

RAFFLES EDUCATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199400712N)

**LETTER OF INTENT CONCERNING A POSSIBLE DISPOSAL
OF A LIFESTYLE COMMERCIAL BUILDING**

The Board of Directors (the “**Board**”) of Raffles Education Limited (the “**Company**”) wishes to announce that the Company’s subsidiary, Oriental University City Holdings (H.K.) Limited (“OUCHK”) listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong has on 31 December 2024 announced that Tonghui (the legal owner) has entered into the Letter of Intent (“LOI”) with the Purchaser pursuant to which the Purchaser intends to purchase, and Tonghui (as instructed by Tongrui (the beneficial owner)) intends to dispose of the Property located in Langfang Development Zone, Hebei, the People’s Republic of China, at a total consideration of RMB19.00 million (equivalent to approximately HK\$20.53 million).

Please refer to the attached announcement by OUCHK, dated 31 December 2024, for more information on the disposal.

Shareholders are advised to exercise caution when dealing in the shares of the Company. Shareholders should consult their professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD
Raffles Education Limited
31 December 2024

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ORIENTAL UNIVERSITY CITY HOLDINGS (H.K.) LIMITED

東方大學城控股（香港）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8067)

LETTER OF INTENT CONCERNING A POSSIBLE DISPOSAL OF A LIFESTYLE COMMERCIAL BUILDING

THE DISPOSAL

On 31 December 2024 (after trading hours of the Stock Exchange), Tongrui, the beneficial owner of the Property, through Tonghui, the legal owner of the Property, entered into the LOI with the Purchaser, pursuant to which the Purchaser intends to purchase and Tonghui (as instructed by Tongrui) intends to dispose of the Property located in Langfang Development Zone, Hebei, the PRC, at the consideration of RMB19.00 million (equivalent to approximately HK\$20.53 million).

GEM LISTING RULES IMPLICATIONS

The Disposal, if it materialises, may constitute a major transaction of the Company under the GEM Listing Rules. Should the Formal Agreement be entered into or if there are any material developments with respect to the Disposal, the Company will make further announcement(s) in accordance with the GEM Listing Rules as and when appropriate.

WARNING NOTICE

The Disposal is subject to, among others, further negotiation concerning the entering into of the Formal Agreement and the fulfilment of the relevant conditions precedent of the LOI. At present stage, the terms and conditions of the Formal Agreement are yet to be finalized and agreed between the parties. As such, the Disposal may or may not proceed. Further announcement(s) in respect of the Disposal will be made by the Company in the event that any Formal Agreement has been entered into.

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and Rule 17.10 of the GEM Listing Rules.

THE DISPOSAL

On 31 December 2024 (after trading hours of the Stock Exchange), Tongrui, the beneficial owner of the Property, through Tonghui, the legal owner of the Property, entered into the LOI with the Purchaser, pursuant to which the Purchaser intends to purchase, and Tonghui (as instructed by Tongrui) intends to dispose of, the Property located in Langfang Development Zone, Hebei, the PRC, at a total consideration of RMB19.00 million (equivalent to approximately HK\$20.53 million).

The LOI

Set out below are the principal terms of the LOI

Date : 31 December 2024

Parties : (1) Vendor : Langfang Tonghui Education Consulting Co., Ltd.*
(廊坊通慧教育諮詢有限公司)

(2) Purchaser : Mr. GAO Xuanjie
(高選傑先生)

Property

The property to be transferred contemplated under the LOI is a lifestyle commercial building (the “**Property**”), which consists of (i) the land use right in relation to a plot of land located in Oriental University City, Langfang Development Zone, Hebei, the PRC with an estimated aggregate land area of approximately 6,937.20 sq. m.; and (ii) the buildings and ancillary facilities erected thereon with total gross floor area of approximately 6,809.31 sq. m. The term of the land use right is until 13 July 2053. The Property is subject to mortgage, registration of the discharge of which is planned to be completed by 28 February 2025.

The rental income, operating profit and net profit (before and after taxation) attributable to the Property for the two financial years ended 30 June 2024 are set out below:

	For the year ended 30 June	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Rental Income	530	546
Operating Profit [#]	439	454
Net Profit before taxation	1,229	314
Net Profit after taxation	724	349

[#] *Operating Profit refers to operating profit before fair value change attributable to the Property*

Consideration

The consideration of RMB19.00 million (equivalent to approximately HK\$20.53 million) (the “**Consideration**”) shall be paid by the Purchaser for the sale and purchase of the Property subject to the Formal Agreement to be entered into in respect of the Disposal. Upon entering into the LOI, the Purchaser shall pay RMB5.00 million (equivalent to approximately HK\$5.40 million) as earnest money (the “**Earnest Money**”).

Validity Period of the LOI

The LOI shall be valid until 30 June 2025.

Basis of the Consideration

The Consideration was determined after arm’s length negotiations between the parties by reference to the valuation of the Property of RMB19.37 million (equivalent to approximately HK\$20.93 million) as at 30 December 2024, conducted by Cushman & Wakefield, an independent valuer, using income capitalization approach.

When the parties enter into the Formal Agreement, the Earnest Money shall become part of the Consideration.

Termination

The LOI may be terminated in the event of any of the following circumstances:

- (a) the Formal Agreement has been entered into by 30 June 2025;

- (b) the Purchaser informs Tonghui that he decides not to proceed with the transaction under the LOI, in which case, Tonghui shall return the Earnest Money together with Interest to the Purchaser within 7 days from the date the Purchaser informs it of such decision;
- (c) if the discharge of the existing mortgage cannot be completed, the Purchaser is entitled to inform Tonghui not to proceed with the transaction under the LOI, in which case, Tonghui shall return the Earnest Money together with Interest to the Purchaser within 7 days from the date the Purchaser informs it of such decision;
- (d) a party to the LOI being served of a notice of a force majeure event occurs from the other party, in which case, Tonghui shall return the Earnest Money to the Purchaser without interest.

Exclusivity

Tonghui shall not negotiate with any third party in respect of transfer of the Property or refuse to transfer the Property to the Purchaser at the Consideration during the Exclusivity Period.

In the event that, during the Exclusivity Period, Tonghui transfers the Property to a third party or refuses to transfer the Property to the Purchaser, Tonghui shall return the Earnest Money to the Purchaser and pay the Purchaser the Interest together with damages for such breach in the sum of RMB500,000 (equivalent to approximately HK\$540,190).

Information of the Purchaser

The Purchaser, Mr. GAO Xuanjie, is the existing tenant of the Property. He is principally engaged in operating of shopping mall at the Property.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, (i) the Purchaser is a third party independent of the Company and its connected persons; and (ii) there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Purchaser and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the Disposal).

Information of the Group, Tonghui and Tongrui

The Company is an investment holding company and its subsidiaries are principally engaged in the leasing of education facilities, comprising primarily teaching buildings and dormitories to education institutions in the PRC, Malaysia and the Republic of Indonesia. In addition, the Group owns, lease and manages hotel properties in Switzerland. The Group also leases commercial properties in the Oriental University City Campus to commercial tenants operating a range of supporting facilities, including a shopping centre, supermarket, cafe and cafeterias, bank, telecommunication companies, dental and polyclinic, amongst others, to serve the needs of students in the campus and the residents of adjacent housing estates.

Tonghui is the legal owner of the Property while Tongrui is the beneficial owner of the Property.

Tonghui is a company established in the PRC, which is principally engaged in the leasing of commercial properties in Langfang City, Hebei, the PRC.

Tongrui is a company established in the PRC, whose principal business activities are the leasing and management of education facilities and commercial properties in Langfang City, Hebei, the PRC. Tongrui is a subsidiary of the Company.

Reasons for and Benefits of the Disposal

The Board considers that the Disposal provides an optimum opportunity for the Company to realise its investment in the Property. Although the property is valued at RMB19.37 million, it had on average generated a rental income of approximately RMB538,000 per annum, and as a result it has low yielding of 2.8% per annum. The disposal is in line with company focus to re-cycle the capital tied up in low yielding properties to higher yielding investment. The sale consideration of RMB19 million thus represents a multiple of 41.9 times of the FY23/24 operating profit attributable to the Property of RMB454,000. The Disposal of this low-yielding property is in line with the Group's aim to rationalise its assets to improve the overall return of its investment properties. The Disposal will enable the Group to enhance its working capital to meet its capital expenditures and operational needs.

The Directors consider that the terms of the LOI are fair and reasonable, and the Disposal is in the interest of the Company and the Shareholders as a whole.

GEM Listing Rules Implications

The Disposal, if it materialises, may constitute a major transaction of the Company under the GEM Listing Rules. Should the Formal Agreement be entered into or if there are any material developments with respect to the Disposal, the Company will make further announcement(s), including further details of the Disposal such as the intended application of the sale proceeds and financial effects of the Disposal, in accordance with the GEM Listing Rules as and when appropriate.

WARNING NOTICE

The Disposal is subject to, among others, further negotiation concerning the entering into of the Formal Agreement and the fulfilment of the relevant conditions precedent of the LOI. At present stage, the terms and conditions of the Formal Agreement are yet to be finalized and agreed between the parties. As such, the Disposal may or may not proceed. Further announcement(s) in respect of the Disposal will be made by the Company in the event that any Formal Agreement has been entered into.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following respective meanings:

“Board”	the board of Directors
“Company”	Oriental University City Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability and whose issued Shares are listed and traded on the GEM of the Stock Exchange (stock code: 8067)
“connected person(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Consideration”	the meaning as defined in the section headed “The LOI – Consideration” above
“Director(s)”	director(s) of the Company
“Disposal”	the intended disposal of the Property under the LOI
“Earnest Money”	the meaning as defined in the section headed “The LOI – Consideration” above
“Exclusivity Period”	the period commencing on the date of the LOI until 30 June 2025
“Formal Agreement”	the formal agreement to be entered into in relation to the Disposal
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Interest”	interest calculated at 5% per annum from the date of the receipt to the date of returning of the Earnest Money
“LOI”	the letter of intent dated 31 December 2024 entered into between Tonghui and the Purchaser relating to the sale and purchase of the Property
“PRC”	the People’s Republic of China

“Property”	the meaning as defined in the section headed “The LOI – Property” above
“Purchaser”	GAO Xuanjie (高選傑)
“RE”	Raffles Education Limited, a company incorporated in Singapore with limited liability, whose shares are listed on the Singapore Stock Exchange, and being a controlling shareholder of the Company, holding 75% of the entire issued share capital of the Company
“Shares”	the ordinary shares of the Company
“Shareholder(s)”	the holder(s) of the Shares in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed to it under the GEM Listing Rules
“Tonghui”	Langfang Tonghui Education Consulting Co., Ltd.* (廊坊通慧教育諮詢有限公司), a company established in the PRC
“Tongrui”	Langfang Tongrui Education Consultancy Co., Ltd.* (廊坊通睿教育諮詢有限公司), a company established in the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square meter(s)
“%”	per cent.

Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.080380. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rates or at all.

- * *For ease of reference, the names of the PRC established companies or entities have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*

For and on behalf of
Oriental University City Holdings (H.K.) Limited
Liu Ying Chun
Chief Executive Officer and Executive Director

Hong Kong, 31 December 2024

As at the date of this announcement, the executive Directors are Mr. Chew Hua Seng (Chairman) and Mr. Liu Ying Chun (Chief Executive Officer); the non-executive Director is Ms. Geng Yu; and the independent non-executive Directors are Mr. Tan Yeow Hiang, Kenneth, Mr. Wilson Teh Boon Piaw and Mr. Liu Guilin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at www.oriental-university-city.com.