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

GOVERNMENT RECLAMATION OF THE GROUP'S LAND IN THE PEOPLES'S REPUBLIC OF CHINA - COMPENSATION AGREEMENT

1. INTRODUCTION

The Board of Directors (the "**Board**") of Raffles Education Limited (the "**Company**" and together with its subsidiaries, the "**Group"**) refers to its announcement dated 29 January 2026 in relation to the notice received from the Langfang Economic and Technological Development Zone Natural Resources and Planning Bureau regarding the proposed government re-possession of the Group's land located on both sides of Li Siguang Road, Gu'an County, Langfang City, Hebei Province, the Peoples's Republic of China ("**PRC**") with an area of approximately 499 mu (the **"Land").**

The Board wishes to announce that the Company's indirect subsidiary, Langfang Hezhong Education Consulting Co., Ltd. (("**Hezhong**"), has on 18 August 2026 entered into a land reclamation compensation agreement (the "**Compensation Agreement**") with the Langfang Economic and Technological Development Zone Management Committee ("**LDZMC"**) in relation to the compulsory government reclamation of the Land.

2. NATURE OF TRANSACTION

The proposed government reclamation is a **compulsory acquisition** undertaken by the PRC government pursuant to **Article 58(1) of the Land Administration Law of the PRC** which stipulates that the state may reclaim the right to use state-owned land when it is needed for urban planning, old city reconstruction or other public interest purposes, provided that appropriate compensation is given to the land user.

Hezhong has no discretion to reject the reclamation. Its only recourse is to dispute the quantum of compensation. Accordingly, while the transaction is classified as a major transaction under Chapter 10 of the Listing Manual by virtue of the relative figures computed under Rule 1006, the **requirement for shareholder approval under Rule 1014 does not apply** as the transaction is not voluntary and is not within the Company's control.

3. BACKGROUND

Hezhong is a company incorporated in the PRC. The Company has an effective 70% indirect interest in Hezhong. The remaining 30% equity interest in Hezhong is held by Langfang Heying Property Real Estate Development Co., Ltd., a third party unrelated to the Company.

The Land comprises 13 parcels of state-owned construction/educational land on both sides of Li Siguang Road, Oriental University City, Langfang City, Hebei Province, the PRC, with a total land area of 332,679.4 square metres (approximately 499 mu) and buildings erected thereon with total gross floor area of 51,298.14 square metres. The Land is designated for educational and scientific purpose.

4. THE COMPENSATION AGREEMENT

The principal terms of the Compensation Agreement are as follows:

Properties Reclaimed: 13 parcels of state-owned construction/educational land on both sides of Li Siguang Road, Oriental University City, Langfang City, Hebei Province, the PRC, with a total land area of 332,679.4 square metres (approximately 499 mu) and buildings erected thereon having a gross floor area of 51,298.14 square metres.

Compensation Consideration: Total lump sum compensation of **RMB 293,262,900.** This covers full compensation for the land use rights, buildings, structures and ancillary facilities. The consideration was determined based on the "Land Appraisal Report" and "Property Appraisal Report" issued by an independent valuation firm appointed by the local government, Hebei Botai Land and Real Estate Asset Appraisal Co., Ltd., comprising RMB 160,572,500 for the land and RMB 132,690,400 for the buildings.

Payment Schedule: LDZMC shall pay the compensation in two tranches:

(1) Phase 1 (**RMB 150,000,000**): Payable within one week after the transfer of approximately 306.46 mu of educational land (located south of Baijuyi Road, east of Xinglin Road, north of Li Siguang Road and west of Tianyou Road) and the compensation consideration has been received in the PRC's state treasury.

(2) Phase 2 (**RMB 143,262,900**): Payable by the end of 2026 upon the complete handover of all land parcels and completion of cancellation/handover registrations.

Handover & Conditions: Hezhong shall properly handle the termination of third party leases (if any), complete the cancellation of land use rights registration and submit relevant supporting documents, and hand over the Land free from encumbrances or ownership disputes within 5 working days following certificate cancellation.

5. RATIONALE FOR ACCEPTING THE COMPENSATION

While the Company has no choice but to accept the government reclamation, the Board is of the view that the compensation offered presents a viable outcome for the Group, for the following reasons:

(a) Disposal of Non-Income Generating and Depreciating Assets

The Land is restricted to educational and scientific use. Adverse changes in regulations and education policies over the years have hindered the development of the Land as an educational hub. The Land has not been developed into an income generating asset. While remaining idle, the book value of the Land would continue to incur depreciation charges of approximately RMB 22.11 million per year.

(b) Limited Marketability of the Land

Given the restricted land use designation, the Land is difficult to market to commercial property developers and investors. The current market conditions in China, coupled with adverse structural changes in the education industry, limit buying interest from education institutions.

(c) Tax Exemption Incentive

The proposed government reclamation under the government acquisition initiative entails exemption of land appreciation tax, value added tax and tax surcharge, which in an ordinary market transaction would have amounted to approximately RMB 92.30 million.

(d) Avoidance of Litigation Risk and Uncertainty

Accepting the government's compensation avoids the cost delay and uncertainty of protracted litigation to dispute the quantum of compensation. The Board considers the certainty of the compensation sum outweighs the potential upside of disputing the quantum.

6. **FINANCIAL EFFECTS OF THE COMPENSATION AGREEMENT**

(a) Net Book Value & Financial Loss:

As at 30 June 2026, the net book value of the Land was RMB 616.07 million. At the Hezhong level, the reclamation is expected to record an estimated net loss of approximately RMB 337.67 million (after accounting for corporate income tax, stamp duty, incidental professional fees and write-off of deferred tax). At the consolidated level of the Group (attributable to the Company's 70% effective interest and accounting for the write-off of Group-level deferred tax), the estimated net loss is approximately **RMB 172.67 million.**

(b) Net Cash Proceeds:

The net cash proceeds arising from the compensation are estimated at **RMB 270.68 million** (after accounting for estimated corporate income taxes and professional costs) which will improve the Group’s general working capital position and liquidity.

(c) Effect on Net Tangible Assets (“NTA”) Per Share and Earnings Per Share (“EPS”):

The pro forma financial effects of the Compensation Agreement on the Group’s NTA per share, based on the latest audited consolidated financial statements of the Group for the financial year ended 2025 are set out below for illustrative purposes only:

	Before the Transaction	After the Transaction
NTA (S$'000)	544,345	511,110
NTA per share (S$)*	39.15	36.76

Note:
* Based on 1,390,461,472 issued Shares as at 30 June 2025.

The pro forma financial effects of the Compensation Agreement on the Group’s EPS, assuming that the Compulsory Acquisition had been effected at the beginning of the latest audited consolidated financial statements of the Group for the financial year ended 2025 are set out below for illustrative purposes only:

	Before the Transaction	After the Transaction
Net profit attributable to shareholders of the Company (S$'000)	7,696	(23,741)
EPS (in cents)*	0.55	(1.71)

Note:
* Based on 1,389,320,047 weighted average issued Shares as at 30 June 2025

7. **RELATIVE COMPUTATIONS UNDER CHAPTER 10 OF THE SGX-ST LISTING MANUAL**

The relative figures computed on the bases set out in **Rule 1006** of the SGX Listing Manual based on the unaudited consolidated financial results of the Group for the first half ended 31 December 2025 (being the latest announced consolidated accounts of the Company) as follows:

Basis (Rule 1006)	Relative Figure
(a) Net asset value of the assets to be disposed of, compared with the Group's net asset value	17.15% [1]
(b) Net profits attributable to the assets disposed of, compared with the Group's net profits	(50.63%)
(c) Aggregate value of the consideration, compared with the Company's market capitalisation	26.10% [2]

Note: Basis (d) of Rule 1006 relating to equity securities issued as consideration is not applicable as the consideration is in cash.

Notes:
[1] Based on the net asset value of the assets disposed at 31 December 2025 of approximately S$114,867,000.00 divided by the Group's net asset value as at 31 December 2025 of approximately S$669,648,000

[2] Based on the Compensation Consideration of approximately S$53,657,000.00 divided by the market capitalisation of the Company of approximately S$205,601,000.00 (based on 1,819,474,395 Shares in the capital of the Company multiplied by the weighted average price of the Shares of S$0.113 transacted on 17 August 2026, being the market day immediately preceding the date of the Compensation Agreement on which Shares were traded on the Singapore Exchange Securities Trading Limited).

Based on the above, the transaction is classified as a **Major Transaction** under Chapter 10 of the SGX Listing Manual. However, as noted in Section 2 above, the requirement for shareholder approval does not apply as the transaction is a compulsory government acquisition and is not within the Company's control.

8. **DIRECTORS AND CONTROLLING SHAREHOLDERS INTEREST**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the proposed government reclamation or the Compensation Agreement, other than through their respective shareholdings in the Company.

9. **DOCUMENT FOR INSPECTION**

A copy of the Compensation Agreement is available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

10. **CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company and to refrain from taking any action in respect of their investments.

BY ORDER OF THE BOARD
Raffles Education Limited
18 August 2026