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

ADDENDUM TO ASSET SALE AND PURCHASE AGREEMENT DATED 29 AUGUST 2019 FOR MAJOR TRANSACTION IN RELATION TO DISPOSAL OF PROPERTIES

Reference is made to the Company's announcements dated 29 August 2018, 11 Oct 2018 and 29 Oct 2018 respectively, (the "**Announcements**") and the Letter to Shareholders dated 12 Oct 2018, issued by the Company, with regard to the major transaction in relation to the Disposal of Properties. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcements.

The Addendum

At the annual general meeting of the Company held on 29 Oct 2018, the Shareholders approved the Asset Sale and Purchase Agreement, and also approved the Directors or any of them to complete and do any act and all such acts and things (including without limitation, to execute all such documents and to approve any amendments, alterations or modifications to any documents) as the Directors or any of them may consider necessary, desirable or expedient to give effect to the purported disposal.

On 21 January 2019, the Company as the Seller, OUCHK as the Purchaser, Tonghui the Company's subsidiary, and OUCEC, the subsidiary of OUCHK, (collectively, the "**Parties**") have entered into an addendum to revise certain terms of the Asset Sale and Purchase Agreement (the "**Addendum**"). The principal amendments contemplated under the Addendum are set out below:

Payment of Consideration

Upon signing of the Asset Sale and Purchase Agreement on 29 August 2018, a refundable deposit in the amount of RMB25,237,000, representing 10% of the Consideration was paid by OUCEC to Tonghui in cash.

Pursuant to the Addendum, the balance of the Consideration shall be satisfied by the Purchaser in the following manner:

1. Upon the signing of the Addendum, an additional refundable deposit in the amount of RMB50,474,000, representing 20% of the Consideration shall be payable by OUCEC to Tonghui and shall be settled by way of cash.

2. On the Completion Date, the Purchaser shall issue the Note in the value of RMB176,659,000 (equivalent to approximately HK$203,700,202 based on the exchange rate as quoted by People's Bank of China on the date of the Sale and Purchase Agreement) representing 70% of the Consideration, entitling the Seller (or its nominee) to convert at the Conversion Price of HK$2.30 per Conversion Share into a maximum of 88,565,306 Conversion Shares.

Transfer of rights and benefits of the Properties before completion

Upon the signing of the Addendum, the Seller shall instruct Tonghui to perform all acts and things, and execute and deliver such documents, as may be required by law or as the Purchaser may reasonably require for the purpose of handing over the Properties to OUCEC, and all rights and benefits attached to the Properties (including but not limited to rights to income, operational and management control of the Properties) and any liabilities and obligations attached to the Properties (in the form of property tax, VAT and property management fees only) shall be transferred to OUCEC with immediate effect.

Revised Conditions Precedent

Pursuant to the Addendum, the Parties further agreed to amend the Conditions Precedent set out in Clause 3 in the Asset Sale and Purchase Agreement as follows:

1. the granting of tax waivers by the relevant PRC tax authority for the transfer of the Properties under Clause 3.1.9 shall be deleted in its entirety and replaced with "Each Party shall be responsible for its own taxes and other costs, liabilities and expenses incurred in connection with the transfer of the Properties"; and

2. a new condition precedent in the form of Clause 3.1.11 will be inserted to require the registration of the legal title(s) to the Properties with the relevant PRC authorities in the name of the Purchaser (or its nominee).

Save as disclosed above, all information and contents set out in the Announcements remain unchanged and are in full force and effect.

Reasons for the Addendum

As the Long Stop Date has been extended, and accordingly the completion of the transfer of the Properties to the Company has been correspondingly delayed, the Addendum will enable the Company to be paid an additional refundable deposit before the Completion Date.

The Directors are of the view that the terms and conditions of the Addendum are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

By Order of the Board
RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng, Chairman
21 January 2019