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

RESPONSE TO SGX-ST QUERIES DATED 24 AUGUST 2021

The Board of Directors (the "**Board**") of Raffles Education Corporation Limited ("**Company**") refers to the queries raised by SGX-ST in respect of the Company's announcement dated 23 August 2021 in relation to the notices of discontinuance filed by Affin Bank. Such announcement was released by the Company in connection with its previous announcements dated 29 July 2021 ("**First Announcement**") and 11 August 2021. Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the First Announcement.

The Company wishes to respond to the queries as follows:

SGX-ST's Query:

We refer to the Company's 23 August 2021 announcement of the notices of discontinuance to discontinue the actions under the Writs with no order as to costs. Please disclose:

(1) the terms of the Settlement (as defined in the Company's 11 August 2021 update announcement) with Affin Bank and whether it involved any repayment of the Relevant Facilities (as defined in the Company's 29 July 2021 announcement of litigation). If so, please disclose details of the repayment and how this will be/was funded.

(2) whether there were material revisions in the terms of the Relevant Facilities pursuant to the Settlement. If so, please tabulate the material original terms and the revised terms of the Relevant Facilities.

Company's Response:

Affin Bank shall withdraw the Writs, with liberty to file afresh and no order as to costs, upon amongst others, the Borrowers and the Company agreeing to the following terms of Settlement:

(a) the Borrowers shall pay to Affin Bank a total of RM138,200,000 ("**Settlement Amount**") in accordance with a revised monthly repayment schedule for the period from 1 June 2021 up to 31 March 2022;

(b) Affin Bank shall apply the payments received from the Borrowers towards the outstanding amounts due to Affin Bank from Raffles K12 or towards such other account of the Borrowers as Affin Bank may deem fit;

(c) all legal expenses incurred by Affin Bank shall be paid by the Borrowers by 10.8.2021;

(d) if there is any default by the Borrowers of any repayment in accordance with the revised monthly repayment schedule, Affin Bank shall be immediately entitled to terminate the revised monthly

repayment arrangement and commence legal action for the recovery of the balance outstanding sums in full;

(e) subject to compliance by the Borrowers with the payments under the revised monthly repayment schedule, with regard to the settlement of the balance outstanding debts owed by each of the Borrowers, Affin Bank shall review the position after 31 March 2021. The estimated balance outstanding debts as at 1 April 2022 is approximately RM 310.9 million; and

(f) prior to 31 March 2022, Affin Bank may request the Borrowers and the Company to furnish Affin Bank with such information and documents required by Affin Bank to ascertain how the outstanding debts would be fully resolved and settled.

The Settlement Amount has been and/or will be funded by:

i. internal cash flows;
ii. receipt of RMB 274 million receivable from disposal of subsidiary, Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co. Ltd.;
iii. receipt of RMB 216.3 million arising from the compulsory acquisition by Hefei City Authority of land owned by Wanbo Institute of Science & Technology.

As set out in the Company's announcement dated 11 August 2021, the Board is of the view that the terms of the Settlement will not result in any significant impact on the operations of the Company or result in the Company facing a cash flow problem.

As set out above, Affin Bank will review the position in 31 March 2022 in respect of the settlement of the balance outstanding debts owed by each of the Borrowers. As no agreement has yet been reached with Affin Bank as to the terms of repayment following 31 March 2022, save for the above, no other material revisions have been made to the terms of the Relevant Facilities.

BY ORDER OF THE BOARD
Raffles Education Corporation Limited
25 August 2021