

RAFFLES EDUCATION CORPORATION LIMITED

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

- (A) RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE OF UP TO S\$26,231,906 IN AGGREGATE PRINCIPAL AMOUNT OF 6% CONVERTIBLE BONDS (THE “RIGHTS ISSUE BONDS”) CONVERTIBLE INTO NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY IN THE DENOMINATION OF S\$1.00 EACH AND MULTIPLE INTERGRAL THEREOF, ON THE BASIS OF NINETEEN (19) RIGHTS ISSUE BONDS FOR EVERY 1,000 EXISTING SHARES HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “RIGHTS ISSUE”); AND
- (B) PLACEMENT OF S\$17,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF 6% CONVERTIBLE BONDS (THE “PLACEMENT BONDS”) CONVERTIBLE INTO NEW ORDINARY SHARES PURSUANT TO A BOUGHT DEAL ARRANGEMENT (THE “PLACEMENT”).

The Rights Issue Bonds, the Placement Bonds and the Conversion Shares shall be collectively referred to as the “Securities”.

Prior to making a decision to purchase the Securities, you should carefully consider all the information contained in the Offer Information Statement dated 30 August 2022 (the “OIS”) issued by Raffles Education Corporation Limited (the “Company”, and together with its subsidiaries, the “Group”) and whether you understand what is described in the OIS. This Product Highlights Sheet should be read in conjunction with the OIS. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Securities is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s). You are responsible for your own investment choices.

Unless otherwise defined herein or in the context otherwise requires, all capitalised terms used in this Product Highlights Sheet shall bear the same meaning ascribed to them in the OIS.

This Product Highlights Sheet is an important document.

- It highlights the key information and risks relating to the offer of the Securities contained in the OIS. It complements the OIS¹.
- It is important to read the OIS before deciding whether to purchase the Securities. If you do not have a copy, please contact us to ask for one.
- You should not purchase the Securities if you do not understand the Securities, the nature of an investment in convertible bonds, our business or are not comfortable with the accompanying risks.
- If you wish to purchase the Securities, you will need to make an application in the manner set out in the OIS. Please refer to the OIS Notification Letter for instructions on how to view, download and print the electronic version of the OIS.

Issuer	Raffles Education Corporation Limited	Place of Incorporation	Singapore
Issue Price and denomination of the Rights Issue Bonds and Placement Bonds	<p>The Rights Issue Bonds will be issued at 85% of the principal amount of the Rights Issue Bonds at S\$0.85, and the Placement Bonds will be issued at 100% of the principal amount of the Placement Bonds at S\$1.00.</p> <p>The Rights Issue Bonds and Placement Bonds will be issued in registered form in specified denominations of S\$1.00 each and integral multiples thereof.</p>	Total amount to be raised in the Offers	<ul style="list-style-type: none"> • Gross proceeds – up to S\$40.2 million. • Net proceeds – up to S\$37.8 million (after deducting estimated professional fees and expenses).

¹ The OIS, lodged with the Monetary Authority of Singapore on 30 August 2022, is available on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company’s corporate website at <https://raffles.education/>.

<p>Description of the Rights Issue Bonds and Placement Bonds</p>	<p>Up to S\$26,231,906 in aggregate principal amount of 6% Rights Issue Bonds convertible into new ordinary shares in the capital of the Company.</p> <p>S\$17,900,000 in aggregate principal amount of 6% Placement Bonds convertible into new ordinary shares in the capital of the Company, pursuant to a bought deal arrangement with UOB Kay Hian Private Limited (“UOBKH”).</p> <p>The Rights Issue Bonds and Placement Bonds come with interest of 6% per annum, payable semi-annually on 23 March and 23 September each year, commencing on 23 March 2023. The Rights Issue Bonds and Placement Bonds are expected to be issued on 23 September 2022 (“Issue Date”), and will mature 5 years from the Issue Date 23 September 2027 (the “Maturity Date”).</p> <p>Please refer to the section titled “Key Product Features – Key Features of the Rights Issue Bonds and Placement Bonds” below for more information.</p>	<p>Listing status of Issuer and the Rights Issue Bonds and Placement Bonds, and the Conversion Shares</p>	<ul style="list-style-type: none"> • Company – Primary Listing on the Mainboard of SGX-ST since 24 January 2002. • Rights Issue Bonds and Placement Bonds – Expected to be listed on the Mainboard of SGX-ST from 27 September 2022. Trading will be in board lots of 100 Convertible Bonds with a principal amount of S\$100. Investors who wish to trade in lot sizes other than this may do so in the Unit Share Market of SGX-ST during the provisional allotment trading period. <p>The listing of the Rights Issue Bonds and Placement Bonds is subject to there being a sufficient spread of holdings of the Rights Issue Bonds and Placement Bonds to provide for an orderly market in the trading of the Rights Issue Bonds and Placement Bonds.</p> <ul style="list-style-type: none"> • Conversion Shares – SGX-ST has granted approval in-principal for the listing and quotation of the Conversion Shares on the Mainboard of SGX-ST.
<p>Issue Manager(s)/ Arranger(s)</p>	<p>No manager has been appointed for the Rights Issue.</p>	<p>Underwriter(s)</p>	<p>The Rights Issue is underwritten by UOBKH.</p>
<p>Credit rating of Issuer/Guarantor (if applicable)/the Rights Issue Bonds and Placement Bonds (if any) and Credit Rating Agencies</p>	<p>The Rights Issue Bonds and Placement Bonds are not rated by any credit rating agency. That means that no independent assessment by a credit rating agency of the default risk of the Company and the Securities has been made.</p>	<p>Trustee (if applicable)/ Registrar</p>	<ul style="list-style-type: none"> • Trustee – Pacific Trustees (Singapore) Ltd. • Principal Paying Agent, Conversion Agent, Transfer Agent and Bond Registrar – Pacific Trustees (Singapore) Ltd.

INVESTMENT SUITABILITY

WHO IS THE INVESTMENT SUITABLE FOR?

This investment is only suitable for you if you:

- (a) are comfortable investing in hybrid securities that combine the features of both debt and equity and as such are prepared to accept risks higher than those normally associated with plain vanilla bonds;
- (b) are prepared to rank lower in priority compared to secured creditors in an insolvency situation; and
- (c) are prepared to lose a substantial amount of your principal investment if you sell your Rights Issue Bonds and/or Placement Bonds in a secondary market at a discount or if you sell your Conversion Shares at a price lower than the Conversion Price.

There are further risks associated with an investment in the Rights Issue Bonds and/or Placement Bonds. Please refer to the section titled “Risk Factors” set out in Appendix A of the OIS and in particular, the sub-section titled “Risks relating to an investment in the Rights Issue, the Convertible Bonds and/or the Shares” for a summary of the risks relating to an investment in the Rights Issue Bonds. The consideration and risks referred to above are not exhaustive.

KEY PRODUCT FEATURES

Background Information on the Issuer

WHO ARE YOU INVESTING IN?

Our Company was incorporated in Singapore on 29 January 1994, listed on 24 January 2002 on the SGX-ST Sesdaq and on 10 January 2005 the Company was transferred to the SGX-ST Mainboard. We are a premier education Group committed to providing quality education and education-related services through our network of institutions and strive to provide a well-balanced education that encourages creative and critical thinking, thus allowing students to realise their potential and aspirations, while enjoying the learning process at our colleges. Since establishing our first college in Singapore in 1990, we have grown to provide a full spectrum of education services through a vast network of 18 colleges and universities across 10 countries in Asia Pacific and Europe: Cambodia, India, Indonesia, Italy, Malaysia, Mongolia, Saudi Arabia, Singapore, Thailand and the People’s Republic of China. Our colleges offer a comprehensive range of internationally recognised programmes leading to diploma, advanced diploma, degree and masters’ qualifications.

Our Board of Directors comprise of Mr Chew Hua Seng (Chairman and Chief Executive Officer), Mdm Lim Siew Mun (Lead Independent Director), Mr Lim How Teck (Independent Director), Mr Ng Kwan Meng (Independent Director), BG (*Retd*) Chua Chwee Koh (Independent Director) and Mr Joseph He Jun (Non-Executive, Non-Independent Director).

Our key executive officers are Mr Chew Hua Seng and Mr Kenneth Ho.

Our controlling shareholders are Mr Chew Hua Seng and Ms Doris Chung Gim Lian who (inclusive of deemed interests) hold approximately 34.57% of the Company.

Refer to –

- Paragraph 8 of “Part 4 – Key Information” on pages 56 to 66 of the OIS for more information on our business.
- Paragraph 1 of “Part 2 – Identity of Directors, Advisers and Agents” on page 45 of the OIS for more information on our directors, key executives and controlling shareholders.

Key Features of the Rights Issue Bonds and Placement Bonds

WHAT ARE YOU INVESTING IN?

Rights Issue Bonds

We are offering up to S\$26,231,906 in aggregate principal amount of Rights Issue Bonds to Entitled Shareholders. The Issue Price is \$0.85 per S\$1.00 in principal amount of Rights Issue Bonds. The Rights Issue Bonds shall bear interest at the rate of 6% per annum on the outstanding principal amount of the Rights Issue Bonds from (and including) the Issue Date. Interest is payable semi-annually in arrear.

Placement Bonds

Similar to the Rights Issue Bonds, the Placement Bonds’ initial conversion price shall be S\$0.065, subject to adjustments as set out in the terms and conditions of the Convertible Bonds. The conversion price represents a premium of approximately 6.6% to the closing price of S\$0.061 per share quoted on SGX-ST on 7 June 2022. Please note that the Placement Bonds will only be subscribed by UOBKH pursuant to a bought deal arrangement.

Refer to –

- “Summary of the Rights Issue, the Placement and the Convertible Bonds” on pages 18 to 26 of the OIS.
- Appendix B – “Terms and Conditions” on pages 139 to 169 of then OIS.

for more information on the Rights Issue Bonds and Placement Bonds.

General information on the Convertible Bonds

Subject to and in compliance with the Terms and Conditions and any applicable fiscal or other laws or regulations, Bondholders may exercise the right to convert their Convertible Bonds, in whole or in part, into Conversion Shares at any time on or after the date falling 60 calendar days after the issue date of the Convertible Bonds up to the date falling 10 calendar days prior to the Maturity Date, or if such Convertible Bond shall have been called for redemption before the Maturity Date, then up to a date no later than 10 calendar days prior to the date fixed for redemption thereof but excluding the Closed Periods (as described in the Terms and Conditions), provided that, in each case, if such final date for the exercise of the right to convert is not a Business Day, then the period for exercise of conversion by Bondholders shall end on the immediately preceding Business Day.

The Conversion Price of S\$0.065 will be subject to adjustment in certain events, including (a) consolidation or subdivision or reclassification of Shares; (b) the Company issuing any Shares credited as fully paid to shareholders by way of capitalisation of profits or reserves; (c) capital distributions; (d) rights issues of Shares or options over Shares; (e) rights issues of other securities; (f) issues and other issues at less than current market price; (g) modification of rights of conversion, other offers to shareholders and other events; and (h) if the Company determines that an adjustment should be made or should not be made or that the effective date for the relevant adjustments should be another date, the use by the Company of a leading independent investment bank of international repute (acting as expert) to determine if the adjustment is fair and reasonable, so as to restore the economic position of the Bondholders after the occurrence of such events or circumstances, to the same position as if the diluting of such events or circumstances had not occurred. The adjustments are determined in accordance with the specified formulas set out in the Terms and Conditions.

The Convertible Bonds will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions) unsecured obligations of the Company. The Convertible Bonds shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and shall (subject to the Terms and Conditions) rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding.

If an Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred, the Trustee at its discretion may, and if so requested by holders of at least 25% in principal amount of the Convertible Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) (subject in each case to being first indemnified, secured and/or pre-funded to its satisfaction) shall, give notice to the Issuer that the Convertible Bonds are immediately due and payable at 100% of their principal amount plus unpaid accrued interest (subject as provided Condition 9 of the Terms and Conditions and without prejudice to the right of the Bondholders to exercise the Conversion Right in respect of their Convertible Bonds in accordance with Condition 5 of the Terms and Conditions).

We only have one class of shares, and the Conversion Shares will have the same rights as our other existing issued and paid-up shares, including voting rights. Shareholders will be entitled to all rights attached to their Conversion Shares in proportion to their shareholding, such as any cash dividends declared by the Company and any distribution of assets upon liquidation of the Company.

Except as provided in the section titled “**Offering, Selling and Transfer Restrictions**” in the OIS, there are no restrictions on the transferability of the Securities.

Key Financial Information

Key profit and loss information

	FY2022	FY2021	FY2020
	Unaudited	Audited	Audited
	S\$'000	S\$'000	S\$'000
Net revenue	105,371	97,729	100,477
Profit/(loss) before tax	22,387	29,879	(7,370)
Profit/(loss) after tax	7,771	16,664	(14,337)
Profit/(loss) after tax including discontinued operations	7,771	16,664	(14,337)
Profit/(loss) attributable to the owners of the Company	9,612	16,386	(16,426)
Before the Rights Issue and Placement			
Basic EPS (cents) ⁽¹⁾	0.70	1.19	(1.19)
Diluted EPS (cents) ⁽²⁾	0.70	1.19	(1.19)
After the completion of the Rights Issue and Placement (before Convertible Bonds conversion)⁽³⁾			
Basic EPS (cents) ⁽¹⁾	0.73	1.13	(1.23)
Diluted EPS (cents) ⁽²⁾	0.73	1.13	(1.23)
After the completion of the Rights Issue and Placement (after Convertible Bonds conversion)⁽³⁾			
Basic EPS (cents) ⁽¹⁾	0.62	0.88	(0.69)
Diluted EPS (cents) ⁽²⁾	0.62	0.88	(0.69)

Notes:

- (1) Basic EPS is calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of Shares outstanding during the financial year.
- (2) Diluted EPS is calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of Shares outstanding during the financial year plus the weighted average number of Shares that would be issued on the conversion of all the dilutive potential Shares into Shares.
- (3) For illustrative purposes, EPS has been calculated on the assumption that: (a) the Placement and Rights Issue were completed and S\$44,094,476 in aggregate principal amount of Convertible Bonds were issued on 1 July 2019, 1 July 2020 and 1 July 2021, respectively; (b) 678,376,553 Conversion Shares were allotted and issued upon conversion of all the Convertible Bonds; (c) the Conversion Price will be S\$0.065 with no adjustment; (d) the Net Proceeds from the issue of the Convertible Bonds were approximately S\$37.8 million, after deducting estimated expenses incurred in connection with the Placement and Rights Issue of approximately S\$2.4 million; (e) Net Proceeds were used to repaid borrowings on 1 July 2021; (f) Estimated reduction of interest expenses from the repayment of borrowings from 1 July 2021; (g) there was no return earned from the Net Proceeds; and (h) convertible bond liability was computed assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option. The calculation of EPS does not take into account any theoretical ex-rights adjustment factor.

Refer to paragraphs 1 to 7 of the section titled “Part 5 – Operating and Financial Review and Prospects” on pages 67 to 84 of the OIS for more information on our financial performance.

Key cash flows information

	FY2022	FY2021
	Unaudited	Audited
	S\$'000	S\$'000
Net cash generated from operating activities	15,585	14,202
Net cash generated from/(used in) investing activities	59,882	(29,146)
Net cash (used in)/generated from financing activities	(67,319)	36,274
Net change in cash and cash equivalents	8,148	21,330
Cash and cash equivalents at end of financial year	37,423	29,527

Key balance sheet information

	FY2022	FY2021
	Unaudited	Audited
	S\$'000	S\$'000
Total assets	1,280,861	1,282,330
Total liabilities	495,638	598,813
Net assets	785,223	783,517
Net assets attributable to owners of the Company before the Rights Issue and Placement	675,168	671,380
Net assets attributable to owners of the Company after the Rights Issue and Placement (before conversion of the Convertible Bonds into Conversion Shares) ⁽¹⁾	668,856	665,068
Net assets attributable to owners of the Company after the Rights Issue and Placement (after conversion of the Convertible Bonds into Conversion Shares) ⁽²⁾	712,950	709,162
NAV per Share before the Rights Issue and Placement	48.97	48.70
NAV per Share after the Rights Issue and Placement and the issue of the Conversion Shares ⁽²⁾	34.66	34.47

Notes:

- (1) Calculated on the assumption that: (a) the Offers were completed and approximately S\$44.1 million in aggregate principal amount of Convertible Bonds were issued on 30 June 2022 and 30 June 2021; (b) the Net Proceeds from the issue of the Convertible Bonds were approximately S\$37.8 million, after deducting estimated expenses incurred in connection with the Placement and Rights Issue of approximately S\$2.4 million; (c) there were no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds; (d) convertible bond liability is computed assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option; and (e) none of the Employee Share Options were exercised. Does not take into account any theoretical ex-rights adjustment factor.
- (2) Calculated on the assumption that: (a) the Offers were completed on 30 June 2022 and 30 June 2021; (b) 678,376,553 Conversion Shares were allotted and issued upon conversion of all the Convertible Bonds on 30 June 2022 and 30 June 2021; (c) the Net Proceeds from the issue of the Convertible Bonds were approximately S\$37.8 million, after deducting estimated expenses incurred in connection with the Offer of approximately S\$2.4 million; (d) there was no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds; and (e) none of the Employee Share Options were exercised. Does not take into account any theoretical ex-rights adjustment factor.

The most significant factors contributing to our financial performance in FY2020 compared to FY2019 are set out below:

- The Group's interest income increased from S\$0.6 million for FY2019 to S\$4.0 million for FY2020 mainly due to discounting interest income of S\$2.8 million for the disposal of subsidiary, Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd. ("LOIT"), which is due before 30 September 2020.
- The Group's other operating income decreased from income from S\$44.5 million for FY2019 to S\$7.9 million for FY2020, mainly due the gain on disposal of LOIT of S\$37.4 million in FY2019 offset by the gain on disposal of investment property in Parramatta, New South Wales, Australia of S\$2.0 million on 29 November 2019.
- The Group's FY2019 income tax credit of S\$13.1 million was mainly due to the reversal of over provision for income tax expense in prior years of S\$1.7 million, the deferred tax credit S\$12.9 million due to reversal of prior years' tax provision from Oriental University City (Cayman) Limited ("OUCCY") of S\$18.3 million and the provision for deferred tax expense in relation to net fair value gain on the investment properties of S\$6.9 million.

The most significant factors contributing to our financial performance in FY2021 compared to FY2020 are set out below:

- The Group's other operating income increased from S\$7.9 million for FY2020 to S\$36.0 million for FY2021 was mainly due to gain on disposal of non-current assets held for sale of S\$28.4 million.
- The Group's depreciation and amortisation expenses increased from S\$15.9 million for FY2020 to S\$18.2 million for FY2021 was mainly due to acquisition of fixed assets arising from the acquisition of Langfang Hezhong Real Estate Development Co., Ltd. ("Hezhong").
- There was a reversal of impairment loss in an associate, Axiom Properties Limited, of S\$1.4 million was recognised in 2nd half FY2021 compared to an impairment loss in this associate of S\$1.9 million recognised in the 2nd half FY2020.
- The Group's fair value gain on investment properties of S\$13.8 million for FY2021 was mainly attributable to the revaluation of investment properties in Oriental University City Holdings (H.K.) Limited ("OUCHK").

The most significant factors contributing to our financial performance in FY2022 compared to FY2021 are set out below:

- The Group's revenue increased from S\$97.7 million for FY2021 to S\$105.4 million for FY2022 was mainly due to higher student enrolments from colleges in PRC and ASEAN offset by decrease in revenue from the leasing of education facilities of OUCHK.
- The Group's other operating expenses increased from S\$47.5 million for FY2021 to S\$64.4 million for FY2022 was mainly due to lower other operating expenses in FY2021 as new semester were postponed/ conducted online due to the Covid-19 pandemic, higher provision of estimated expenses payable upon receipt of sale proceeds of LOIT in FY2022, higher marketing expenses and registration & examination fees incurred in FY2022, higher loss on disposal on investment properties in FY2022 and higher professional fees incurred in FY2022 and increase in scholarship expenses by Wanbo Institute of Science & Technology ("Wanbo") and Tianjin University of Commerce Boustead College.
- There was an increase in finance cost from S\$17.9 million for FY2021 to S\$19.7 million for FY2022 was mainly due to higher interest expenses incurred by OUCHK for additional borrowings, default interest incurred by Raffles K12 Sdn Bhd and Raffles Iskandar Sdn Bhd.
- There was an increase in depreciation and amortisation expenses from S\$18.2 million for FY2021 to S\$20.0 million for FY2022 mainly due to additions of property, plant and equipment of Wanbo's new campus during the year and acquisition of fixed assets arising from the acquisition of Hezhong.

The above factors are not the only factors contributing to our financial performance in FY2020, FY2021 and FY2022. Please refer to paragraph 4 of the section titled "Part 5 – Operating and Financial Review and Prospects" for the other factors set out in pages 71 to 76 of the OIS.

Business Strategies and Future Plans

The key principal activities of the Group include providing private education, education facilities and commercial leases.

The Group's competitive strengths includes an experienced and committed management team, a diversified business portfolio to achieve balanced revenue profile, a driven mission to create value for our customers through innovation, and stringent quality control processes to ensure delivery of premium quality products.

Providing Private Education

Collectively, the Group is one of the largest private education providers in the Asia-Pacific region. Since establishing its first college in Singapore in 1990, the Group has grown to operate 18 colleges/universities across 10 countries in Asia-Pacific and Europe as at the Latest Practicable Date: Cambodia, India, Indonesia, Italy, Malaysia, Mongolia, Saudi Arabia, Singapore, Thailand and the People's Republic of China. The Group owns Raffles University in Johor, Malaysia and Tianjin University of Commerce Boustead College in the People's Republic of China.

The Group also owns the first school in Johor, Malaysia, that offers American K-12 education, named "Raffles American School". The Group has also set up a design school in Milan, Italy, named "Raffles Milano Istituto Moda e Design" that offers both degree and masters programmes in various disciplines of design.

Education Facilities

The Group through its subsidiary, OUCHK, that is listed on the GEM owns education facilities in the Oriental University City, located in Langfang City in Hebei Province of the PRC and also owns education facilities in Kuala Lumpur in Malaysia, and Jakarta in Indonesia. It leases to Education Institutions in the PRC, Malaysia and Indonesia.

Commercial Leases

The Group also leases commercial spaces in Oriental University City, in Langfang city, the PRC, to commercial tenants operating a range of supporting facilities.

Refer to –

- paragraph 8 of the section titled "Part 4 – Key Information" on pages 56 to 66; and
- paragraph 1 to 5 of the section titled "Part 5 – Operating and Financial Review and Prospects" on pages 67 to 79 of the OIS for more information on our strategies and future plans.

Trends, Uncertainties, Demands, Commitments or Events Reasonably Likely to have a Material Effect

The uncertainty brought about by COVID-19 pandemic with the lockdown and restricted border movements in all the locations we operate in is continuing to impact our recruitment and retention of foreign students from January 2020 till date and will continue to have impact on the Group. The challenging global education environment with increasing competition and increasing restrictive policies in the countries that we operate in an uncertain global economy and currency volatility will continue to affect the Group. The Group continues to streamline and restructure its operations to adapt to the new paradigm brought about by COVID-19 pandemic for better cost management and improved efficiency.

To the best of the Directors' knowledge and belief as at the Latest Practicable Date, the risk factors that are material to Shareholders and prospective investors in making an informed judgement on the Offer (save for those which have already been disclosed to the general public) are set out in Appendix A of the OIS.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the section titled "Risk Factors" in Appendix A on pages 122 to 138 of the OIS.

Refer to the "Risk Factors" set out in Appendix A on pages 122 to 138 of the OIS for more information on the Risk Factors.

Use of Proceeds

The net proceeds to be raised in the offer (after deducting estimated expenses to be borne by us) are S\$37.8 million. The following represents our estimate of the allocation of the gross proceeds expected to be raised from the offer:

Details of utilisation	S\$ (million)	Allocation for each S\$1.00 of gross proceeds raised
(1) Net Proceeds:	–	–
(a) Repayment of loans and interest	28.4 – 32.1	S\$0.71 – S\$0.80
(b) General working capital	5.7 – 9.4	S\$0.14 – S\$0.23
(2) Estimated listing expenses	2.4	S\$0.06

Refer to the paragraphs 2 to 6 of the section titled “Part 4 – Key Information – Use of Proceeds from Offer of Expenses Incurred” on pages 53 to 55 of the OIS for more information on use of proceeds.

KEY RISKS

Investing in the Securities involves substantial risks. Set out below are some of the key risks of investing in the Securities. This list is not exhaustive, and does not represent all the risks associated with, and considerations relevant to, the Securities or your decision to purchase the Securities. Please refer to the section “Risk Factors” set out in Appendix A on pages 122 to 138 of the OIS for more information on risk factors. These risk factors may cause you to lose some or all of your investment.

Business-Related Risks

The Group’s business is subject to outbreaks of infectious diseases or any other serious public health concerns including COVID-19. The outbreak of an infectious disease such as COVID-19, mutation of COVID-19, Influenza A (H1N1), avian influenza, H5N1 or Severe Acute Respiratory Syndrome in countries which the Group operates in, together with any resulting restrictions on travel (such as border control measures) and/or imposition of quarantines, could have a negative impact on the economy, and business activities in these countries and could thereby materially and adversely impact the Group’s business, financial performance and financial position. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concern in Asia or elsewhere could have a material and adverse effect on the Group’s business, financial performance and financial position. In particular, the outbreak of the novel strain of coronavirus (i.e. COVID-19) has spread globally and triggered a global economic downturn and global economic contraction, causing unprecedented global disruption. The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy. There is significant uncertainty as to the duration of the pandemic and its impact on the economies which the Group operates in, which is likely to affect the Group’s financial performance in the upcoming financial years. In addition, the Group may not be able to terminate contracts with its suppliers and landlords as a result of the pandemic, and may not be able to obtain appropriate and sufficient business disruption insurances to make up for its lost revenue and profits. This may lead to a negative impact on its financial and business performance.

The Group is subject to licensing requirements in Singapore and other countries. As at the Latest Practicable Date, the Group operates 18 colleges/universities across 10 countries in Asia-Pacific and Europe: Cambodia, India, Indonesia, Italy, Malaysia, Mongolia, Saudi Arabia, Singapore, Thailand and the People’s Republic of China. As such, the Group’s activities are subject to various licensing requirements in Singapore and the other countries in which the Group operates. Such licences are renewed on a periodic basis and may contain various on-going conditions, including, but not limited to, the Group meeting certain requirements relating to its financial position. Any unexpected termination or suspension of any licence or non-renewal of any of the Group’s licences for whatever reason would result in the cessation of the respective business under licence or significantly curtail the Group’s ability to enrol new students or cause the Group to incur costs to fulfil its obligations to the enrolled students and to comply with licensing requirements. In addition, if the Group is unable to obtain new licences to operate its business in new markets and new countries, the Group’s expansion plans will be curtailed. Consequently, the Group’s business, financial performance and financial position will be adversely affected.

The Private Education Industry is highly competitive. Private education in the Group’s existing and new markets is highly competitive. The Group currently operates in a competitive environment with low barriers to entry and an increasing number of domestic and international players in the market. Some of these players have greater financial and other resources than the Group. The Group believes that to remain competitive in such an environment, it will need to achieve service excellence, operational efficiency and maintain high academic standards. Failure by the Group to achieve all or any of the above could result in the Group’s business, financial performance and financial position being materially and adversely affected.

The Group may not be able to sustain its rate of growth or profitability. The Group's ability to sustain its rate of growth or profitability depends on a number of factors, including, *inter alia*, its ability to obtain and maintain regulatory approvals, its ability to attract and retain students, its ability to maintain operating margins, its ability to recruit and retain high quality academic and administrative personnel, its ability to finance and refinance its debt obligations on favourable terms to fund the Group's expansion and working capital requirements. In addition, growth may place a significant strain on the Group's resources and increase demands on its management information and reporting systems, financial management controls and personnel. Although the Group has made substantial investments to augment its financial and management information systems and other resources to support future growth, it cannot be assured that it will have adequate capacity to accommodate substantial growth or that it will be able to manage further growth effectively. Failure to do so could adversely affect the business, financial performance and financial position of the Group.

Legal, Regulatory and Enforcement Risks

The Convertible Bonds are not secured. The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company. The Convertible Bonds shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding. On a winding-up or dissolution of the Company, the Bondholders will not have recourse to any specific assets of the Company and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Convertible Bonds owed to the Bondholders and there can be no assurance that there would be sufficient value in the assets of the Company, after meeting all claims ranking ahead of the Convertible Bonds, to discharge all outstanding payment and other obligations under the Convertible Bonds owed to the Bondholders.

Shareholders will suffer dilution of their ownership interest if they do not or are unable to accept their Nil-Paid Rights, or do not exercise their Conversion Right if other Bondholders do, and may also suffer economic dilution and may not receive interest if they do not or are unable to subscribe for the Convertible Bonds. If any Shareholder does not, or is unable to, accept his Nil-Paid Rights, his proportionate voting and ownership interest will be reduced upon the issue of the Conversion Shares. The percentage that such Shareholder's Shares represent of the Company's enlarged share capital after the issue of the Conversion Shares will also be diluted. The magnitude of the reduction of a Shareholder's percentage ownership will depend upon the number of Convertible Bonds ultimately converted into Conversion Shares. Furthermore, if any Shareholder does not accept his Nil-Paid Rights, he will not be entitled to receive interest on the Convertible Bonds and will not be granted any right to receive Conversion Shares. Even if a Shareholder sells his Nil-Paid Rights or his Nil-Paid Rights are sold on his behalf, any consideration he receives may not be sufficient to compensate him fully for the dilution of his interest in the Company as a result of the Rights Issue. In particular, Foreign Shareholders will not be eligible to participate in the Rights Issue. The Company may, at its absolute discretion and if it is practicable to do so, arrange for the Nil-Paid Rights which would otherwise have been allotted to such Foreign Shareholders to be sold on SGX-ST as soon as practicable after dealings in the Nil-Paid Rights commence. However, there is no guarantee that such sale will be successful and even if successful, the proceeds of any such sale may not be sufficient to compensate a Foreign Shareholder fully for the dilution of his interest in the Company as a result of the Rights Issue. Additionally, the Company may seek to raise additional funding after the Rights Issue, which may be by way of a further rights offering or through the issuance and placement of new Shares. In the event that a Bondholder is not a Shareholder at the time of such fundraising, he may be unable to participate in such fundraising and thereafter, if there is no adjustment to the Conversion Price in accordance with the Terms and Conditions, the percentage of such Bondholder's interest in the Company upon the exercise of his Conversion Right may also be diluted.

The Trustee may request that the Bondholders provide an indemnity, security and/or pre-funding to its satisfaction. In certain circumstances (including, but not limited to, before the giving of a notice to the Company that the Convertible Bonds are immediately due and payable pursuant to Condition 9(A), or before taking any action pursuant to the Trust Deed or the Terms and Conditions to enforce the performance by the Company of any of the provisions of the Issue Documents or the Convertible Bonds), the Trustee may, at its discretion, request the Bondholders to provide an indemnity, security and/or pre-funding to its satisfaction before it takes action on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not first indemnified, secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity, security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken, or at all. The Trustee may not be able to take actions notwithstanding the provision of an indemnity, security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

Market and Credit Risks

The market value of the Convertible Bonds and the Shares may be subject to fluctuation. The trading prices of the Convertible Bonds and the Shares may be subject to fluctuation in response to numerous factors, including (i) the market for similar securities, (ii) the periodic operating results and financial condition of the Group, (iii) (in the case of the Convertible Bonds) the trading price of the Shares and (iv) political, economic, financial and any other factors that can affect capital market conditions, the Group and the industries in which the Group operates. Adverse economic developments in Singapore as well as countries in which the Group operates or has business dealings could have a material adverse effect on the business, results of operations, financial position and prospects of the Group and the market value of the Convertible Bonds and the Shares. As a result of any of the above, the market price of the Convertible Bonds may fall below the Issue Price and/or the market price of the Shares may fall below the Conversion Price.

The Rights Issue may cause the price of the Shares to decrease and the initial Conversion Price is not an indication of any underlying value of the Shares. The initial Conversion Price of S\$0.065 represents a discount of approximately 9.8% to the closing price of S\$0.061 per Share quoted on SGX-ST on 7 June 2022, being the last Market Day on which trades were done in the Shares prior to the announcement dated 7 June 2022 and the clarification announcement dated 8 June 2022. The discount of the Conversion Price may result in an immediate decrease in the market value of the Shares, and any such decrease in market value may continue after the completion of the Rights Issue. In addition, the Issue Price and the Conversion Price do not bear a direct relationship to the book value of the Group's assets, past operations, cash flows, earnings, financial condition or other established criteria for value. Hence, the Issue Price or the Conversion Price should not be taken as an indication of any underlying value of the Shares.

An investment in the Convertible Bonds is subject to interest rate risk. Bondholders may suffer unforeseen losses (both realised and unrealised) due to fluctuations in interest rates. The Convertible Bonds are a form of fixed interest security and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Convertible Bonds. The market value of the Convertible Bonds may be similarly affected which may result in a capital loss for Bondholders. Conversely, when interest rates fall, the prices of the Convertible Bonds and the prices at which the Convertible Bonds trade may rise. Bondholders may enjoy a capital gain but interest received may be reinvested at lower prevailing interest rates.

Liquidity Risks

The Convertible Bonds may not be listed on SGX-ST. SGX-ST has granted its approval-in-principle for the listing and quotation of the Convertible Bonds and the Conversion Shares on the Mainboard of the SGX-ST, subject to certain conditions, including there being a sufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds. There is no assurance that the Convertible Bonds will, upon issue, be listed and quoted on the Mainboard of the SGX-ST. In the event that permission is not granted by the SGX-ST for the listing and quotation of the Convertible Bonds on the Mainboard of the SGX-ST due to an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the trading of the Convertible Bonds, the Convertible Bonds may be traded over-the-counter on the Debt Securities Clearing and Settlement System. In such event, Bondholders will not be able to trade their Convertible Bonds on SGX-ST. The approval-in-principle granted by SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Convertible Bonds, the Conversion Shares, the Company and/or its subsidiaries.

There is no prior market for the Convertible Bonds nor any assurance that one will develop to provide liquidity for the Convertible Bonds. The Convertible Bonds are a new issue of securities for which there is currently no trading market. No assurance can be given that an active trading market for the Convertible Bonds will develop or, if a market does develop, as to the liquidity or sustainability of any such market and the ability of Bondholders to sell their Convertible Bonds or the price at which Bondholders will be able to sell their Convertible Bonds. If an active market for the Convertible Bonds fails to develop or is not sustained, the trading price for the Convertible Bonds could fall below the Issue Price of the Convertible Bonds. Even if an active trading market for the Convertible Bonds were to develop, the Convertible Bonds could trade at prices that may be lower than the Issue Price. The trading price of the Convertible Bonds will depend on many factors, including, but not limited to (a) prevailing interest rates and interest rate volatility; (b) fluctuations in the market price of the Shares; (c) the market for similar securities; (d) the Group's financial condition, financial performance and future prospects; (e) the publication of earnings estimates or other research reports and speculation in the press or the investment community; (f) changes in the Group's industry and competition; and (g) general market, financial and economic conditions.

Other Pertinent Risks

Modifications and waivers. The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interest generally, including modification to the Terms and Conditions or any provision of the Trust Deed. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Trust Deed also provides that the Trustee may, without the consent or sanction of Bondholders, concur with the Company in making any modification in writing (i) to the Convertible Bonds, the Trust Deed or the Agency Agreement (except as provided for in the Terms and Conditions and the Trust Deed) which, in the opinion of the Trustee, may be expedient to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders; or (ii) to the Convertible Bonds, the Trust Deed or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature, to correct a manifest error or an error which is, in the opinion of the Trustee, proven, or to comply with mandatory provisions of Singapore law or is required by CDP.

DEFINITIONS

Unless otherwise defined herein or in the context otherwise requires, all capitalised terms used in this Product Highlights Sheet shall bear the same meaning ascribed to them in the OIS.

CONTACT INFORMATION

HOW DO YOU CONTACT US?

If you have any questions, please contact the Company at (65) 6338 5288.