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

ANNOUNCEMENT OF LEGAL PROCEEDINGS

The Board of Directors (the "**Board**") of Raffles Education Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Raffles K12 Sdn Bhd ("**Raffles K12**"), a wholly-owned subsidiary of the Company, and Pembinaan Mitrajaya Sdn Bhd ("**Mitrajaya**") had commenced arbitration proceedings against each other at the Asian International Arbitration Centre (AIAC) in Malaysia ("**Arbitration Proceedings**").

The Arbitration Proceedings relate to, amongst other things, claims arising from the non-conforming and defective and/or incomplete works by Mitrajaya as contractor for the Raffles American School, comprising Academic Blocks, Boarding Facilities, Support Facilities and Outdoor Sport Facilities at Lot 189155, Nusajaya, Mukim Pulai, Daerah Johor Bahru, Johor. Based on the latest claims and counterclaims filed by Raffles K12 on 2 March 2021, Raffles K12 is claiming for an aggregate amount of approximately RM 89.30 million (which includes, approximately RM 81.33 million in losses and damages to remedy the non-conforming and defective works, to complete the outstanding work, and for liquidated damages).

Relatedly and based on the latest claims and counterclaims filed by Mitrajaya on 30 March 2021, Mitrajaya is claiming for an aggregate amount of approximately RM 64.91 million (which includes, approximately RM 57.43 million in alleged undervaluation/under-certification of works done and alleged loss and expenses suffered due to the purported prolongation period under the contract).

The Company and Raffles K12 have sought legal advice from Malaysian legal counsel, and have been advised that Raffles K12 has a reasonable good prospect of success in respect of the Arbitration Proceedings (viewed as a whole) and in particular, that Raffles K12's likely recovery of its claims and counterclaims is likely to exceed and extinguish the claims and counterclaims by Mitrajaya.

In this regard, the Company would highlight that based on the original contracts, in each case, entered into between Raffles K12 and Mitrajaya, the outstanding amount that remains unpaid from Raffles K12 to Mitrajaya amounts only to approximately RM 6 million, which accounts for less than 10% of the total amount sought by Mitrajaya in the counterclaims.

The Company and Raffles K12 intend to take all necessary steps to vigorously pursue the various claims by and against Raffles K12 pursuant to the Arbitration Proceedings. The Arbitration Proceedings are ongoing and the Company will make further announcements as and when there are material developments on the same.

In view of the foregoing, the Board is of the view that the Arbitration Proceedings is unlikely to have a material adverse impact on the financial position of the Group. The Board has noted the net current liabilities position of the Group and Company in the latest audited financial statements of the Group and Company for the financial year ended 30 June 2021 ("**FY21 Audited FS**"), and is disclosing the Arbitration Proceedings to shareholders of the Company ("**Shareholders**") for greater transparency on legal proceedings undertaken by and against the Company that may be considered as material in view of current circumstances.

For the avoidance of doubt, the Board reiterates that the net current liabilities position, and taking into account the financial impact of the Arbitration Proceedings, will not likely pose material uncertainty on the ability of the Group and of the Company as a going concern. Shareholders should refer to the announcement issued by the Company on 8 October 2021 and the FY21 Audited FS for further details on

the same.

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
3 November 2021