

## INFORMATICS EDUCATION LTD.

(Company Registration Number: 198303419G)  
(Incorporated in Singapore)

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### RESPONSE TO QUESTIONS FROM SHAREHOLDERS FOR ANNUAL GENERAL MEETING TO BE HELD ON 30 DECEMBER 2021

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The Board of Directors (the “**Board**” or “**Directors**”) of Informatics Education Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s Annual Report for the financial year ended 30 June 2021 (the “**FY2021 Annual Report**”) which was issued on 15 November 2021. The Board would like to thank shareholders for submitting their questions ahead of the Company’s Annual General Meeting to be held on 30 December 2021 at 3.00 p.m. The Company wishes to provide its responses to the questions received from shareholders, as set out below.

*Unless otherwise defined, capitalised terms used herein shall bear the same meaning ascribed to them in the Company’s FY2021 Annual Report.*

#### **Question 1:**

Please refer to the Company’s announcement on 15 Dec 2021, on the proposed disposal of IAPL.

- a. Please provide the names of the shareholders and directors of the Purchaser.
- b. Please provide a breakdown of the \$92,000 expenses in relation to the proposed sale.
- c. What is the amount of “liabilities of IAPL” that the Company needs to settle pursuant to the disposal?
- d. IAPL has had a long history since 1989 and has a paid-up capital of about \$52.6m. Now the Company is proposing to sell it for a mere \$320k, minus sale expenses and payment of liabilities. How is this proposed sale considered to be “in the interest of the Company”?
- e. If the sale of IAPL is approved and completed, the Company will have no business in Singapore. How relevant is it for the Company to remain listed in SGX?

#### **Company’s response:**

The names of the shareholder and directors of the Purchaser has been disclosed in the Company’s announcement on 22 December 2021, in response to queries raised by SGX.

The estimated expenses to be incurred in relation to the proposed disposal of Informatics Academy Pte Ltd (“IAPL”) relate to expenses the Company expects to incur to convene the Extraordinary General Meeting (“EGM”) to seek approval of the shareholders of the Company for the proposed disposal of IAPL, including, *inter alia*, legal and professional fees for the review of the sale agreement and preparation of circular to shareholders, appointment of independent valuer, and other related EGM costs.

The amounts of “liabilities of IAPL” that the Company needs to settle pursuant to the proposed disposal of IAPL has been disclosed in the Company’s announcement on 22 December 2021, in response to queries raised by SGX.

While IAPL has a paid-up capital of S\$52.6 million, it should be noted that IAPL was in negative net asset position of S\$384,000 as at 30 June 2021. The Group had disclosed earlier that it will eventually cease the operations of IAPL upon completing the teach-out of its existing students, as a result of the pro-longed impact of COVID-19 pandemic and the loss of the 4-year EduTrust award. These factors had threaten the viability of IAPL’s business. The disposal of IAPL will generate some income for the Group through the sales consideration received that otherwise would not have been earned upon cessation of IAPL’s operations.

Upon disposal of IAPL, the Group’s business will continue through its overseas businesses in Hong Kong, through Informatics Education (HK) Ltd and the United Kingdom, through NCC Education Limited and its subsidiaries. The Group will continue to evaluate the best strategy for the SGX listing both now and into the future.

### **Question 2:**

Please refer to the Company's announcement on 9 Dec 2021, on the extension of time to exit SGX Watchlist.

The SGX deadline for the Company to exit Watchlist by 4 Jun 2022 should be final. With the existing businesses alone, there is no way for the Company to fulfil the conditions to exit SGX Watchlist. With a negative NAV in its balance sheet, the controlling shareholder will be unable to make a meaningful cash exit offer.

I noted that some SGX listed companies received a huge boost to their market capitalization and greatly enhanced shareholders' value by announcing RTO deals to acquire new businesses. This is especially so for those which acquire businesses in the new economy, such as in fintech, blockchain, cryptocurrencies, biotech, ESG.

- a. Why hasn't the Company considered an RTO deal by now?
- b. Is there still time to do an RTO deal before the Watchlist deadline?
- c. Is it viable for the Company to be transferred to Catalist and continue to be a listed entity? There have been cases whereby SGX rejected a Mainboard to Catalist transfer request.

### **Company's response:**

The Group is considering all viable options for the continual listing of the Company on the SGX Mainboard and will work within the extended timeline granted by the SGX. The Company will make the necessary announcements, in compliance with the requirements of the Listing Manual, as and when there are material developments in this regard.

Should all options fail to materialise, the directors/controllers shareholders of the Company has submitted a written undertaking to SGX that the Company shall be delisted and a cash exit offer to be made to the shareholders pursuant to Listing Rule 1309 by 4 July 2022.

### **Question 3:**

Please refer to page 69 of the Annual Report about "Disaggregation of revenue". For Africa segment, despite NCC Education "work(ing) in partnership with over 200 Accredited Partner Centres and universities" and "recruitment of a number of new partner centres", why "Examination fees" declined by 40% from \$2.73m in 2020 to \$1.638m in 2021 and "Franchise and license fee income" declined by 29.8% from \$319k in 2020 to \$224k in 2021? Is it mainly due to decline in enrolment?

### **Company's response:**

The Company wishes to highlight that the 2020 figures disclosed in the Annual Report were for the 15-months financial period from 1 April 2019 to 30 June 2020 ("FY2020"), whilst the 2021 figures were for the 12-months financial year ended 30 June 2021 ("FY2021"). A comparison of the annualised figures for FY2020 against FY2021 for the Africa region are shown below:-

	<b>Group FY2021 S\$'000</b>	<b>Group FY2020 (Annualised) S\$'000</b>	<b>Variance S\$'000</b>	<b>Variance %</b>
Examination fees	1,638	2,184	(546)	(25.0)
Franchise and license fees	224	255	(31)	(12.2)

During FY2021, many of the Group's accredited partner centres ("APCs") with NCC Education Limited ("NCC") in the Africa region were closed due to the COVID-19 pandemic and many student enrolments were deferred. In the Africa region, APCs generally deliver the programmes through physical face-to-face teaching, and most of the centres do not have adequate internet connectivity to do online delivery. Hence, this has taken a toll on students' registrations for examinations, and has caused revenues from examination fees to decline. Franchise and license fees has declined as APCs with difficulty resuming delivery of programmes has requested for waiver or discounts in fees charged to tie them over the COVID-19 pandemic period.

**Question 4:**

Please refer to page 69 of the Annual Report about “Disaggregation of revenue”. Similarly for Europe segment, why “Examination fees” declined by 31.4% from \$650k in 2020 to \$446k in 2021 and “Franchise and license fee income” declined by 28.5% from \$165k in 2020 to \$118k in 2021?

**Company’s response:**

A comparison of the annualised figures for FY2020 against FY2021 for the Europe region are shown below:-

	<b>Group FY2021 S\$’000</b>	<b>Group FY2020 (Annualised) S\$’000</b>	<b>Variance S\$’000</b>	<b>Variance %</b>
Examination fees	446	520	(74)	(14.2)
Franchise and license fees	118	132	(14)	(10.6)

Examination fees and franchise and license fees for the Europe region has dropped as well due to the pro-longed impact of COVID-19. While online delivery was implemented to ensure continuity of learning, students’ registrations were still below pre-pandemic levels. Franchise and license fees has declined as some APCs had requested for waiver or discounts in fees charged to tie them over the COVID-19 pandemic period.

**Question 5:**

Please refer to page 81 of the Annual Report about “Trade and other receivables”. May I ask the Audit Committee how much of the \$1.288m Trade receivables have been collected back so far?

**Company’s response:**

In response to the above query, the Company would like to provide updates on collection of trade receivables up to 30 November 2021 as follows:-

	<b>Group S\$’000</b>
Trade receivables balance as at 30 June 2021	1,288
Expected credit loss on trade receivables as at 30 June 2021	(523)
Net trade receivables as at 30 June 2021	765
Percentage of trade receivables collected up to 30 November 2021 over net trade receivables as at 30 June 2021	70%

*Note: Trade receivables denominated in foreign currencies collected during the period from 1 July 2021 to 30 November 2021 has been translated using the same exchange rates used as at 30 June 2021.*

**Question 6:**

Please refer to page 30 of the Annual Report about “Corporate governance report”, particularly the “Top 5 Key Management Personnel”. May I ask the Remuneration Committee why was there a new Key Management Personnel for “Head – Academic and Curriculum Development, Informatics Academy Pte Ltd” in 2021?

**Company’s response:**

The Head of Academic and Curriculum Development for Informatics Academy Pte Ltd was recruited back in FY2020 to bring greater university experience to the role. She has more than 15 years of Australia University experience. More importantly, this filled a dual role as Head of Academic and Curriculum Development for NCC as well, thus, combining two key roles to create cost efficiencies for the Group.

**Question 7:**

Please refer to page 90 of the Annual Report about “Capital commitments”. How will the “capital commitments” trend be like over the next 2-3 years? How will they be funded?

**Company’s response:**

In line with the current cash flows of the Group, capital commitments will be limited and spends will be through organic cash flow growth, where possible, at least for the next one year.

**BY ORDER OF THE BOARD**

Yau Su Peng  
Executive Director  
29 December 2021