

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 199400712N)

FRAMEWORK AGREEMENT FOR POTENTIAL SALE OF LAND USE RIGHTS AND PROPERTIES LOCATED IN LANGFANG DEVELOPMENT ZONE, HEBEI PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA ("PRC"), TO LANGFANG HE YING PROPERTY DEVELOPMENT CO., LTD. (廊坊合赢房地产开发有限公司)

The Board of Directors (the "**Board**") of Raffles Education Corporation Limited (the "**Company**") wishes to announce that its subsidiary, Hebei Oriental Zhuyun Property Development Co., Ltd. (河北东方筑韵房地产开发有限公司) (the "**Vendor**") has on 10 September 2013 entered into a framework agreement (the "**Framework Agreement**") with Langfang He Ying Property Development Co., Ltd. (廊坊合赢房地产开发有限公司) (the "**Purchaser**") to enter into negotiations for the transfer of the land use rights relating to land parcels with an area of approximately 490 mu located in Langfang Development Zone, Hebei Province, the PRC (the "**Land**") together with some of the properties situated on the Land (the "**Property**") to the Purchaser.

Pursuant to the Framework Agreement, the Purchaser will place a deposit of RMB50,000,000 (the "**Deposit**") with the Vendor within two (2) days after the signing of the Framework Agreement. The Purchaser and the Vendor have agreed to enter into a six-month exclusive negotiation period starting from the date of the Framework Agreement (the "**Exclusive Negotiation Period**") to negotiate and finalise the terms of the definitive agreements for the sale of the Property (the "**Definitive Agreements**"). The Deposit will be refunded to the Purchaser in full and free of interest upon the termination of the Framework Agreement or if no Definitive Agreements have been executed upon expiry of the Exclusive Negotiation Period.

The Purchaser has agreed in-principle to purchase the Property at a rate of RMB1,400,000 per mu. Based on this rate, the aggregate consideration for the sale (the "**Agreed Consideration**") will be approximately RMB686 million or S\$141.3 million assuming an exchange rate of RMB1 : S\$0.206. It is currently intended that payment will be made in accordance with the following schedule:

- (a) First Payment: RMB50,000,000 to be paid upon signing of the Definitive Agreements (the Deposit will be applied towards the discharge of this first payment);
- (b) Second Payment: RMB50,000,000 to be paid within fifteen (15) days after signing of the Definitive Agreements; and
- (c) Final Payment: The balance of the Agreed Consideration to be paid upon fulfillment of certain other conditions in connection with the completion of the sale of the Property such as receipt of board / shareholder approval (where required) and filings with the PRC regulatory authorities.

If the sale of the Property proceeds, the Purchaser shall also be required to undertake not to use the Property for purpose of education leasing business, in particular, leasing for education and dormitory facilities.

The exact structure, process and mechanism and other terms for implementation and completion of the sale are currently being negotiated between parties.

Shareholders are advised that negotiations are at an early stage and are subject to entry into Definitive Agreements between the parties. There can be no assurance that the ongoing negotiations will culminate in Definitive Agreements or that the sale of the Property will occur on the terms set out above or at all.

Once the structure, process and mechanism and other terms, if any, have been finalised and the Definitive Agreements have been entered into between the parties, the Company will make the necessary announcements to update shareholders and the public, as well as make arrangements to seek shareholder approval for the transaction, if required.

By Order of the Board

RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng

Chairman

11th September 2013