

RAFFLES EDUCATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199400712N)

DISPOSAL OF PROPERTY

LOCATED IN ORIENTAL UNIVERSITY CITY, LANGFANG DEVELOPMENT ZONE

1. INTRODUCTION

The Board of Directors (the "**Board**") of Raffles Education Limited (the "**Company**"), wishes to announce that the Company's subsidiary, Langfang Tonghui Education Consulting Co., Ltd. (the "**Seller**") has on 2 January 2025 entered into the Sale and Purchase Agreement ("**SPA**") to dispose of a property, comprising the land use rights of a land (land use right certificate number: (2016) 0004) with an area of approximately 2,805.9 square meters, and a temporary commercial building with a built-up area of 6,336 square meters erected thereon, located in the Oriental University City, Langfang Development Zone, Hebei Province, the People's Republic of China (the "**Property**"). The buyer is 廊坊方智教育咨询有限公司 (translated in English as Langfang Fangzhi Education Consulting Co., Ltd, the "**Buyer**"), a third-party not related to the Group. According to the terms and conditions of the SPA, the Seller agrees to transfer the Property, and the Buyer agrees to acquire the Property in their "as is" condition, including the subsisting tenancies of the Property by existing tenants until the expiry of tenancies, majority of which will expire on 30 June 2025.

2. SALIENT TERMS OF THE DISPOSAL

2.1 Consideration

The transfer price of the Property is RMB 7.5million (the "Transfer Price"). The Buyer shall make the first payment of RMB 5 million to the seller before January 5, 2025, and the remaining amount of RMB 2.5 million shall be paid to the Seller on the date of transfer of the land use right certificate to the name of the Buyer.

After the Buyer made the first payment consideration, the Seller and Buyer will apply to the land management department to register the land use right of the land to the buyer's name within three months. The relevant taxes and fees during the transfer registration process shall be borne by both parties in accordance with relevant laws and regulations.

2.2 Delivery

2.2.1 Both parties agree that after the completion of transferring the land use right certificate to the name of the Buyer, the Seller shall deliver the Property to the Buyer in "as is" condition, including subsisting tenancies of the Property.

2.2.2 Both parties further agree that:

(a) All risks related to the Property shall be transferred to the Buyer on the delivery date;

(b) From the date of delivery, all expenses, and fees related to the Property, including but not limited to property tax, land use tax, and other fees, shall be borne by the Buyer.

(c) From the date of delivery, all common utilities and amenities related to the Property, including but not limited to water supply, power supply, heating, fire protection, etc., shall be maintained by the Buyer as the property owner.

(d) After delivery, if the relevant government departments require partial or complete demolition of the commercial building, the Buyer shall negotiate for resolution with the relevant government departments. The Buyer has no right to claim any financial compensation or other compensation from the Seller.

2.3 Effective Date

This agreement shall come into effect from the date of formal signing by both parties.

2.4 Termination of Agreement

Both the Seller and the Buyer have the right to terminate this agreement immediately, effective from the date of the termination notice, upon the occurrence of any of the following events:

(a) Force majeure events occur and the duration of the event or its impact exceeds 60 days;

(b) If, within one hundred and eighty (180) days from the date of signing this agreement, the transfer registration procedures cannot be processed as agreed due to reasons not attributable to the Seller or Buyer;

(c) If either party receives any legal injunction or court order prohibiting the completion of the transactions under this agreement.

Upon termination due to the aforementioned events, Seller will fully refund to the Buyer any payment that has already been made to the contract.

3 FINANCIAL EFFECTS OF THE DISPOSAL

The pro forma financial effects of the disposal set out below, based on the Group's audited consolidated financial statements for the financial year ended 30 June 2024 ("FY2024"), are purely for illustrative purposes only and do not reflect the actual financial position and performance of the Company or the Group after the completion of the disposal.

3.1 NTA

The effect of the disposal on the consolidated NTA of the Group for FY2024, assuming the disposal was completed on 30 June 2024, is as follows:

As at 30 June 2024	Before the Disposal	After the Disposal
NTA (SGD million)	579.77	578.56
Number of ordinary shares (million)	1,387.65	1,387.65
NTA per ordinary share (cents)	41.78	41.69

3.2 EPS

The effect of the disposal on the consolidated EPS of the Group for FY2024, assuming that the disposal was completed on 1 July 2023 is as follows:

As at 30 June 2024	Before the Disposal	After the Disposal
Profit attributable to shareholders (SGD million)	(19.26)	(20.46)
Weighted average no. of ordinary shares (million)	1,384.78	1,384.78
EPS (cents)	(1.39)	(1.48)

3.3 Value of the Disposal

The Net Book Value (“NBV”) of the disposal is RMB 14,920,000 based on the audited financial statements of the Group for FY2024. The transfer price of RMB 7,500,000 or approximately SGD 1,421,000 represents a deficit to the NBV of the disposal of RMB 7,420,000 or approximately SGD 1,406,000.

The transfer price excluding Value Added Tax is RMB 7,143,000 approximately SGD 1,353,000.

The latest market value of the disposal is RMB 7,620,000 approximately SGD 1,443,000.

The net profits before tax attributable to the disposal is approximately RMB 1,063,000 approximately SGD 201,000.

The loss on disposal is expected to be approximately RMB 7,777,000 approximately SGD 1,473,000.

4. RATIONALE FOR THE DISPOSAL

The Board believes that the disposal is in the best interests of the Group and Shareholders, as it will enable the Group to realise the value of the Property and improve the liquidity of the Group.

5. USE OF PROCEEDS

The proceeds from the disposal is intended to finance the Company’s debt repayments and working capital.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the disposal other than through their respective directorships and/or shareholdings in the Company.

7. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the disposal. Accordingly, no service contract is to be entered into between the Company and any such person.

8. RELATIVE FIGURES OF THE TRANSACTION UNDER CHAPTER 10 BASED ON RULE 1006 OF THE LISTING MANUAL

Based on the Classification of Transactions Under Chapter 10, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

- (a) Rule 1006(a) – the net asset value of the assets disposed is SGD 2,826,000 as at 30 June 2024 represents approximately 0.41% of the Group’s net asset value of SGD 681,856,000 as at 30 June 2024;
- (b) Rule 1006(b) – the net profit attributable to the assets disposed is SGD 201,000 represents approximately negative 0.89% of the Group’s net losses of SGD (22,562,000);
- (c) Rule 1006(c) – the Consideration received is SGD 1,421,000 represents approximately 2.76% of the Issuer’s market capitalisation of approximately SGD 51,447,000 as at 30 December 2024; and
- (d) Rule 1006(d) – not applicable as no issue of securities involved.

Shareholders are advised to exercise caution when dealing in the shares of the Company. Shareholders should consult their professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD
Raffles Education Limited
6 January 2025