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

RESPONSES TO SGX REGCO QUERIES DATED 14 FEBRUARY 2024

Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the Company's announcement on 7 February 2024.

The Board of Directors (the "**Board**") of Raffles Education Limited ("**Company**") refers to questions raised by SGX RegCo in respect of the Company's announcement dated 7 February 2024 on the Company's Results for the half year ended ended 31 December 2023.

The Company wishes to respond to the questions as follows:

Question 1

The Group recorded non-current other receivables of $7.9 million attributable to
(1) progressive payments for the acquisition of investment properties in Mongolia and
(2) prepayment for refurbishment and construction works of investment properties by OUCHK.

Please quantify the cost of the investment properties in Mongolia and provide details of the progressive payments and the estimated completion date of the acquisition and construction works of investment properties by OUCHK.

Please also elaborate on what the revision of contract terms pertain to which resulted in a reduction of prepayment for refurbishment and construction works of investment properties by OUCHK of $6.6 million and whether this full amount has since been refunded to OUCHK and the parties who have refunded the amounts.

Company's Response

The non-current other receivables balances are mainly in relation of progressive payments for the acquisition of investment properties in Mongolia and prepayment for refurbishment and construction works of investment properties in Langfang by Oriental University City Holdings (H.K.) Limited and its subsidiaries ("OUCHK") amounting to RMB35.3 million (equivalent to $6.6 million). The details are as follows:

(i) Progressive payments of RMB28.4 million (equivalent to $5.3 million) as at 31 December 2023 made in accordance with the construction progress stage of investment properties in Mongolia, approximately 87% of the total purchase consideration of RMB32.7 million. The completion of the acquisition will be settled based on the terms as set out in the sale and purchase agreement or variation terms, as mutually negotiated and agreed, estimated by the fourth quarter of financial year 2024;

(ii) The prepayment for refurbishment and construction works made for various refurbishment and construction works of investment properties in Langfang as at 30 June 2023 was RMB45.4 million. Subsequently, OUCHK and the construction company, who is responsible for one of the refurbishment and construction works of investment properties in Langfang, entered into a supplemental agreement on 24 July 2023, pursuant to which both parties agreed

unconditionally to defer the estimated completion date of construction works to 31 March 2025 as a result of the change on scope of the refurbishment and construction works. Consequently, the construction company refunded prepayment of RMB38.5 million to OUCHK. The prepayment for refurbishment and construction works of investment properties in Langfang had been reduced to RMB6.9 million (equivalent to $1.3 million) as at 31 December 2023.

Question 2

The Group reported a net current liabilities position of $113.6 million, mainly attributable to current borrowings of $159.1 million which will be payable within the next twelve months. In its previous response to SGX queries announced on 23 October 2023, the Company provided a breakdown of the current borrowings as at 30 June 2023 and explained its repayment plan for the next 12 months. Please provide a similar breakdown for its current borrowings of $159.1 million and provide an update on its repayment plan for the next 12 months.

Company's Response

The breakdown of $159.1 million current borrowings are as follows:

	$ million
Raffles Assets (Singapore) Pte Ltd ("RA")	98.6
Oriental University Holdings (H.K) Co. Ltd ("OUCHK") – separately listed in HKEX	7.9
Raffles Education Limited	25.6
Raffles K12 Sdn Bhd	16.3
Raffles Iskandar Sdn Bhd	8.4
Raffles Assets Italy S.R.L.	1.0
4 Vallees Pte Ltd ("4VPL")	1.1
Raffles Siviez 1750 Pte Ltd	0.2
Total current borrowings	**159.1**

	$ million	Remarks
Total current borrowings	**159.1**	
Less:		
RA	(98.6)	Due in May 2024. The proposed sale process of the Group's property located at 51 Merchant Road is on-going. Alternatively, the Company is in discussion with the current bank on the proposed terms of refinance.
OUCHK	(7.9)	OUCHK is separately listed in HKEX and generating positive free cashflow.
Net balance of current borrowings	**52.6**	

Net balance of current borrowings of $52.6 million can be financed by:

a) Cash and bank balances of $49.4 million (excluding OUCHK) which included Pledged Deposits of RMB71.3 million ($13.3 million) that will be released for the repayment of current borrowings;

b) Positive cash flow generation from operations;

c) Collection of the proceeds from the proposed disposal of shares of 4VPL by the Company to OUCHK amounting to $4.1 million;

d) Collection of $9.8 million of amounts owing by 4VPL to the Group after the disposal to OUCHK which OUCHK is to pay the amounts owing on behalf of 4VPL;

e) The Group's ability to realise certain of its assets through sale or lease of its properties. The proposed sale process of the Group's property located at 51 Merchant Road is on-going;

f) The Group is confident that its lenders will continue to provide support to the Group;

g) The Group's ability to refinance its existing borrowings when necessary with financial institution; and

h) The Group has the ability to tap funds from its shareholders and the capital market.

Question 3

The Group recorded current other receivables from joint ventures and associates of $18.1 million. It was previously noted that it mainly pertains to amounts due from JRRES. Noting the progress made in the Company's recent announcements on the lawsuits pertaining to JRRES, please provide an update on when the Group expects to recover this amount.

Company's Response

Raffles Education Limited through its subsidiaries ("the Group") recorded $17.7 million of receivables (the "Receivables") against the Jai Radha Raman Education Society ("JRRES").

The Group has, through its various subsidiaries, filed 3 legal suits before the High Court of New Delhi, India, and initiated one arbitration proceeding (collectively "Recovery Proceedings") against JRRES to recover or be reimbursed the Receivables from JRRES.

Separately, during the pendency of the Recovery Proceedings, the High Court of Delhi, India, vide Order 2023/DHC/000518 dated 24 January 2023 (the "Interim Administrator Judgment"), has appointed Mr. Chew Hua Seng, Chairman and CEO of Raffles Education Limited, as interim administrator of JRRES (the "Interim Administrator"). The full details of the Interim Administrator Judgment are disclosed in the Company's announcement published via SGXNET on 25 January 2023.

The Interim Administrator Judgment has been appealed against before the Division Bench of the Delhi High Court, India, by certain members of JRRES (the "Appeals").

The Appellate Bench of the Delhi High Court, India, vide Order dated 9 February 2023 has directed the Interim Administrator to maintain status quo pending outcome of the Appeals. The Appeals were partly heard on 24 January 2024 and are now fixed for further hearing on 12 March 2024.

The Group maintains its position to classify amounts due from JRRES as Current Other Receivables due to its having initiated recovery proceedings which are pending adjudication and in view of the advanced stages of the Appeals before the Appellate Bench, wherein Mr. Chew has been appointed interim administrator of JRRES.

Question 4

On page 21, under its breakdown of other payables amounting to $44.4 million, the Company did not elaborate on a remaining balance of "other payables" amounting to $17.6 million as at 31 December 2023. Please explain the nature of these payables and elaborate how and when the Group expects to make repayment of these amounts.

Company's Response

The nature of the other payables amounting to $17.6 million are as follows:

Nature of other payables	Amount (S$' million)	Note
Allowance and scholarships	6.0	A
Deposits	2.3	B
Deposit for share sale in associate	2.1	C
Payables to vendors and contractors	2.1	D
Professional fee payables	2.0	E
Miscellaneous fees received in advance from students	1.9	F
Payment received from Mr. Dennis Lui ("Dennis")	0.5	G
Miscellaneous	0.7	
Total	**17.6**	

Notes:

A. Student scholarships, allowances & bursaries from Ministry of Education and government agencies will be paid to students on half yearly basis.

B. Deposits were mainly rental/security deposits from education institutions and commercial tenants in OUCHK and RA. As these deposits are rental in nature, management expects that there will be deposits from new tenants and refund of current deposits or utilisation of current deposits to offset rental due for tenants who may not renew the lease.

   Besides that, there is also deposit from the purchaser of land in Oriental University City (Cayman) Limited's Group which will be offset against the purchase price upon completion of land sale.

C. Deposits received for share sale in associate will be reversed upon completion of the sale. There will not be any repayment.

D. Payables to vendors were mainly attributable from other operating expenses and construction project cost incurred by the Group which will be paid when due and from internal cash flow over the next twelve months.

E. Professional fee payables were mainly fees for legal, secretarial, audit and other services for the Group which will be paid when due and from internal cash flow over the next twelve months.

F. Miscellaneous fees received in advance from students will be recognised as revenue in future periods.

G. Payment received from Dennis pursuant to a court order granting stay of bankruptcy proceedings against him.

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 investment, 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 Limited
17 February 2024