CIRCULAR DATED 13 JUNE 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Raffles Education Corporation Limited (the "**Company**", together with its subsidiaries, the "**Group**").

If you are in doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all of your ordinary shares in the capital of the Company held through the Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the Notice of EGM and the attached Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected, for onward transmission to the purchaser or the transferee.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the accuracy or correctness of any of the statements made, opinions expressed or reports contained in this Circular.

RafflesEducation

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 199400712N)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED DISPOSAL OF THE GROUP'S ENTIRE STAKE IN LANGFANG DEVELOPMENT ZONE ORIENTAL UNIVERSITY CITY SINO-SINGAPORE EDUCATION INVESTMENT CO., LTD. AS A MAJOR TRANSACTION

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	26 June 2019 at 10 a.m.
Date and time of Extraordinary General Meeting	:	28 June 2019 at 10 a.m.
Place of Extraordinary General Meeting	:	Cinnamon Room, Level 5, Novotel Clarke Quay, 177A River Valley Road, Singapore 179031

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PROXY FORM

In this Circular, the following definitions apply throughout unless the context otherwise requires:

"**Act**" or "**Companies Act**"	:	The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
"**Associate**"	:	(a) In relation to any Director, the CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:— (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"**Board**"	:	The board of Directors of the Company for the time being
"**Business Day**"	:	Any day (other than a Saturday, Sunday or a gazetted public holiday) on which banks in the PRC and Singapore are open for the transaction of normal business
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEO**"	:	The Chief Executive Officer of the Company for the time being
"**Circular**"	:	This circular dated 13 June 2019
"**College**"	:	The college known as the Hebei Oriental University (formerly known as the Langfang Oriental Institute of Technology) that is set up, operated and owned by LDZ Sino-Singapore Education Investment
"**Company**"	:	Raffles Education Corporation Limited
"**Completion**"	:	The completion of the Proposed Disposal pursuant to the SPA
"**Conditions Precedent**"	:	The conditions precedent to the Proposed Disposal
"**Consideration**"	:	The sum of RMB420,000,000 (equivalent to approximately S$84,620,000), being the aggregate consideration for the Proposed Disposal, details of which are set out in Section 4 of this Circular

"**Constitution**"	:	The constitution of the Company, as may be amended, modified or supplemented from time to time
"**Controlling Shareholder**"	:	A person who:— (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"**Deferred First Tranche Payment Date**"	:	The date falling 15 days after the Conditions Precedent are fulfilled
"**Deferred Second Tranche Payment Date**"	:	30 September 2022
"**Deposit**"	:	A deposit of RMB42,000,000 (equivalent to approximately S$8,462,000) in relation to the Proposed Disposal
"**Directors**"	:	The directors of the Company for the time being
"**EGM**"	:	The extraordinary general meeting of the Company to be convened for the purposes of considering and, if thought fit, passing with or without modifications, the proposed resolution set out in the Notice of EGM
"**EPS**"	:	Earnings per Share
"**First Tranche Payment**"	:	The first tranche payment for the Consideration of RMB126,000,000 (equivalent to approximately S$25,386,000), less the sum of RMB42,000,000 (equivalent to approximately S$8,462,000) being the amount of the Deposit paid by the Purchaser to the Vendor pursuant to the SPA
"**FY**"	:	The financial year ended or ending 30 June, as the case may be
"**FY2018**"	:	The financial year ended 30 June 2018
"**Group**"	:	The Company, together with its Subsidiaries
"**Interest**"	:	The interest payable by the Purchaser or his designated related party (as the case may be) to the Vendor on the outstanding amount of the Consideration remaining unpaid on 30 September 2020
"**Latest Practicable Date**"	:	11 June 2019, being the latest practicable date prior to the date of this Circular
"**LDZ Sino-Singapore Education Investment**"	:	Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd.
"**Liquidated Damages**"	:	The liquidated damages payable by the Purchaser to the Vendor as provided in Section 5.4 of the Circular

"**Listing Manual**"	:	The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
"**Major Transaction**"	:	A transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%
"**Notice of EGM**"	:	The notice of EGM as set out on page N-1 of this Circular
"**NTA**"	:	Net tangible assets
"**Option to Transfer**"	:	The option exercisable by the Vendor to transfer legal title of 100% of the equity interest in LDZ Sino-Singapore Education Investment held by the Purchaser to the Vendor or such other party designated by the Vendor in the event of a breach by the Purchaser of its payment obligations under the SPA, details of which are set out in Section 5.4 of this Circular.
"**PRC**"	:	The People's Republic of China
"**Proposed Disposal**"	:	The proposed sale by the Vendor of the Sale Equity Interest
"**Proposed Resolution**"	:	The ordinary resolution for the Proposed Disposal, Shareholders' approval for which will be sought at the EGM
"**Proxy Form**"	:	The proxy form in respect of the EGM as set out in this Circular
"**Purchaser**"	:	Liu Yanwen
"**Register of Directors**"	:	The register of Directors of the Company
"**Register of Substantial Shareholders**"	:	The register of Substantial Shareholders of the Company
"**Sale Equity Interest**"	:	The Vendor's beneficial interest in 51% of the total equity of LDZ Sino-Singapore Education Investment, representing the Vendor's entire stake in LDZ Sino-Singapore Education Investment
"**Second Tranche Payment**"	:	The second tranche payment for the Consideration of RMB294,000,000 (equivalent to approximately S$59,234,000), details of which are set out in Section 4.2 of this Circular
"**Second Tranche Payment Deferment**"	:	The deferment of the latest date on which the Second Tranche Payment must be paid by the Purchaser or his designated related party (as the case may be) to the Vendor
"**Securities Accounts**"	:	The securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
"**SFA**"	:	The Securities and Futures Act (Cap. 289) of Singapore, as may be amended, modified or supplemented from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited

"**Shareholders**"	:	Persons who are registered as holders of Shares in the Depository Register of the Company except that where the registered holder is CDP, the term "**Shareholders**" shall mean the Depositors who have Shares credited to their Securities Accounts
"**Shares**"	:	Ordinary shares in the capital of the Company
"**SPA**"	:	The sale and purchase agreement in respect of the Proposed Disposal entered into between the Purchaser and the Vendor on 26 April 2019
"**Subsidiary**"	:	A company which is for the time being a subsidiary of the Company, as defined under Section 5 of the Companies Act
"**Substantial Shareholder"**	:	A person who has an interest or interests in one (1) or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than five per cent. (5.0%) of the total votes attached to all the voting Shares (excluding treasury shares) in the Company
"**Vendor**"	:	Langfang Tonghui Education Consultancy Co., Ltd.

Currencies, units and others

"**RMB**"	:	Renminbi, being the lawful currency of the PRC
"**S$**" or "**SGD**" and "**cents**"	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
"**sq. m.**"	:	Square metres
"**%**" or "**per cent.**"	:	Per centum or percentage

The expressions "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the respective meanings ascribed to them in Section 81SF of the SFA.

Except where specifically defined, the terms "**we**", "**us**" and "**our**" in this Circular refer to the Group.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, the SFA, or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the said Companies Act, Listing Manual, SFA or any statutory modification thereof, as the case may be, unless otherwise provided.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference to a time of day or date in this Circular is a reference to a time of day or date, as the case may be, in Singapore, unless otherwise stated.

Any discrepancies in this Circular between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199400712N)

Directors:

Mr Chew Hua Seng (Chairman and CEO)
Mr Lim How Teck (Lead Independent Non-Executive Director)
Mdm Gan Hui Tin (Independent Non-Executive Director)
Mr Teo Cheng Lok John (Independent Non-Executive Director)
Mr Joseph He Jun (Non-Independent, Non- Executive Director)

Registered Office:

51 Merchant Road,
Raffles Education Square,
Singapore 058283

13 June 2019

To: The Shareholders of the Company

Dear Sir/Madam,

THE PROPOSED DISPOSAL OF THE GROUP'S ENTIRE STAKE IN LANGFANG DEVELOPMENT ZONE ORIENTAL UNIVERSITY CITY SINO-SINGAPORE EDUCATION INVESTMENT CO., LTD. AS A MAJOR TRANSACTION

1. INTRODUCTION

The Directors propose to convene an EGM to seek Shareholders' approval for the proposed disposal of the Group's entire stake in Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd. ("**LDZ Sino-Singapore Education Investment**") through the proposed disposal of the Sale Equity Interest held by its 99% owned subsidiary, Langfang Tonghui Education Consultancy Co., Ltd. (the "**Vendor**"), to Liu Yanwen (the "**Purchaser**") or to a related party designated by the Purchaser as a Major Transaction (the "**Proposed Disposal**").

The purpose of this Circular is to explain the rationale for, and to provide Shareholders with the relevant information relating to and to seek Shareholders' approval for the Proposed Disposal, at the EGM to be held on 28 June 2019 at 10 a.m. at Cinnamon Room, Level 5, Novotel Clarke Quay, 177A River Valley Road, Singapore 179031, notice of which is set out in the Notice of EGM as set out on page N-1 of this Circular.

Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy or correctness of any of the statements made, opinions expressed or reports contained in this Circular.

2. THE PROPOSED DISPOSAL AS A MAJOR TRANSACTION

2.1 Background

The Purchaser is the legal owner of 100% of the equity interest in LDZ Sino-Singapore Education Investment. It is agreed between the Vendor and the Purchaser that, taking into consideration the various agreements entered into between the parties and the contributions of the Vendor and the Purchaser to LDZ Sino-Singapore Education Investment made over the years, 51% of the equity interest in LDZ Sino-Singapore Education Investment is held by the Purchaser for and on behalf for the Vendor. Thus, the Purchaser is the beneficial owner of 49% of the equity interest in LDZ Sino-Singapore Education Investment while the Vendor the beneficial owner of 51% of the equity interest in LDZ Sino-Singapore Education Investment.

Accordingly, the ultimate beneficiaries of LDZ Sino-Singapore Education Investment are the Company (through its shareholdings in the Vendor) and the Purchaser. The Company does not have any direct or indirect interest in LDZ Sino-Singapore Education Investment other than through the Vendor.

On 26 April 2019, the Vendor entered into the SPA with the Purchaser for the Proposed Disposal for an aggregate Consideration of RMB420,000,000 (equivalent to approximately S$84,620,000). The material terms of the SPA have been disclosed in the Company's announcement dated 29 April 2019.

2.2 Information on the Purchaser

Liu Yanwen, the Purchaser, is a citizen of the PRC.

The Purchaser does not have any shareholding interest, direct or indirect in the Company, nor is the Purchaser related to any of the Directors, Controlling Shareholders, or their respective Associates.

2.3 Information on the Vendor

Langfang Tonghui Education Consultancy Co., Ltd., the Vendor, is a private company incorporated in the PRC on 14 November 2007 that is primarily engaged in the business of leasing out education assets, such as land and buildings. The Vendor is a 99% owned subsidiary of the Company and the remaining 1% of the equity in the Vendor is held by Shanghai Shengxin Business Consulting Co., Ltd. (上海盛馨商务咨询有限公), a company incorporated in the PRC. The Vendor is not a wholly foreign-owned enterprise.

Other than the College, the Vendor does not operate any other college or education facilities.

The Company has in 2010 invested an aggregate of approximately RMB200,000,000 in the Vendor in respect of LDZ Sino Singapore Education Investment, through equity investments in the Vendor.

2.4 Information on LDZ Sino-Singapore Education Investment

LDZ Sino-Singapore Education Investment is a private company incorporated in Langfang, Hebei Province, the PRC on 10 July 2008 by the Purchaser and the Vendor for the purpose of setting up and operating the College as a joint venture. It is not a wholly foreign-owned enterprise.

The main business of LDZ Sino-Singapore Education Investment is the operation of the College, which was set up in 2009. The College is located in Langfang Development Zone in Langfang City, Hebei, the PRC and is owned by LDZ Sino-Singapore Education Investment.

LDZ Sino-Singapore Education Investment was initially managed by the Vendor when it commenced operations in 2009, offering vocational and diploma courses through the College. In 2012, the Purchaser suggested that the Vendor and Purchaser inject funds into LDZ Sino-Singapore Education Investment in order to expand the operations of the College. Up until 2012, Sino-Singapore Education Investment had not been profitable as it was a new setup offering only diploma courses and the Vendor was not interested in injecting further assets or capital into LDZ Sino-Singapore Education Investment. Consequently, in 2012, the Vendor and the Purchaser agreed that operations and management of the College would be handed over to the Purchaser from 2012, with any further contributions of capital into LDZ Sino-Singapore Education Investment being the sole responsibility of the Purchaser. Under this arrangement, the Vendor would not be involved in the operations nor management of LDZ Sino-Singapore Education Investment and would not be required to make further capital contributions to LDZ Sino-Singapore Education Investment. Instead, the intention of the parties was that the Vendor would receive a fixed return from LDZ Sino-Singapore Education Investment for the usage of the assets previously injected by the Vendor into LDZ Sino-Singapore Education Investment, being land and buildings. However, this did not materialise as the parties were subsequently unable to agree on the amount of such fixed return.

Other than asset injections of land and buildings of an estimated aggregate land area of 359,231 sq. m. and built up area of approximately 179,834 sq. m. (the aggregate value of which is approximately RMB200,000,000) into LDZ Sino-Singapore Education Investment shortly after its incorporation, the Vendor has not made any substantial contributions to LDZ Sino-Singapore Education Investment whether through an injection of assets or cash by way of equity investment or shareholder loan.

Since the Purchaser took over the management and operations of LDZ Sino-Singapore Education Investment in 2012, he has injected funds into LDZ Sino-Singapore Education Investment to provide for the operating expenses and assets required for the operations of the College and, in 2016, the College obtained the necessary approvals from the Ministry of Education of the PRC to offer degree courses. Nevertheless, the Vendor understands from communications with the Purchaser that the College has continued not to generate positive cash flow since 2012. Pursuant to the arrangement between the Vendor and the Purchaser, the Purchaser has not provided the Vendor with any other specific information on the operating expenses and losses incurred by LDZ Sino-Singapore Education Investment, or the amount of funds that has been injected by the Purchaser into LDZ Sino-Singapore Education Investment since 2012 in order to continue operations of the College.

3. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

3.1 Rationale for the Proposed Disposal

LDZ Sino-Singapore Education Investment has not generated positive cash inflow since its incorporation, whether prior or subsequent to the Purchaser taking over the management and operations of LDZ Sino-Singapore Education Investment in 2012. Further, the Vendor has not received any returns on its investment in LDZ Sino-Singapore Education Investment to date. Barring any unforeseen circumstances, the Company believes that the financial position of LDZ Sino-Singapore Education Investment is unlikely to improve in the near future and is proposing to undertake the Proposed Disposal to maximize the cash return to the Group. Accordingly, the Board is of the view that the Proposed Disposal will be in the best interests of the Group.

3.2 Use of Proceeds

The proceeds from the Proposed Disposal are intended to be used for general working capital purposes and to fund the repayment of loans or future investments when suitable opportunities arise.

4. CONSIDERATION FOR PROPOSED DISPOSAL

4.1 Consideration

The aggregate Consideration for the Sale Equity Interest payable to the Vendor shall be RMB420,000,000 (equivalent to approximately S$84,620,000) (the "**Consideration**").

The Consideration was arrived at on a willing-buyer willing-seller basis upon negotiation between the Purchaser and the Vendor, and after taking into account the following factors:

(i) the contributions of the Vendor and the Purchaser to LDZ Sino-Singapore Education Investment since the incorporation of LDZ Sino-Singapore Education Investment, details of which are set out in Section 2.4 of this Circular;

(ii) the previous attempts, negotiations, discussions and/or agreements undertaken by/between the Parties to explore options for the Vendor to exit the joint venture by disposing of its beneficial interest in the equity of LDZ Sino-Singapore Education Investment to either the Purchaser or a third party; and

(iii) the rationale for and benefits to the Group arising from the Proposed Disposal, details of which are set out in Section 3.1 of this Circular.

4.2 Terms of Payment

The Consideration shall be satisfied in the following manner:

(i) **Deposit:** A deposit of RMB42,000,000 (equivalent to approximately S$8,462,000) (the "Deposit") which shall be paid by the Purchaser or his designated related party (as the case may be) to the Vendor within five (5) business days from the date of execution of the SPA, and in the event that the Conditions Precedent are not fulfilled by 30 December 2019, such Deposit shall be refunded by the Vendor to the Purchaser within five (5) working days;

(ii) **First Tranche:** A first payment of RMB126,000,000 (equivalent to approximately S$25,386,000), less the sum of RMB42,000,000 (equivalent to approximately S$8,462,000) being the amount of the Deposit paid by the Purchaser to the Vendor (the "**First Tranche Payment**") shall be paid by the Purchaser or his designated related party (as the case may be) to the Vendor on or before 30 September 2019, save that:

(a) in the event that the Conditions Precedent are fulfilled on a date which is less than 15 Business Days from 30 September 2019, the First Tranche Payment shall be made on or before the Deferred First Tranche Payment Date; and

(b) in the event that the Conditions Precedent are not fulfilled by 30 September 2019, the First Tranche Payment shall be made on or before the Deferred First Tranche Payment Date.

(iii) **Second Tranche:** A second payment of RMB294,000,000 (equivalent to approximately S$59,234,000) ("the **Second Tranche Payment**"), shall be paid by the Purchaser or his designated related party (as the case may be) to the Vendor before 30 September 2020, save the Vendor may defer the date by which payment of the Second Tranche Payment must be made to the Deferred Second Tranche Payment Date by consent in writing (such consent not to be unreasonably withheld) if the following conditions have been fulfilled (the "**Second Tranche Payment Deferment**"):

(a) in the event that the Purchaser is in breach of the terms of the SPA and the Vendor gives written notice to the Purchaser requiring him to rectify such breach(es), the Purchaser remedies the said breach(es) within 10 days from the date on which the Vendor gives such notice to the Purchaser to remedy the breach;

(b) the Purchaser or his designated related party (as the case may be) has on or before 30 September 2020 paid to the Vendor of such portion of the total Consideration being an amount not less than RMB126,000,000 (equivalent to approximately S$25,386,000); and

(c) the Purchaser shall arrange for payment of interest on the outstanding amount of the Consideration at an interest being the then prevailing long-term interest rate as announced by the People's Bank of China ("**Interest**") which shall accrue for the period commencing 30 September 2020 and ending on such date on which the Consideration is paid in full.

(iv) Payment of the First Tranche Payment and Second Tranche Payment shall be conditional upon the fulfilment of the Conditions Precedent.

(v) The Company will procure that the Vendor shall only exercise its right to defer payment of the Second Tranche Payment by the Purchaser if the Purchaser pursuant to the Second Tranche Payment Deferment is able to produce evidence to satisfy the Vendor that he is unable to make payment of the Second Tranche Payment by 30 September 2020 due to temporary cash flow issues but would nonetheless have sufficient funds to make payment at such deferred date.

5. OTHER PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1 Conditions Precedent

Pursuant to the SPA, the Proposed Disposal is conditional upon, *inter alia*, the following Conditions Precedent:

(i) the approval of the SPA by the Board; and

(ii) the approval of the Shareholders being obtained by way of ordinary resolution at a general meeting.

5.2 Completion

Completion of the Proposed Disposal ("**Completion**") shall take place on the date on which the Consideration and Interest thereon (if any) has been paid in full.

In the course of the longstanding relationship between the Purchaser and Vendor as joint investors in LDZ Sino-Singapore Education Investment, the Purchaser and Vendor had entered into various agreements in connection with LDZ Sino-Singapore Education Investment, such as a cooperation agreement entered into between the Vendor, LDZ Sino-Singapore Education Investment and the Purchaser on 1 July 2012. Upon Completion, such prior agreements and arrangements between the Purchaser, LDZ Sino-Singapore Education Investment and/or the Vendor would terminate and be superseded by the terms of the SPA.

The Purchaser, LDZ Sino-Singapore Education Investment and the Vendor agree that, from the date on which the Consideration and Interest thereon (if any) have been paid in full to the Vendor, the SPA would operate as a final settlement of all matters in respect of LDZ Sino-Singapore Education Investment and the College such that the Vendor would have no further claim to any interest in LDZ Sino-Singapore Education Investment.

5.3 Personal Guarantee by Purchaser

In the event that the Sale Equity Interest is sold to the Purchaser's designated related party, the Purchaser shall personally guarantee the performance of such designated related party's obligations and liabilities under the SPA, including but not limited to its obligations to pay the Consideration on the terms of the SPA.

In the event that the First Tranche Payment and Second Tranche Payment are due and payable but remain unpaid for more than five (5) working days, the Vendor shall have the right to unilaterally sell, in whole or in part, its equity interest in LDZ Sino-Singapore Education Investment or the assets of the College, provided that the consideration received by the Vendor from such sale shall first be applied to set off the Purchaser's obligation to pay any outstanding Consideration and Interest thereon (if any) and the Liquidated Damages to the Vendor.

5.4 Pledge and Option to Transfer

The Vendor has a pledge over the shares of LDZ Sino-Singapore Education Investment.

Additionally, pursuant to the SPA, in the event that the Purchaser fails to comply with any of the following obligations imposed on him under the SPA, and the Vendor is otherwise unable to recover the Consideration and Interest thereon (if any) through the mechanisms provided in the SPA, the Vendor shall have the right to exercise the Option to Transfer to transfer legal title of 100% of the equity interest in LDZ Sino-Singapore Education Investment to the Vendor or such other party designated by the Vendor, pursuant to which the Vendor or the party designated by the Vendor (as the case may be) shall become the legal and beneficial owner of 100% equity interest in LDZ Sino-Singapore Education Investment:

(i) the Purchaser's obligation to make full payment of the Deposit to the Vendor in accordance with the terms of the SPA;

(ii) the Purchaser's obligation to make full payment of the First Tranche Payment to the Vendor in accordance with the terms of the SPA; and/or

(iii) the Purchaser's obligation to pay the Consideration and Interest thereon (if any) to the Vendor by 30 September 2020.

Further details of the Purchaser's obligations under the SPA to make payment of the Deposit, the First Tranche Payment and the Consideration and Interest thereon are set out in Section 4.2 of this Circular.

Upon the exercise of the Option to Transfer, the Vendor shall return to the Purchaser all portions of the Consideration and the Deposit paid by the Purchaser to the Vendor on or before the date of exercise of the Option to Transfer pursuant to the SPA, less the following amounts:

(i) an asset usage fee of RMB40,000,000 per annum payable by the Purchaser which shall be calculated on a monthly basis for the period commencing October 2012 to the date of completion of the transfer of the equity interest in LDZ Sino-Singapore Education Investment pursuant to the Option to Transfer;

(ii) RMB50,000,000 being the Liquidated Damages payable by the Purchaser; and

(iii) all costs and expenses incurred in relation to the exercise of the Option to Transfer and the costs and expenses incurred for the recovery of the Consideration and Interest thereon (if any) through the mechanisms provided in the SPA.

No consideration is payable by the Vendor to the Purchaser for the exercise of the Option to Transfer, and the Vendor will only be required to return the portions of the Consideration paid by the Purchaser less the amounts set out above in this Section 5.4 of this Circular.

In the event that the Purchaser fails to comply with his obligations to complete the transfer of 100% of the equity interest in LDZ Sino-Singapore Education Investment to the Vendor and/or the Vendor's designated party pursuant to the Option to Transfer, pursuant to a power of attorney executed by the Purchaser in favour of the Vendor, the Vendor may nominate a person to execute and/or deliver all necessary documentation and to complete all necessary registration and filing procedures to effect the said transfer on behalf of the Purchaser.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal on the Group as set out below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Completion.

(i) NTA

For illustrative purposes only, assuming that the Proposed Disposal had been completed on 30 June 2018 and based on the latest audited consolidated financial statements of the Company for FY2018, the *pro forma* financial effects of the Proposed Disposal on the NTA of the Company would have been as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
NTA (S$)	502,630,000	542,282,000[(1)]
Number of issued Shares (excluding treasury shares)	1,378,656,672	1,378,656,672
NTA per Share (cents)	36.46	39.33

Notes:

(1) LDZ Sino-Singapore Education Investment is in a net asset position as of 30 June 2018. Assuming that the Proposed Disposal had been completed on 30 June 2018, the share of the NTA derecognized in relation to LDZ Sino-Singapore Education Investment amount to S$44,968,000. Proceeds from the disposal is S$84,620,000, representing an excess of S$39,652,000 over the share of NTA derecognized, and resulting in the increase in NTA from S$502,630,000 (before the Proposed Disposal) to S$542,282,000 (after the Proposed Disposal) of S$39,652,000.

(ii) EPS

For illustrative purposes only, assuming that the Proposed Disposal had been completed on 1 July 2017 and based on the latest audited consolidated financial statements of the Company for FY2018, the *pro forma* financial effects of the Proposed Disposal on the EPS of the Company would have been as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
Profits/ (Loss) after tax attributable to Shareholders (S$)	10,667,000	46,363,000[(1)]
Weighted average number of Shares (excluding treasury shares)	1,181,945,937	1,181,945,937
EPS (cents)	0.90	3.92

Notes:

(1) The change in profits after tax attributable to Shareholders from S$10,667,000 (before the Proposed Disposal) to S$46,363,000 (after the Proposed Disposal) of S$35,696,000 was due mainly to the S$39,652,000 excess of the proceeds from the disposal over the NTA derecognised as explained in note 1 of Section 6(i) of this Circular. The share of profit attributable to Shareholders in relation to LDZ Sino-Singapore Education of S$3,956,000 in FY2018 was not considered on the assumption that the Proposed Disposal had been completed on 1 July 2017. Thus, the net increase in profits after tax attributable to Shareholders of S$35,696,000 is derived by taking S$39,652,000 (gain on disposal) less S$3,956,000 (share of profit attributable to shareholders not considered).

(iii) Gearing Ratio

For illustrative purposes only, assuming that the Proposed Disposal had been completed on 30 June 2018 and based on the latest audited consolidated financial statements of the Company for FY2018, the *pro forma* financial effects of the Proposed Disposal on the gearing ratio of the Company would have been as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
Borrowings (S$)	366,456,000	366,456,000
Equity attributable to equity holders of the Company (S$)	621,592,000	661,244,0000
Gearing ratio	0.59	0.55

(iv) Gain on Disposal

Based on the latest announced consolidated unaudited accounts of the Group for the third quarter financial period ended 31 March 2019:

(a) the book value and the NTA value of the Sale Equity Interest is approximately S$43,479,000;

(b) the excess of the proceeds over the book value of the Sale Equity Interest is approximately S$41,140,000;

(c) the net profits/(loss) attributable to the Sale Equity Interest is approximately (S$221,000); and

(d) the net gain on the Proposed Disposal (before any income tax effect on the transaction) is expected to be approximately S$41,140,000.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual, based on the latest announced consolidated unaudited accounts of the Group for the third quarter financial period ended 31 March 2019, would have been as follows:

		Proposed Disposal
Rule 1006(a)		
a)	The net asset value[1] of the assets to be disposed of	S$84,598,000
b)	The Group's net asset value	S$691,601,000
c)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	12.23%
Rule 1006(b)		
a)	The net profits (or loss)[2] attributable to the assets to be disposed of	(S$221,000)
b)	The Group's net profits (or loss)	(S$3,894,000)
c)	The net profits (or loss) attributable to the assets to be disposed of, compared with the Group's net profits (or loss)	5.68%
Rule 1006(c)		
a)	The aggregate value of Consideration	S$84,620,000
b)	The Company's market capitalisation[3] based on the total number of issued Shares excluding treasury shares (if any)	S$118,564,000
c)	The aggregate value of Consideration, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares (if any)	71.37%
Rule 1006(d)		
The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue		Not applicable[4]
Rule 1006(e)		
The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.		Not applicable[5]

Notes:

(1) Under Rule 1002(3)(a) of the Listing Manual, "net assets" means total assets less total liabilities.

(2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(3) The market capitalisation of the Company is determined by multiplying the 1,378,656,672 Shares in issue by the closing price of such Shares transacted on the Market Day immediately preceding the date of signing of the SPA.

(4) This basis is not applicable as this is not an acquisition.

(5) This basis is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company.

As the relative figures for the Proposed Disposal computed under Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a Major Transaction, and accordingly, is subject to Shareholders' approval at the EGM.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors and Register of Substantial Shareholders, respectively, as at the Latest Practicable Date are set out as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of shares	%[1]	No. of shares	%[1]	No. of shares	%[1]
Directors						
Chew Hua Seng[2]	428,864,605	31.1%	34,043,159	2.5%	462,907,764	33.6%
Lim How Teck	-	-	-	-	-	-
Gan Hui Tin	-	-	-	-	-	-
Teo Cheng Lok John	361,562	0.03%	-	-	361,562	0.03%
Joseph He Jun	-	-	-	-	-	-
Substantial Shareholders (other than Directors)						
Doris Chung Gim Lian[3]	170,992,222	12.4%	291,914,842	21.2%	462,907,064	33.6%
Oei Hong Leong[4]	134,565,569	9.8%	43,353,440	3.1%	177,919,009	12.9%

Notes:

(1) Based on the total number of 1,378,656,672 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Mr Chew Hua Seng's direct interest in the Shares comprises 428,864,605 Shares held in his sole name and 136,949,763 Shares held jointly with his spouse, Ms Doris Chung Gim Lian. Ms Doris Chung Gim Lian also holds 170,992,222 Shares in her sole name. Mr Chew Hua Seng is deemed to be interested in the 170,992,222 Shares held by Ms Doris Chung Gim Lian.

(3) Ms Doris Chung Gim Lian is the spouse of Mr Chew Hua Seng. In this respect, Ms Doris Chung Gim Lian is deemed to have an interest in the shareholdings of Mr Chew Hua Seng and vice versa.

(4) Mr Oei Hong Leong is deemed to have an interest in the shares held by Oei Hong Leong Art Museum Limited ("**OHLAM**") due to his direct interest of 90% in the ultimate holding company of OHLAM.

Save for their respective interests in the Company, if any, none of the Directors or the Controlling Shareholders has any direct or indirect interest in the Proposed Disposal.

9. DIRECTORS' SERVICE CONTRACTS

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

10. DIRECTORS' RECOMMENDATIONS

Having fully considered, amongst others, the terms and rationale of the Proposed Disposal, the Directors are of the opinion that the Proposed Disposal is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Resolution set out in the Notice of EGM.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, is being convened at Cinnamon Room, Level 5, Novotel Clarke Quay, 177A River Valley Road, Singapore 179031 on 28 June 2019 at 10 a.m. for the purpose of considering and, if thought fit, passing, with or without any modifications, the Proposed Resolution as set out in the Notice of EGM.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he subsequently wishes to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP as at 72 hours before the EGM.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 51 Merchant Road, Raffles Education Square, Singapore 058283, for a period of three (3) months commencing from the date of this Circular:

(i) the Constitution of the Company;

(ii) the annual report of the Company for FY2018; and

(iii) the SPA.

Yours faithfully
For and on behalf of the Board of Directors of
RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng
Chairman and CEO

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199400712N)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the "**EGM**") of Raffles Education Corporation Limited (the "**Company**") will be held on 28 June 2019 at 10 a.m. at Cinnamon Room, Level 5, Novotel Clarke Quay, 177A River Valley Road, Singapore 179031 for the purpose of considering and, if thought fit, passing with or without any modifications, the following resolution:

*All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the circular issued by the Company to the Shareholders dated 13 June 2019 (the "**Circular**").*

AS ORDINARY RESOLUTION: THE PROPOSED DISPOSAL OF THE GROUP'S ENTIRE STAKE IN LANGFANG DEVELOPMENT ZONE ORIENTAL UNIVERSITY CITY SINO-SINGAPORE EDUCATION INVESTMENT CO., LTD.

That:

(a) for the purposes of Chapter 10 of the Listing Manual, approval be and is hereby given to the Company to effect and complete the Proposed Disposal and all transactions in relation thereto, on the terms and subject to the conditions set out in the SPA; and

(b) the Directors and any one of them be and is/are hereby authorised and empowered to approve, complete and do all such acts and things (including without limitation, to approve, modify, ratify, sign, seal, execute and deliver all such documents as may be required) as he or they may consider expedient, desirable or necessary or in the interests of the Company to give effect to the Proposed Disposal and this resolution, and the transactions contemplated by the Proposed Disposal and/or authorised by this resolution, or for all the foregoing purposes.

BY ORDER OF THE BOARD

Mr. Keloth Raj Kumar
Company Secretary
13 June 2019

Notes:

1. A member of the Company entitled to attend and vote at the EGM, and who is not a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Cap. 50 of Singapore), is entitled to appoint one proxy or two proxies to attend and vote in his place. A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote in his place, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. A proxy need not be a member of the Company.

2. If the appointor is a corporation, the Proxy Form must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

3. A Depositor's name must appear in the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the Extraordinary General Meeting in order for the Depositor to be entitled to attend, speak and vote at the Extraordinary General Meeting.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 51 Merchant Road, Raffles Education Square, Singapore 058283 not less than 48 hours before the time appointed for holding the EGM.

5. The completion and return of the proxy form by a member will not prevent him from attending and voting in person at the EGM if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/ or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199400712N)

EXTRAORDINARY GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "**Act**"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Extraordinary General Meeting
2. For investors who have used their CPF monies and/or the Supplementary Retirement Scheme to buy Raffles Education Corporation Limited's shares (respectively, "**CPF Investors**" and "**SRS Investors**"), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Extraordinary General Meeting.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 13 June 2019.

*I/We _____ (Name) _____ (NRIC/ Passport/ Company Registration No.)

of _____ (address)

being a member/members* of **RAFFLES EDUCATION CORPORATION LIMITED** (the "**Company**"), together with its subsidiaries, the "Group"), hereby appoint:

Name:	**NRIC / Passport No.:**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address:			

and/or*

Name:	**NRIC / Passport No.:**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address:			

or failing him/her/them*, the Chairman of the Extraordinary General Meeting (the "**EGM**") of the Company as my/our* proxy/ proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at Cinnamon Room, Level 5, Novotel Clarke Quay, 177A River Valley Road, Singapore 179031 on 28 June 2019 at 10 a.m.*.

I/We* direct my/our* proxy/proxies* to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

No.	**As Ordinary Resolution**	**For**	**Against**
1	To approve the proposed disposal of the Group's entire stake in the Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd.		

Please indicate your vote "For" or "Against" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.

** Please delete as appropriate.*

Dated this _____ day of _____ 2019.

Total number of Shares held in CDP Register

_____

Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder
IMPORTANT: PLEASE READ NOTES OVERLEAF

*All capitalised terms used in this Proxy Form which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the circular issued by the Company to the Shareholders dated 13 June 2019 (the "**Circular**"), including supplements and modifications thereto.*

PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289, of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Except for a member of the Company who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Cap. 50 of Singapore), a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where a member of the Company appoints more than one proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the proxy form.

3. Pursuant to Section 181(1C) of the Companies Act, a member of the Company who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

4. A proxy need not be a member of the Company.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 51 Merchant Road, Raffles Education Square, Singapore 058283 not less than 48 hours before the time appointed for holding the EGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.

9. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for holding the EGM.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.