Independent Director's effectiveness in and capability of making independent and objective decisions.

The NC with the concurrence of the Board has rigorously reviewed the suitability and assessed the independence of Mr Teo Cheng Lock, John and is satisfied that he has measured up to the criteria of still being independent notwithstanding that he has served on the Board for more than 9 years.

2. SGX-ST Question

We refer to Note 7 and Note 8 of the Notes to the Financial Statements on pages 126 to 133 of the FY2020 Annual Report announced on 8 October 2020. We note that the Company has indicated its compliance with Listing Rule 712 and 716. However, it was noted that the Company has indicated that all its Singapore subsidiaries and joint ventures are audited by BDO LLP, Singapore, which is also the auditor of the Company.

Please clarify whether the Company has engaged different auditing firms for its Singapore-incorporated subsidiaries and significant associated companies as Listing Rule 716 is only applicable if the Company had done so. If not, please indicate whether the Company has complied with Listing Rule 715 instead.

Company's Response:

The Company has engaged the same accounting firm (BDO LLP) to audit its accounts and its Singapore-incorporated subsidiaries and joint ventures in compliance with Listing Rule 715. Accordingly, the statement in the Company's FY2020 Annual Report, in particular, Note 7 and Note 8 of the Notes to the Financial Statements on pages 126 to 133, that the Company has complied with Listing Rule 716 is incorrect, it is a typing error, and the applicable Listing Rule which has been complied with by the Company is Rule 715, instead of Rule 716.

3. SGX-ST Question

We refer to the Consolidated Statement of Cash Flows and Note 31 of the Notes to the Financial Statements on pages 86 to 87 and page 158 respectively of the FY2020 Annual Report announced on 8 October 2020. We noted a net repayment of loans from a Director of (\$9,892,000) (2019: \$2,804,000) in the cash flows used in financing activities in 2020. However, Note 31 only discloses a "Loan from a Director" of \$7,142,000 (2019: \$11,212,000) in 2020.

Please reconcile the difference for both 2020 and 2019.

Company's Response:

In FY2020 -

Repayment of Loan - Net reflected on page 87 in the Consolidated Statement of Cash Flows was \$9,892,000 which was net of:

- a) The loan from a Director of \$7,142,000 on page 158 in Note 31 of the Notes to the Financial Statements, and
- b) The repayment of loan from a Director of \$17,034,000.

In FY2019 -

Loan from a Director - Net reflected on page 87 in the Consolidated Statement of Cash Flows was \$2,084,000 which was net of:

- a) The loan from a Director of \$11,212,000 on page 158 in Note 31 of the Notes to the Financial Statements, and
- b) The repayment of loan from a Director of \$8,408,000.

4. SGX-ST Question

We refer to the Notice of AGM issued in conjunction with the FY2020 Annual Report on 8 October 2020. Under Paragraph 2, it was stated that Mr Lim How Teck is up for re-election and that the information as set out in Appendix 7.4.1 of the Listing Manual can be found under "Supplemental Information on Directors Seeking Re-election" in the Company's Annual Report 2020. There is no such information noted in the FY2020 Annual Report.

Please provide the required information under Appendix 7.4.1 of the Listing Manual. Please note that a confirmation that there are no changes to the information disclosed in Appendix 7.4.1 in the Appointment Announcements of the directors is not a sufficient response.

Company's Response:

The "Supplemental Information on Directors Seeking Re-election", referred to in paragraph 2 of the Notice of AGM and which should have been exhibited in the Company's Annual Report FY2020, is set out in Attachment (2) of this announcement.

BY ORDER OF THE BOARD
Raffles Education Corporation Limited
20 October 2020