

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

**PROPOSED ACQUISITION OF LAND BY RAFFLES EDUCATION CORPORATION LIMITED THROUGH ITS SUBSIDIARY, RAFFLES K12 SDN. BHD.**

**1. INTRODUCTION**

The Board of Directors of Raffles Education Corp Ltd. (the "**Company**") refers to the announcement dated 30 September 2011 (the "**Announcement**") in relation to the acceptance by the Company's subsidiary, Raffles K12 Sdn Bhd (the "**Subsidiary**") of a letter of offer (the "**Letter of Offer**") from Education@Iskandar Sdn Bhd (the "**Vendor**") in relation to the purchase (the "**Acquisition**") of the land (the "**Land**") situated on part of the freehold land held under H.S(D) 274365 PTD No. 100809, located in the Mukim of Pulai, District of Johor Bahru and the State of Johor. Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Announcement.

Further to the Announcement, the Board of Directors of the Company wishes to announce that the Company has through the Subsidiary entered into a sale and purchase agreement today in respect of the Acquisition of the Land by the Subsidiary from the Vendor (the "**SPA**").

**2. INFORMATION ON THE LAND**

The Land measures approximately 45 acres (equivalent to 1,960,200 square feet) and is presently unencumbered and registered in the name of Iskandar Investment Berhad, a subsidiary of the Vendor. The Land is in the process of being transferred to the Vendor.

**3. RATIONALE FOR THE PROPOSED ACQUISITION**

As disclosed in the Announcement, the Company intends to acquire the Land to construct and develop the Raffles American School in Johor Bahru, Malaysia catering to students from Kindergarten to Year 12, in line with its expansion plans and strategic directions to expand into the international school business.

**4. TERMS OF THE SPA**

Under the SPA, the Acquisition is subject to the following conditions:

- (a) the Vendor procuring the registration of itself on the title of the Land as the registered proprietor of the Land;
- (b) subject to the following paragraph and the satisfaction of sub-paragraph (a) above, the Subsidiary at its own costs and expense, obtaining the written, unconditional approval of the Economic Planning Unit of the Prime Minister's Department, Malaysia in respect of the sale and transfer of the Land to the Subsidiary; and
- (c) subject to the following paragraph and the satisfaction of sub-paragraph (a) above, the Subsidiary at its own costs and expense, obtaining the written, unconditional approval of the State Authority in respect of the sale and transfer of the Land pursuant to the restriction in interest (if any) endorsed on

the title of the Land and pursuant to Section 433B or Section 433E of the National Land Code of Malaysia (as may be applicable).

In the event that the applications to the Economic Planning Unit of the Prime Minister's Department, Malaysia and the State Authority (the "**Appropriate Authorities**") in respect of the conditions precedent stated in paragraphs 4(b) and 4(c):

- (i) cannot be processed by the such authorities for reasons that such applications may only be processed at such time nearer the transfer of the Land from the Subsidiary to the Vendor; or
- (ii) is obtained but is subject to a validity period or expiry period which is less than five (5) years,

the relevant conditions precedent stated in paragraphs 4(b) and 4(c) shall be deemed to have been satisfied. Notwithstanding the foregoing, the Subsidiary shall nevertheless be required to comply with all laws and regulatory requirements in respect of the transfer of the Land.

**5. VALUATION AND CONSIDERATION FOR THE PROPOSED ACQUISITION**

The purchase consideration of RM74,487,600.00 (the "**Purchase Price**") is arrived at on a willing-buyer willing seller basis, based on RM38.00 per square foot on an as-is-where-is basis. As at the date of this announcement, no valuation of the Land has been undertaken.

Upon acceptance of the Letter of Offer, the Subsidiary has already paid to the Vendor of a deposit of RM1,530,140.83 in cash and upon execution of the SPA today, the Subsidiary has paid to the Vendor in cash a balance deposit of RM5,918,619.17 and has also delivered to the Vendor a corporate guarantee issued by the Company as security for the performance of the payment obligations of the Subsidiary pursuant to the SPA for the amount equal to the remaining ninety percent (90%) of the Purchase Price.

The remaining ninety percent (90%) of the Purchase Price shall be payable to the Vendor in cash in the following manner:

<b>S/No.</b>	<b>Date of Payment</b>	<b>Payment Amount</b>	<b>% of Purchase Price</b>
1.	Twelve (12) months from the date of the SPA or within 14 days from the date of receipt of approvals from the Appropriate Authorities in respect of the Conditions Precedent whichever is the later (the " <b>Payment Date</b> ")	RM7,448,760.00	10%
2.	Twelve months (12) months from the Payment Date	RM14,897,520.00	20%
3.	Twenty four (24) months from the Payment Date	RM22,346,280.00	30%
4.	Thirty six (36) months from the Payment Date	RM14,897,520.00	20%
5.	Forty eight (48) months from the	RM7,448,760.00	10%

	Payment Date		
<b>Total</b>		<b>RM67,038,940</b>	<b>90%</b>

Completion of the Acquisition shall, subject to the approvals from the Appropriate Authorities being obtained, take place not later than sixty (60) months from the date of the SPA upon full payment of the Purchase Price to the Vendor including late payment interest and all other sums due by the Subsidiary under the SPA.

The sources of funds for the Acquisition will be through a combination of bank borrowings and internal resources.

There are no net profits attributable to the Land at this stage.

## 6. **FINANCIAL EFFECTS OF THE ACQUISITION**

The Acquisition is not expected to have a material impact on the earnings per share or net tangible assets of the Company and the Group for the current financial year.

## 7. **RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL OF THE SGX-ST**

Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2012, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

<b>Bases of calculation</b>	<b>Relative figure (%)</b>
<u>Rule 1006(a)</u> Net asset value of assets to be disposed of, compared with the Group's net asset value	Not applicable
<u>Rule 1006(b)</u> Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not applicable
<u>Rule 1006(c)</u> Aggregate value of consideration given, compared with the Company's market capitalisation as at 18 September 2012 <sup>(1)</sup>	8.4
<u>Rule 1006(d)</u> Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable

**Note:**

- (1) Based on the closing price of the shares of the Company transacted on the SGX-ST on 18 September 2012, being the trading day prior to the date of this announcement and on the exchange rate of S\$1.00: RM 2.4673.

Based on the above, the Acquisition constitutes a discloseable transaction and does not require the approval of shareholders for the purposes of Chapter 10 of the Listing Manual.

**8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors, and as far as the Directors are aware, none of the controlling shareholders of the Company, has any interest, direct or indirect, in the proposed Acquisition save through their shareholdings (if any) in the Company.

No person is proposed to be appointed as a Director in connection with the proposed Acquisition.

**9. DOCUMENTS FOR INSPECTION**

A copy of the SPA may be inspected during the Company's usual business hours (from 9.00 a.m. to 5.00 p.m.) on any business day for a period of three months from the date of this announcement at the registered office of the Company at Raffles Education Campus, 99 Beach Road, Singapore 189701.

By Order of the Board  
**RAFFLES EDUCATION CORPORATION LIMITED**  
Chew Hua Seng  
Chairman  
19 September 2012