

CIRCULAR DATED 19 SEPTEMBER 2013

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

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

If you have sold or transferred all your shares in the capital of Raffles Education Corporation Limited, please forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.

RafflesEducationCorp
RAFFLES EDUCATION CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199400712N)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**THE PROPOSED ACQUISITION OF 10% OF THE SHAREHOLDING INTEREST
IN ORIENTAL UNIVERSITY CITY LIMITED**

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	2 October 2013 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	4 October 2013 at 3.00 p.m.
Place of Extraordinary General Meeting	:	Phoenix 1, Level 6 Novotel Singapore Clarke Quay 177A River Valley Road Singapore 179031

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DEFINITIONS

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

<u>“2010 S&P Agreement”</u>	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
<u>“2010 Transaction”</u>	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
<u>“Break Fee”</u>	:	Has the meaning ascribed to it in paragraph 3.2(c) of this Circular
<u>“Cash Consideration”</u>	:	Has the meaning ascribed to it in paragraph 3.2(a)(i) of this Circular
<u>“CDP”</u>	:	The Central Depository (Pte) Limited
<u>“Circular”</u>	:	This circular dated 19 September 2013 to Shareholders
<u>“Companies Act”</u>	:	The Companies Act (Chapter 50 of Singapore) as amended or modified from time to time
<u>“Company”</u>	:	Raffles Education Corporation Limited
<u>“Consideration”</u>	:	Has the meaning ascribed to it in paragraph 3.2(c) of this Circular
<u>“Directors”</u>	:	The directors of the Company for the time being
<u>“EGM”</u>	:	The extraordinary general meeting of the Company, notice of which is set out on page 13 of this Circular
<u>“EPS”</u>	:	Earnings per Share
<u>“Group”</u>	:	The Company, together with its subsidiaries
<u>“IPO”</u>	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
<u>“Khazanah”</u>	:	Khazanah Nasional Berhad
<u>“Latest Practicable Date”</u>	:	13 September 2013, being the latest practicable date prior to the printing of this Circular
<u>“Listing Manual”</u>	:	The listing manual of the SGX-ST, as amended or modified from time to time
<u>“NTA”</u>	:	Net tangible assets
<u>“OUC”</u>	:	Oriental University City Limited
<u>“OUC Directors”</u>	:	Has the meaning ascribed to it in paragraph 3.3 of this Circular
<u>“PRC”</u>	:	The People’s Republic of China
<u>“Proposed Acquisition”</u>	:	The proposed acquisition by the Company of the Sale Shares on the terms and subject to the conditions of the Put Option

<u>“Put Option”</u>	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
<u>“Sale Shares”</u>	:	Such number of ordinary shares in the capital of OUC representing ten per cent. (10%) of the issued and paid-up share capital of OUC as at the date of the completion of the 2010 S&P Agreement
<u>“Securities Account”</u>	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account
<u>“SGX-ST”</u>	:	The Singapore Exchange Securities Trading Limited
<u>“Shareholders”</u>	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
<u>“Shares”</u>	:	Ordinary shares in the capital of the Company
<u>“Side Letter”</u>	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
<u>“Substantial Shareholder”</u>	:	A Shareholder who has an interest in one or more voting Shares, and the total votes attached to that Share, or those Shares, is not less than five (5) per cent. of the total votes attached to all the voting Shares
<u>“Vendor”</u>	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
<u>“RMB”</u>	:	Renminbi, being the currency of the PRC
<u>“S\$”</u>	:	Singapore dollars, being the currency of Singapore
<u>“USD”</u>	:	United States dollars, being the currency of the United States of America
<u>“%” or “per cent.”</u>	:	Per centum or percentage

The terms “**depositor**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

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

Any reference in this Circular to any enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any term defined under the Companies Act or the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date.

Any discrepancies in tables included herein between the amounts in the columns of the tables and the totals thereof and relevant percentages (if any) are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Unless otherwise stated, the following exchange rate has been used in this Circular: RMB 4.8685: S\$1. The exchange rate as stated above is used for illustration purposes only and should not be construed as a representation that the relevant numbers have been or could be converted at the rate above or at any other rate.

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.

RAFFLES EDUCATION CORPORATION LIMITED

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

Directors:

Mr Chew Hua Seng (Chairman and Chief Executive Officer)
Mr Henry Tan Song Kok (Lead Independent Director)
Dr Tan Chin Nam (Independent Director)
Mr Teo Cheng Lok John (Independent Director)
Mr Lim Tien Lock, Christopher (Independent Director)
Mr Chong Ee Yong (Executive Director)
Mr Chew Kok Chor (Executive Director)

Registered Office:

Raffles Education Square
51 Merchant Road
Singapore 058283

19 September 2013

To: The Shareholders of Raffles Education Corporation Limited

Dear Sir / Madam

THE PROPOSED ACQUISITION OF 10% OF THE SHAREHOLDING INTEREST IN ORIENTAL UNIVERSITY CITY LIMITED

1. INTRODUCTION

- 1.1 The Directors are convening the EGM to seek Shareholders' approval for the Proposed Acquisition.
- 1.2 The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Acquisition to be tabled at the EGM.

2. THE PROPOSED ACQUISITION

2.1 Background on the Proposed Acquisition

On 9 February 2010, the Company announced that it had on 9 February 2010 entered into a sale & purchase agreement ("**2010 S&P Agreement**") with Rawa Investments (Cayman Islands) Ltd (the "**Vendor**") in relation to the sale and purchase of the Sale Shares by the Company to the Vendor ("**2010 Transaction**"). The Vendor is a wholly-owned subsidiary of Khazanah. Under the 2010 S&P Agreement, the Vendor had agreed to purchase the Sale Shares for a cash consideration of RMB 300,000,000 (approximately S\$62,465,000 at the time of the 2010 Transaction). Subsequently on 31 March 2010, the Company had announced the completion of the 2010 Transaction.

Under the 2010 S&P Agreement, the Vendor had the option (the "**Put Option**") to sell the Sale Shares back to the Company in the event that, *inter alia*, the initial public offering of shares or other securities of OUC (the "**IPO**") was not successfully undertaken by 31 August 2013.

As the IPO had not been successfully undertaken as at 31 August 2013, the Vendor issued to the Company a notice of its exercise of the Put Option in respect of the Sale Shares on 1 September 2013. Pursuant to the exercise of the Put Option, the Vendor will sell and the Company will purchase the Sale Shares (the "**Proposed Acquisition**").

In conjunction with the exercise of the Put Option, the Company had on 1 September 2013 entered into a side letter with the Vendor to amend the terms and conditions of the 2010 S&P Agreement (the "**Side Letter**"). Under the terms of the Side Letter, the Company and the Vendor had agreed to vary the terms and conditions of the 2010 S&P Agreement in respect of, *inter alia*, the following:

- (a) the completion date for the Proposed Acquisition, which had been extended from 21 days from the date of exercise of the Put Option (being 21 September 2013) to 7 October 2013;

- (b) the interest payable by the Company to the Vendor in the event of a delay in the completion of the Proposed Acquisition, where the calculation of the interest rate payable was changed from:
 - (i) two per cent. (2%) per annum above the Shanghai Interbank Offered Rate¹, calculated on the basis of a 365-day year and on the actual number of days in default and which shall accrue from day to day, from the due date of payment (originally being 21 days from the date of exercise of the Put Option, being 21 September 2013) to the date of actual payment;
 - to
 - (ii) nine per cent. (9%) per annum, calculated on the basis of a 365-day year and on the actual number of days in default and which shall accrue from day to day, from 21 September 2013 to the date of actual payment in the event of default by the Company in the payment on demand of the Consideration or any part thereof on or before 7 October 2013,
- (c) the currency for payment of the consideration for the Sale Shares, which was changed from Renminbi (or its equivalent in US Dollars on the RMB to US Dollar exchange rate published by the People's Bank of China on the date of payment) to Singapore dollars (based on the spot rate of exchange published by the Bank of China for the purchase of Singapore dollars with RMB at or about 11.00 a.m. on the date of actual payment), and
- (d) the completion mechanics of the Proposed Acquisition.

2.2 Information on Khazanah

Khazanah Nasional Berhad is the strategic investment fund of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government and to undertake strategic investments. Khazanah is involved in various sectors such as power, telecommunications, banking, healthcare, airport management, infrastructure, leisure & tourism, property development, broadcasting, investment holding, and technology. Some of the key listed companies in Khazanah's investment portfolio include Telekom Malaysia Bhd., Tenaga Nasional Bhd., CIMB Group, Axiata Group Bhd., IHH Healthcare Bhd., Malaysia Airports Holdings Bhd., and UEM Land Holdings Bhd.

2.3 Information on OUC

OUC was incorporated in the Cayman Islands on 27 November 2007. OUC, through its subsidiaries, owns the Oriental University City in Langfang, Hebei Province, China, a 1.3 million square metre self-contained campus. Within this campus, OUC provides education services and supporting education services to 8 colleges with a total student population of approximately 24,000.

2.4 The Sale Shares

Based on the unaudited consolidated financial statements of the Group for the financial year ended 30 June 2013, the book value of the Sale Shares was approximately S\$30,429,000 and the NTA of the Sale Shares was approximately S\$30,429,000 as at 30 June 2013.

3. MATERIAL TERMS AND CONDITIONS OF THE PUT OPTION AND THE SIDE LETTER

- 3.1 Pursuant to the Put Option, the Vendor had the option to sell the Sale Shares back to the Company in the event that (1) the IPO was not successfully undertaken by 31 August 2013, or (2) if OUC had proceeded with the IPO but the value of the Vendor's shares in OUC at the time of the book-building (calculated using the lowest book-building price) was less than RMB 400,000,000.

¹ As at the Latest Practicable Date, the one year Shanghai Interbank Offered Rate was 4.40%.

3.2 Under the terms of the Put Option, as amended by the Side Letter:

- (a) The consideration for the Sale Shares under the Put Option would be either:
 - (i) RMB 300,000,000 after deducting dividends and any other distributions the Vendor may have received from OUC up to the exercise of the Put Option (the "**Cash Consideration**"); or
 - (ii) such number of new Shares listed on the Main Board of the SGX-ST determined by dividing RMB 400,000,000 with the weighted average price of the Shares in the last five (5) trading days prior to the date of exercise of the Put Option.
- (b) The Vendor would have the absolute discretion to decide whether to exercise the Put Option and to select the consideration mentioned in paragraph 3.2(a)(i) or paragraph 3.2(a)(ii) above.
- (c) If the Vendor elected to receive the Cash Consideration as set out under paragraph 3.2(a)(i) above, the Company would in addition be obliged to pay to the Vendor RMB 100,000,000 as a break fee (the "**Break Fee**" and together with the Cash Consideration, the "**Consideration**"). The Company would be obliged to pay the Consideration in Singapore dollars (based on the spot rate of exchange published by the Bank of China for the purchase of Singapore dollars with RMB at or about 11.00 a.m. on the date of actual payment) to the Vendor on or before 7 October 2013.
- (d) In the event of default by the Company in the payment on demand of the Consideration or any part thereof on or before 7 October 2013, the liability of the Company shall be increased to include interest on such sum from 21 September 2013 to the date of actual payment at a rate of nine per cent. (9%) per annum, calculated on the basis of a 365-day year and on the actual number of days in default and which shall accrue from day to day.

3.3 The Company has, under the terms of the Side Letter, agreed to fully indemnify the Vendor and any of the directors of OUC ("**OUC Directors**") who have been appointed by the Vendor and hold each of them harmless against any liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses that may arise (directly or indirectly) out of or are based upon or in connection with OUC's proposed IPO and any restructuring made in connection with the proposed IPO or any failure on the part of the Company to perform or observe at any time all or any of its obligations under the 2010 Sale & Purchase Agreement and the shareholders' agreement between the Company and the Vendor dated 31 March 2010. The Company has also agreed to procure that OUC will waive any possible claim against the OUC Directors and that if there is such claim, the Company shall fully indemnify the OUC Directors. As at the Latest Practicable Date, based on the current information available and to the best knowledge and belief of the Directors, there is no amount which is payable or expected to be payable by the Company to the Vendor and/or any of the OUC Directors under the indemnity.

4. RATIONALE FOR THE PUT OPTION AND THE PROPOSED ACQUISITION

In connection with the 2010 Transaction, the Vendor had negotiated with the Company for the Put Option so as to enable it to exit the 2010 Transaction upon the occurrence or non-occurrence of certain events. At that time, the 2010 Transaction presented the Company with an opportunity for the Company to monetise part of its investment in OUC. Further, the participation of a strong and established investor like Khazanah in OUC validated the long-term growth prospects of OUC and the Company's potential to replicate OUC's business model in the Asia Pacific. In view of the reasons set out above for the 2010 Transaction, the Company had agreed to the Put Option. Following the exercise of the Put Option, the Company is entering into the Proposed Acquisition to comply with its contractual obligations under the Put Option.

5. CONSIDERATION

- 5.1 In connection with the exercise of the Put Option, the Vendor had exercised its discretion and selected the Cash Consideration for the Sale Shares. Accordingly, the Consideration, being RMB 400,000,000 and comprising the Cash Consideration and the Break Fee, is to be paid by the Company to the Vendor for the Sale Shares.
- 5.2 The Company shall pay the Consideration in cash to the Vendor on completion of the Proposed Acquisition, which is expected to be on or around 7 October 2013. The Consideration shall be paid in Singapore dollars, as calculated based on the spot rate of exchange published by the Bank of China for the purchase of Singapore dollars with RMB at or about 11.00 a.m. on the date of actual payment.
- 5.3 The Consideration was arrived at pursuant to arm's length negotiations between the Company and the Vendor on a willing-buyer willing-seller basis, after taking into consideration the purchase price paid by the Vendor to the Company pursuant to the 2010 Transaction and a reasonable level of return to the Vendor for the non-occurrence of the IPO.
- 5.4 The Consideration will be 100% financed with short-term unsecured borrowings, out of which a sum of S\$25 million is in fact an unsecured loan in Singapore that is fully backed by the Company's fixed cash deposit of RMB 130 million in the PRC. The full amount of the fixed cash deposit of RMB 130 million will be remitted to Singapore to repay a part of the unsecured borrowings in due course.

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

- 6.1 Rule 1014(1) of the Listing Manual states that where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, a transaction is classified as a major transaction. Rule 1014(2) of the Listing Manual further states that such a major transaction must be made conditional upon approval by Shareholders in general meeting.

6.2 Historical Relative Figures

The relative figures for the 2010 Transaction, taking into account the Put Option, computed on the bases as set out in Rule 1006 of the Listing Manual, did not exceed 20% at the time of the 2010 Transaction and therefore, Shareholders' approval was not required then. Such relative figures calculated based on the unaudited financial statements of the Group for the six (6) months ended 31 December 2009, being the latest announced consolidated accounts of the Group at the time of announcement of the 2010 Transaction, are set out below for reference:

- (a) Rule 1006(a) of the Listing Manual – The net asset value attributable to the Sale Shares under the 2010 Transaction, of approximately S\$7,810,000 represented approximately 1.4% of the Group's net assets of S\$545,851,000 as at 31 December 2009;
- (b) Rule 1006(b) of the Listing Manual – The net profits attributable to the Sale Shares which are the subject of the Put Option and the Sale Shares which were sold and purchased pursuant to the 2010 Transaction, of approximately S\$262,000⁽¹⁾ represented approximately 1.2% of the Group's net profits of S\$23,552,000 for the six months ended 31 December 2009;
- (c) Rule 1006(c) of the Listing Manual – The total of the consideration for the Sale Shares received pursuant to the 2010 Transaction⁽²⁾ and the Consideration, represented approximately 16.6% of the Company's market capitalisation of approximately S\$877,622,000 as at 8 February 2010, being the market day immediately preceding the date of the 2010 S&P Agreement; and
- (d) Rule 1006(d) of the Listing Manual - This test is not applicable in the context of the Put Option for the Sale Shares taking into account the Vendor's election in paragraph 5 of this Circular and/or the 2010 Transaction.

Notes:

- (1) For illustration purposes, calculated based on the aggregate of (a) the net profits attributable to the Sale Shares which were sold to the Vendor under the 2010 S&P Agreement, and (b) the net profits attributable to the Sale Shares which the Vendor may have resold to the Company pursuant to the Put Option under the 2010 Transaction.

- (2) Calculated based on the aggregate of (a) the Consideration for the Sale Shares of RMB 400,000,000 payable by the Company to the Vendor, and (b) the consideration received pursuant to the 2010 Transaction of RMB 300,000,000 by the Company from the Vendor.

6.3 Applicable Relative Figures

The relative figures for the Proposed Acquisition computed on the bases as set out in Rule 1006 of the Listing Manual and calculated based on the unaudited financial statements of the Group for the financial year ended 30 June 2013 are as follows:

- (a) Rule 1006(a) of the Listing Manual - The net asset value test is not applicable in the context of the Proposed Acquisition.
- (b) Rule 1006(b) of the Listing Manual

Net profits attributable to the Sale Shares for the financial year ended 30 June 2013 (S\$'000)	Group's net profits for the financial year ended 30 June 2013 (S\$'000) (unaudited)	Relative figure
2,868	27,835	10.3%

- (c) Rule 1006(c) of the Listing Manual

Consideration to be paid in respect of the Sale Shares (S\$'000)	Company's market capitalisation based on 1,025,363,233 issued Shares at weighted average price of S\$0.286 as at 30 August 2013, being the market day preceding the date of the exercise of the Put Option (S\$'000)	Relative figure
82,160 ⁽¹⁾	293,254	28.0%

Note:

- (1) Calculated based on an illustrative exchange rate of RMB 4.8685 to S\$1.

- (d) Rule 1006(d) of the Listing Manual - The equity securities test is not applicable in the context of the Proposed Acquisition.

- 6.4 Based on the relative figures set out in paragraph 6.3(c) above, the Proposed Acquisition constitutes a major transaction under Chapter 10 of the Listing Manual. The Company is therefore seeking approval from the Shareholders for the Proposed Acquisition at the EGM.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

- 7.1 The *pro forma* financial effects of the Proposed Acquisition on the Group are for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Acquisition on the NTA per Share, EPS and gearing, nor do they represent the actual financial position, results and/or gearing of the Group immediately after the completion of the Proposed Acquisition.

The financial effects of the Proposed Acquisition have been prepared based on the unaudited financial statements of the Group for the financial year ended 30 June 2013 and based on the following assumptions:

- (a) for the purpose of computing the financial effects of the Proposed Acquisition on the NTA per Share, the Proposed Acquisition is assumed to have been completed on 30 June 2013;

- (b) for the purpose of computing the financial effects of the Proposed Acquisition on the EPS, the Proposed Acquisition is assumed to have been completed on 1 July 2012; and
- (c) for the purpose of computing the financial effects of the Proposed Acquisition on the gearing of the Group, the Proposed Acquisition is assumed to have been completed on 30 June 2013.

7.2 Effect on the NTA per Share for the financial year ended 30 June 2013 (unaudited)

	Before adjusting for the Proposed Acquisition	After adjusting for the Proposed Acquisition
NTA (S\$'000) ⁽¹⁾	425,380	400,056
NTA per Share ⁽²⁾ (Singapore cents)	41.49	39.02

Note:

- (1) NTA as at 30 June 2013.
- (2) NTA per Share is calculated based on 1,025,363,233 Shares (excluding treasury shares) as at 30 June 2013.

7.3 Effect on EPS for the financial year ended 30 June 2013 (unaudited)

	Before adjusting for the Proposed Acquisition	After adjusting for the Proposed Acquisition
Net profit attributable to Shareholders (S\$'000)	26,672	29,997
EPS ⁽¹⁾ (Singapore cents)	2.66	2.99

Note:

- (1) EPS is calculated based on the weighted average number of Shares (excluding treasury shares) of 1,004,413,517 for the financial year ended 30 June 2013.

7.4 Effect of the Proposed Acquisition on the Group's gearing for the financial year ended 30 June 2013 (unaudited)

	Before adjusting for the Proposed Acquisition ⁽¹⁾	After adjusting for the Proposed Acquisition ^{(1) (2)}
Total borrowings (S\$'000)	226,253	308,413
Gearing (times)	0.41	0.58

Note:

- (1) As at 30 June 2013.
- (2) Assuming that the Company had taken additional borrowings of approximately \$82,160,000 (equivalent to RMB 400,000,000 based on an illustrative exchange rate of RMB 4.8685 to S\$1) to finance the Proposed Acquisition.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Acquisition.

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition or any other transaction contemplated in relation to the Proposed Acquisition. Accordingly, there is no service contract proposed to be entered into in connection with the Proposed Acquisition.

9. DIRECTORS' RECOMMENDATIONS

Having considered the rationale for the Proposed Acquisition, the Directors are of the opinion that the Proposed Acquisition is in the best interest of the Company. Accordingly, they recommend that Shareholders vote in favour of the resolution on the Proposed Acquisition. Any Shareholder who may require specific advice should consult his stockbroker, accountant, bank manager or other professional adviser.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 14 of this Circular, will be held at Phoenix 1, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on 4 October 2013 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution in respect of the Proposed Acquisition as set out in the notice of EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at Raffles Education Square, 51 Merchant Road, Singapore 058283, 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 wishes to do so. A depositor shall not be regarded as a member entitled to attend, speak and vote at the EGM unless his name appears in the Depository Register 48 hours before the time appointed for holding the EGM.

12. 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 Acquisition, 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 otherwise 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.

13. DOCUMENTS FOR INSPECTION

A copy of each of the following documents is available for inspection at Raffles Education Square, 51 Merchant Road, Singapore 058283 during the Company's normal business hours from the date hereof up to and including the date of the EGM:

- (a) the 2010 S&P Agreement and the Side Letter;
- (b) the announcement dated 1 September 2013 in relation to the exercise of the Put Option and the entry by the Company into the Side Letter;

- (c) the Memorandum and Articles of Association of the Company; and
- (d) the unaudited consolidated financial statements of the Company for the financial year ended 30 June 2013.

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

Mr Chew Hua Seng
Chairman and Chief Executive Officer

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 at Phoenix 1, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on 4 October 2013 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution which will be proposed as an ordinary resolution.

ORDINARY RESOLUTION - PROPOSED ACQUISITION

THAT pursuant to Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be and is hereby given for:

- (a) the proposed acquisition of such number of ordinary shares in the capital of Oriental University City Limited representing ten per cent. (10%) of the shareholding interest in Oriental University City Limited on the terms and subject to the conditions of the put option granted by the Company to Rawa Investments (Cayman Islands) Ltd (“**Rawa**”) as set out in the sale & purchase agreement dated 9 February 2010 between the Company and Rawa (as amended by the side letter dated 1 September 2013 between the Company and Rawa), the principal terms of which are set out in the Circular dated 19 September 2013 (the “**Proposed Acquisition**”); and
- (b) the Directors or any one of them to complete and do all such acts and things (including without limitation, to execute all such documents and to approve any amendments, alteration or modification to any documents) as the Directors or any of them may consider necessary, desirable or expedient to give effect to the Proposed Acquisition and this Ordinary Resolution.

By Order of the Board

Mr Keloth Raj Kumar

Company Secretary

19 September 2013

Notes:

1. A Shareholder entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead.
2. A Shareholder that is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
3. A proxy need not be a Shareholder.
4. The instrument appointing a proxy or proxies must be deposited at Raffles Education Square, 51 Merchant Road, Singapore 058283 not less than 48 hours before the time of the EGM.

RAFFLES EDUCATION CORPORATION LIMITED

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

PROXY FORM**IMPORTANT**

1. For investors who have used their CPF monies to buy Raffles Education Corporation Limited's shares, this Circular to Shareholders is forwarded to them at the request of the CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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

of _____ (Address)

being *a shareholder/shareholders of Raffles Education Corporation Limited (the "**Company**"), hereby appoint:

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

*and/or failing him/her/them

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or failing *him/her/them, the chairman of the extraordinary general meeting (the "**EGM**"), as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the EGM of the Company to be held at Phoenix 1, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on 4 October 2013 at 3.00 p.m..

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

ORDINARY RESOLUTION	**No. of Votes For	**No. of Votes Against
The Proposed Acquisition of 10% of the shareholding interest in Oriental University City Limited		

**Delete accordingly*

*** If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please insert the relevant number of Shares in the boxes provided*

Dated this _____ day of _____ 2013

Total number of Shares in:	No. of Shares held
(a) CDP Register	
(b) Register of Members	

Signature(s) of shareholder(s) or
Common Seal of corporate shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM



Notes:

1. A shareholder of the Company ("**Shareholder**") entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Such proxy need not be a Shareholder.
2. Where a Shareholder appoints two (2) proxies, the proportion of the shareholding concerned (expressed as a percentage of the whole) to be represented by each such proxy shall be specified in the instrument appointing the proxy or proxies. The proposed appointments will be invalid where the proportions of shareholding concerned are not specified.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").
5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be deposited at Raffles Education Square, 51 Merchant Road, Singapore 058283, not less than 48 hours before the time appointed for holding of the EGM. Completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.
6. A Shareholder should insert the total number of shares held. If the Shareholder has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act), he should insert that number of Shares. If the Shareholder has Shares registered in his name in the Register of Members of the Company, he should insert the number of Shares. If the Shareholder has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by Shareholder.
7. 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 Shareholders whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such Shareholders are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time of the EGM as certified by The Central Depository (Pte) Limited to the Company and accept as the maximum number of votes which in aggregate the proxy or proxies is or are able to cast on a poll a number which is the number of Shares entered against the name of that Shareholder in the Depository Register as at 48 hours before the time of the EGM as certified by The Central Depository (Pte) Limited to the Company, whether that number is greater or smaller than the number specified in such instrument appointing a proxy or proxies.
8. A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time appointed for holding of the EGM.