

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

SETTLEMENT AGREEMENT IN RELATION TO THE OPTION AGREEMENT DATED 6 DECEMBER 2013

SECOND SUPPLEMENTAL AGREEMENT TO THE SHAREHOLDERS' AGREEMENT IN RELATION TO THE ESTABLISHMENT OF LANGFANG HE ZHONG REAL ESTATE DEVELOPMENT CO., LTD. DATED 6 DECEMBER 2013

*Reference is made to the Company's announcements dated 11 September 2013 and 9 December 2013 (the "**Announcements**") in relation to, inter alia, the option agreement entered into on 6 December 2013 (the "**Option Agreement**") and the shareholders' agreement entered into on 6 December 2013 (the "**Shareholders' Agreement**"). Unless otherwise defined herein, all capitalised terms used herein shall have the same meanings as defined in the Announcements.*

The Board of Directors (the "**Board**" or "**Directors**") of the Company wishes to announce that the Company's subsidiary, Langfang Tonghui Education Consultancy Co., Ltd. (previously known as Hebei Oriental Zhuyun Real Estate Development Co., Ltd. ("**Tonghui**") has, on 18 June 2019, entered into the following agreements with Langfang He Ying Real Estate Development Co., Ltd. ("**He Ying**"):

- (a) a settlement agreement in relation to the Option Agreement (the "**Settlement Agreement**"); and
- (b) a second supplemental agreement (the "**Second Supplemental Agreement**") to further amend and supplement the terms of the Shareholders' Agreement in relation to the establishment of Langfang He Zhong Real Estate Development Co., Ltd. (the "**JV Company**").

Settlement Agreement

Pursuant to the Option Agreement, He Ying granted Tonghui an irrevocable put option (the "**Put Option**"), which gave Tonghui the right to request He Ying to purchase the 70% equity interest (the "**Option Equity**") held by Tonghui in the registered capital of the JV Company.

The Settlement Agreement varies the rights and liabilities of Tong Hui and He Ying under the Option Agreement. A summary of the salient terms and conditions of the Settlement Agreement is set out as follows:

- i. Tonghui has exercised its Put Option in accordance with the Option Agreement. As at the date of the Settlement Agreement, He Ying has paid a total of RMB 460,825,998.88 out of the exercise price (the "**Paid Exercise Price**"), with the balance RMB 239,174,001.12 remaining unpaid (the "**Unpaid Exercise Price**"). Tonghui confirms that it has received the Paid Exercise Price. As at the execution date of the Settlement Agreement, none of the Option Equity has been re-registered under the name of He Ying.

- ii. Due to the incomplete implementation of the Option Agreement, He Ying and Tonghui have mutually agreed to enter into an arrangement as to the final shareholding structure of the JV Company as follows:

He Ying shall obtain an adjusted option equity corresponding to the Paid Exercise Price, which is 35.9% of the Option Equity (the “**Adjusted Option Equity**”);

Within five(5) working days after the execution of the Settlement Agreement, He Ying and Tonghui shall take actions together (including the signing of a share transfer agreement) and re-register the Adjusted Option Equity under the name of He Ying. Upon the adjustment to equity interest in the JV Company’s registered capital, He Ying will hold 65.9% and Tonghui will hold 34.1% of the JV Company’s total equity interest respectively; and

Upon the abovementioned adjustment made to JV Company’s equity interest, the Option Agreement and the supplemental agreement to the Option Agreement dated 11 March 2014 are considered as having been fully and completely discharged and terminated. Thereafter, Tonghui and He Ying shall not have any cause of action against each other in respect of this matter.

Second Supplemental Agreement

Further to the Settlement Agreement, Tonghui has also, on 18 June 2019, entered into a Second Supplemental Agreement to amend and supplement the terms of the Shareholders’ Agreement as well as the first supplemental agreement to the Shareholders’ Agreement dated 11 March 2014 (the “**First Supplemental Agreement**”).

The Second Supplemental Agreement seeks to amend and supplement the terms of the Shareholders’ Agreement and the First Supplemental Agreement accordingly so that they are aligned with the terms of the Settlement Agreement.

The Board is of the view that the amendments to the terms and conditions of the Option Agreement, the Shareholders’ Agreement and the First Supplemental Agreement are not material in the context of Chapter 10 of the Listing Manual and accordingly, that the approval of the Shareholders in respect of the Settlement Agreement and the Second Supplemental Agreement is not required to be sought.

BY ORDER OF THE BOARD

Chew Hua Seng
Chairman and CEO
18 June 2019