

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

**SUPPLEMENTAL AGREEMENT TO THE ASSET SALE AND PURCHASE AGREEMENT
ENTERED INTO ON 29 AUGUST 2018 AS A MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL OF PROPERTIES**

*Reference is made to the Company's announcements dated 21 January 2019, 29 October 2018, 11 October 2018 and 29 August 2018 (the "**Announcements**") in relation to inter alia the Disposal of the Properties. Unless otherwise defined herein, all capitalised terms used herein shall have the same meanings as defined in the Announcements.*

The Board of Directors ("**Board**" or "**Directors**") of Raffles Education Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 13 June 2019 entered into a supplemental agreement (the "**Supplemental Agreement**") with Oriental University City Holdings (H.K.) Limited (the "**Purchaser**"), Langfang Tonghui Education Consultancy Co., Ltd (廊坊通慧教育咨询有限公司) ("**TongHui**"), and Langfang Kaifu Oriental University City Education Consultancy Co., Ltd (廊坊开发区东方大学城教育咨询有限公司) ("**PRC Subsidiary**") to amend and supplement the terms of the Asset Sale and Purchase Agreement dated 29 August 2018 in respect of the Disposal of the Properties, as amended and supplemented by subsequent addendums thereto (the "**S&P Agreement**").

A summary of the salient amendments to the terms and conditions of the S&P Agreement pursuant to the Supplemental Agreement are as follows:

- (i) the Properties shall no longer be directly acquired by the Purchaser from TongHui by way of an asset acquisition. Instead, upon the signing of the Supplemental Agreement, the Company and TongHui shall first transfer the Properties from TongHui to Langfang TongRui Education Consultancy Co., Ltd (the "**Holding Company**"), a 99% owned subsidiary of the Company that was established in the PRC on 1 March 2019. Thereafter, the entire equity interest in the Holding Company will be transferred to the Purchaser (or to affiliate(s) of the Purchaser at its election).
- (ii) on the Completion Date as defined in the S&P Agreement, Oriental University City Limited, a wholly-owned subsidiary of the Company, shall execute a share charge in favour of the Purchaser in respect of 90% of the issued share capital of Oriental University City Education Development (H.K.) Limited ("**OUCED**"), a company which is owned as to 90% by the Company, to secure the obligations and undertakings of the Company and TongHui to the Purchaser pursuant to the S&P Agreement as amended and supplemented by the Supplemental Agreement (the "**Amended S&P Agreement**");
- (iii) TongHui and the Holding Company shall execute a power of attorney in favour of PRC Subsidiary in relation to control and management of the Properties;
- (iv) the Long Stop Date as defined in the S&P Agreement shall be extended to 31 December 2019;
- (v) the Completion as defined in the S&P Agreement shall additionally be conditional on approval being obtained by the shareholders of the Purchaser (other than the Company) for the transactions contemplated under the Supplemental Agreement by means of an ordinary resolution passed at a general meeting of the Purchaser on or before the Completion Date as defined in the S&P Agreement;

- (vi) the Company and TongHui each undertake to procure that the Holding Company, OUCED and Shanghai ShengXin Business Consultancy Limited Company (上海盛馨商務諮詢有限公司) (“**Shanghai ShengXin**”)¹ shall comply with the terms and conditions for the transfer of Properties to the Purchaser (through the acquisition by the Purchaser of the entire equity interest in the Holding Company) as set out in the Amended S&P Agreement;
- (vii) the Company and TongHui jointly and severally undertake to the Purchaser that:
- (a) they shall perform or procure the performance of all acts and things and execute and deliver such documents as required by law or may be reasonably required by the Purchaser for (i) the transfer of the Properties from TongHui to the Holding Company and thereafter (ii) the transfer of the entire equity interest in the Holding Company to the Purchaser (or to affiliate(s) of the Purchaser at its election) and completing the transfer of the entire equity interest in the Holding Company within 3 years (or any other date as the Company and the Purchaser may agree in writing) after the Completion Date in accordance with the terms and conditions of the S&P Agreement (the “**Acquisition Date**”);
 - (b) up until the Acquisition Date, the Properties shall be controlled and managed in accordance with instructions of the Purchaser, and the Company and TongHui shall not and shall procure that any other related party shall not directly or indirectly (i) solicit, initiate or take any action to facilitate or encourage inquiries from any person other than the Purchaser that could reasonably be expected to lead to the acquisition of equity interest in the Holding Company or of the legal or equitable interest in the Properties (including the right to use or occupy the whole or any part thereof) (“**Alternative Transactions**”); (ii) enter into or participate in any discussions or negotiations with any person regarding an Alternative Transaction; (iii) furnish any non-public information relating to the Properties or the Holding Company or allow access to the assets, business, properties, books or records of the Holding Company to any person other than the Purchaser and its representatives for the purpose of assisting with or facilitating an Alternative Transaction; or (iv) enter into a transaction or any agreement, arrangement or understanding relating to an Alternative Transaction without the written consent of the Purchaser;
 - (c) up until the Acquisition Date, the Company shall maintain majority control over OUCED, TongHui and the Holding Company whether in respect of equity interest, the exercise of voting power at any shareholders’ meeting or control over the composition of a majority of the board of directors of the said companies;
 - (d) they shall perform or procure the performance of all acts and things and execute and deliver such documents as required by law or may be reasonably required by the Purchaser for the purpose of controlling and managing the Properties;
 - (e) they shall not, and shall procure that the Holding Company, OUCED and Shanghai ShengXin shall not, without the prior written consent of the Purchaser, do or omit to do or cause to be done or omitted to be done, any act or thing which would or be likely to result in a breach of any of the warranties granted pursuant to the Amended S&P Agreement at any time up to and including the Completion Date as defined in the S&P Agreement and the Acquisition Date by reference to the facts and circumstances then existing; and

¹ OUCED and Shanghai ShengXin are the presently existing shareholders of the Holding Company as at the date of the Supplemental Agreement

- (f) they shall jointly and severally indemnify, defend and hold harmless the Purchaser and any of the Purchaser's affiliates and their respective employees, officers, directors, shareholders and partners ("**Indemnified Parties**") from and against any and all losses, directly or indirectly, arising out of, relating to, connected with or incidental to (i) any breach of representation, warranty, covenant or agreement made by the Company and/or TongHui pursuant to the Amended S&P Agreement or the Transaction Documents as defined in the Amended S&P Agreement; (ii) any liability or penalty which has been made or imposed or may hereafter be made or imposed by any governmental authority or any other person wholly or partly in respect of or in consequence of any event with respect to the Company, TongHui or the Holding Company or the Properties occurring on or before the Acquisition Date; (iii) any claim made against any Indemnified Party by any third party in connection with the Amended S&P Agreement or any other Transaction Documents as defined in the Amended S&P Agreement; or (iv) any facts or matters relating to the Properties existing or occurring prior to the Acquisition Date even if such liability is incurred after the Acquisition Date.

BY ORDER OF THE BOARD

Chew Hua Seng
Chairman and CEO
13 June 2019