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

UPDATE ON CLAIMS BY AFFIN BANK BERHAD – SETTLEMENT

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1. The Board of Directors of Raffles Education Corporation Limited ("**Company**") refers to the Company's previous announcements dated 29 July 2021, 11 August 2021, 23 August 2021, 25 August 2021, 30 August 2021, 9 September 2021, 3 January 2022, 12 March 2022, 2 April 2022 and 30 April 2022 relating to the claim by Affin Bank Berhad ("**Affin Bank**") in connection with loan facilities extended by Affin Bank to the Company's wholly-owned subsidiaries, Raffles K12 Sdn Bhd and Raffles Iskandar Sdn Bhd ("**Borrowers**").

2. Following the last update provided by the Company on 30 April 2022, the Company wishes to announce that Affin Bank has issued letters of offer to the Borrowers setting out its revised terms of settlement ("**Further Settlement**") in respect of the repayment of the balance outstanding debts owed by each of the Borrowers to Affin Bank. The Borrowers have accepted and agreed to the Further Settlement on the terms set out in the said letters of offer.

3. The key salient terms of the Further Settlement are summarised as follows:

Loan Principal Repayment (in MYR'000)

	Raffles Iskandar	Raffles K12	
Loan Type	Term Loan	Term Loan & Overdraft	Total
FY2022	-	1,000	1,000
FY2023	26,700	80,621	107,321
FY2024	37,000	72,800	109,800
FY2025	7,489	68,851	76,340
	71,189	223,272	**294,461**

(a) in relation to Raffles Iskandar Sdn Bhd as Borrower in respect of a term loan facility extended by Affin Bank, an aggregate principal repayment amount of RM71,189,000 shall be progressively repaid in accordance with a revised monthly repayment schedule until full settlement by 1 August 2024. The first monthly repayment amount shall be due on 1 October 2022. The Company has summarised the revised repayment schedule as follows:

(i) ***Scheduled repayments within the Company's financial year ending 30 June 2023:*** an aggregate principal repayment amount of RM26,700,000 and such interest payable thereon shall be paid in accordance with a revised monthly repayment schedule for the period from 1 October 2022 up to 1 June 2023; and

(ii) ***Scheduled repayments subsequent to 30 June 2023:*** the remaining principal repayment amount of approximately RM44,489,000 and such interest payable thereon shall be paid in accordance with a revised monthly repayment schedule for the period from 1 July 2023 up to 1 August 2024;

(iii) All interest to be paid on a monthly basis;

(b) in relation to Raffles K12 Sdn Bhd as Borrower in respect of various loan facilities extended by Affin Bank:

(i) an overdraft facility of RM1,000,000 is to be fully settled and cancelled by 30 June 2022;

(ii) a term loan facility of RM12,221,000 is to be fully settled by 1 August 2022;

(iii) an overdraft restricted facility of RM23,000,000 is to be progressively repaid in accordance with a revised monthly repayment schedule until full settlement by 30 September 2022;

(iv) two term loan facilities of an aggregate principal repayment amount of RM187,051,000 are to be progressively repaid in accordance with revised monthly repayment schedules until full settlement by 1 February 2025. The first monthly repayment amount shall be due on 1 November 2022. The Company has summarised the revised repayment schedules as follows:

(A) ***Scheduled repayments within the Company's financial year ending 30 June 2023:*** an aggregate principal repayment amount of approximately RM45,400,000 and such interest payable thereon shall be paid in accordance with a revised monthly repayment schedule for the period from 1 November 2022 up to 1 June 2023; and

(B) ***Scheduled repayments subsequent to 30 June 2023:*** the remaining aggregate principal repayment amount of approximately RM141,651,000 and such interest payable thereon shall be paid in accordance with a revised monthly repayment schedule for the period from 1 July 2023 up to 1 February 2025;

(v) All interest to be paid on a monthly basis;

(c) the Company shall provide a letter of undertaking to Affin Bank that the Company shall channel to Affin Bank 50% of the net disposal proceeds collected from the sale of properties (which are held under the Company, its subsidiaries, and its associates) which are not subject to a charge by Affin Bank;

(d) each Borrower shall subordinate in favour of Affin Bank, its shareholders'/related companies' advances / ultimate shareholder's advances for the duration of Affin Bank's loan facilities;

(e) the debt rescheduling set out above is subject to Affin Bank's review from time to time; and

(f) if the Borrower fails to comply with the agreed repayment schedule, Affin Bank may proceed with legal recovery.

4. The Company intends to fully fund the amounts which shall be payable to Affin Bank pursuant to the Further Settlement through the following sources:

(a) Positive cash flow generation from the Group's operations;

(b) Collection from disposal of assets totalling SGD34.2 million from:

(i) the disposal of land and buildings of Wanbo Institute of Science & Technology in the sum of RMB86.5million (approx. SGD18.4million); and

(ii) receivables arising from the disposal of Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd. in the sum of RMB74million (approx. SGD15.8million);

(c) The Group's ability to realise certain of its assets such as the proposed disposal of 51 Merchant Road; and

(d) The Company's continued ability to tap on the capital markets.

5. The Board is of the view that the terms of the Further Settlement will not result in any significant impact on the operations of the Company or result in the Company facing a cash flow problem.

6. The Company will make further announcements as and when there are material developments on the above matter.

7. 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
1 June 2022