

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 199400712N)

ARBITRAL AWARD ISSUED IN THE ARBITRATION IN RESPECT OF PROPOSED ACQUISITION OF THE REMAINING SHARES NOT CURRENTLY OWNED IN EDUCOMP-RAFFLES HIGHER EDUCATION LIMITED BY RAFFLES EDUCATION CORPORATION THROUGH ITS SUBSIDIARIES

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Raffles Education Corporation Limited ("**REC**", and together with its subsidiaries, the "**Group**") refers to REC's announcements dated 12 March 2015, 16 September 2015 (the "**16 Sept Announcement**") and 16 Oct 2015 respectively in relation to the proposed acquisition by REC's subsidiaries, Raffles Education Investment (India) Pte Ltd and Raffles Design Pvt Ltd (the "**Raffles Subsidiaries**") of 41.82% equity interest of Educom-Raffles Higher Education Limited ("**ERHEL**") from Educomp Asia Pacific Pte Ltd and Educomp Professional Education Limited (collectively "**Educomp**"). The Raffles Subsidiaries currently hold the remaining 58.12 % equity interest of ERHEL.
- 1.2 As disclosed in the 16 Sept Announcement, the Raffles Subsidiaries had commenced arbitration proceedings against Educomp (the "**Arbitration**") on 15 September 2015 on certain breaches by Educomp of the Share Purchase Agreement (the "**SPA**").
- 1.3 The Arbitration Tribunal delivered its final award in the Arbitration on 31 March 2017 (the "**Award**"). The Raffles Subsidiaries received the Award on 12 April 2017.

2. THE AWARD

In the Award, the Tribunal concluded that:

- (1) Educomp has breached the SPA by failing to complete the sale and purchase transaction.
- (2) The Raffles Subsidiaries are to be awarded damages amounting to Rs 16.32 crore (approximately S\$3.52 million) (Rs 1 = S\$0.0216) for Educomp's breaches of the SPA, and interest thereon from 19 August 2015 until payment at 5.33%.
- (3) The provisions of the SPA for non-completion will be invoked, including:
 - (4) Educomp is to introduce within 30 days an amount equivalent to the total funding contributed by the Raffles Subsidiaries in JRRES for the operations of JRRES from the date of the SPA to the date of the Award, and the amount shall bear interest from 30 days after the Award until payment at 5.33%.
 - (5) A release of the 10% deposit of the purchase price which had been paid by the Raffles Subsidiaries.
- (6) The Raffles Subsidiaries are to be paid a significant portion of their legal costs and expenses in the Arbitration, amounting to S\$750,000 and US\$550,000.
- (7) Educomp is to bear the costs of the arbitration.

Pursuant to the Award, the Raffles Subsidiaries will not be completing the sale and purchase and will be taking steps to proactively enforce the terms of the Award in the relevant jurisdictions including in Singapore and in India.

By Order of the Board

RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng

Chairman

17 April 2017