

**CIRCULAR DATED 15 MARCH 2014**

**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**

**AGREEMENTS RELATING TO THE PROPOSED SALE OF LAND USE RIGHTS AND PROPERTIES LOCATED IN LANGFANG DEVELOPMENT ZONE, HEBEI PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA**

#### **IMPORTANT DATES AND TIMES**

Last date and time for lodgment of Proxy Form	: 29 March 2014 at 2.30 p.m.
Date and time of Extraordinary General Meeting	: 31 March 2014 at 2.30 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:

“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular dated 15 March 2014 to Shareholders
“Companies Act”	: The Companies Act (Chapter 50 of Singapore) as amended or modified from time to time
“Company”	: Raffles Education Corporation Limited
“Controlling Shareholder”	: A person who:  (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares in the Company. The SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder; or  (b) in fact exercises control over the Company,  or such other definition as the SGX-ST may from time to time determine
“Definitive Agreements”	: Has the meaning ascribed to it in paragraph 2.1 of this Circular
“Directors”	: The directors of the Company for the time being
“EGM”	: The extraordinary general meeting of the Company, notice of which is set out on page 12 of this Circular
“EPS”	: Earnings per Share
“Equity Interest”	: Has the meaning ascribed to it in paragraph 2.1(b) of this Circular
“Exercise Price”	: Has the meaning ascribed to it in paragraph 5 of this Circular
“Framework Agreement”	: Has the meaning ascribed to it in paragraph 2.1 of this Circular
“FY2013”	: Has the meaning ascribed to it in paragraph 2.4 of this Circular
“Group”	: The Company, together with its subsidiaries
“He Ying”	: Langfang He Ying Property Development Co., Ltd.
“He Ying Shareholders”	: Has the meaning ascribed to it in paragraph 2.3 of this Circular
“JV Company”	: Has the meaning ascribed to it in paragraph 2.1(a) of this Circular
“Land”	: Has the meaning ascribed to it in paragraph 2.1 of this Circular
“Land Conversion”	: Has the meaning ascribed to it in paragraph 3.3 of this Circular
“Latest Practicable Date”	: 12 March 2014, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The listing manual of the SGX-ST, as amended or modified from time to time
“NTA”	: Net tangible assets
“Option Agreement”	: Has the meaning ascribed to it in paragraph 2.1(b) of this Circular
“PRC”	: The People’s Republic of China
“Property”	: Has the meaning ascribed to it in paragraph 2.1 of this Circular
“Put Option”	: Has the meaning ascribed to it in paragraph 2.1(b) of this Circular

“SAIC”	State Administration for Industry and Commerce of the PRC or its local counterpart
“Securities Account”	: A securities account maintained by a depositor with CDP but does not include a securities sub-account
“Security Deposit”	: Has the meaning ascribed to it in paragraph 5(a) of this Circular
“SGX-ST”	: The Singapore Exchange Securities Trading Limited
“Shareholders”	: 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
“Shareholders’ Agreement”	Has the meaning ascribed to it in paragraph 2.1(a) of this Circular
“Shares”	: Ordinary shares in the capital of the Company
“Valuation”	Has the meaning ascribed to it in paragraph 2.4 of this Circular
“Zhuyun”	: Hebei Oriental Zhuyun Property Development Co., Ltd.
“RMB”	: Renminbi, being the currency of the PRC
“S\$” and “cents”	: Singapore dollars and cents respectively, being the currency of Singapore
“%” or “per cent.”	: Per centum or percentage
“mu”	: The Chinese measurement unit for area. One (1) mu is equivalent to 666.67 sqm
“sqm”	: Square metres

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 Chew Kok Chor (Executive Director and Deputy Chief Executive Officer)

## Registered Office:

Raffles Education Square  
51 Merchant Road  
Singapore 058283

15 March 2014

To: The Shareholders of Raffles Education Corporation Limited

Dear Sir / Madam

## AGREEMENTS RELATING TO THE PROPOSED SALE OF LAND USE RIGHTS AND PROPERTIES LOCATED IN LANGFANG DEVELOPMENT ZONE, HEBEI PROVINCE, THE PRC

### 1. INTRODUCTION

- 1.1 The Directors are convening the EGM to seek Shareholders' approval for the Definitive Agreements, including, without limitation, the exercise of the Put Option under the Option Agreement.
- 1.2 The purpose of this Circular is to provide Shareholders with relevant information relating to the Definitive Agreements to be tabled at the EGM.

### 2. THE DEFINITIVE AGREEMENTS

#### 2.1 Background

On 11 September 2013, the Company announced that its subsidiary, Zhuyun had on 10 September 2013 entered into a framework agreement (the "**Framework Agreement**") with He Ying 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 buildings/properties situated on the Land (the "**Property**") to He Ying.

On 9 December 2013, the Company further announced that Zhuyun had on 6 December 2013 entered into the following definitive agreements (collectively, the "**Definitive Agreements**") with He Ying:

- (a) a shareholders' agreement (the "**Shareholders' Agreement**") in relation to the establishment and operation of an equity joint venture company tentatively to be named "Langfang He Zhong Property Development Co., Ltd." (the "**JV Company**"), in which Zhuyun and He Ying will own 70% and 30% of the equity interest in the JV Company respectively; and
- (b) an option agreement (the "**Option Agreement**"), pursuant to which He Ying will grant an irrevocable put option to Zhuyun (the "**Put Option**") to request He Ying to purchase Zhuyun's 70% equity interest (the "**Equity Interest**") in the registered capital of the JV Company.

## 2.2 Information on the JV Company

The JV Company will be incorporated as a limited liability company in Hebei, the PRC, pursuant to the Shareholders' Agreement, and is envisaged to have a registered capital of RMB318,804,700. The business scope of the JV Company is envisaged to be property development, property leasing and related businesses. The reason for the establishment of the JV Company is to structure the sale of land and property in the PRC in a tax-efficient manner. If land and property are injected as capital contribution into a company and then the shares of the company are sold, this structure has the benefit over a direct sale of land and property in that the transaction will benefit from land appreciation tax and does not attract the revenue tax that would be payable on the direct sale of land and property.

## 2.3 Information on He Ying

He Ying is a real estate development company based in Langfang. The shareholders of He Ying are: (a) Liu Gui Lin (刘桂林) (who holds 5% of the shares in He Ying); and (b) Yang Fu Yun (杨福云) (who holds the remaining 95% of the shares in He Ying) (collectively, the "**He Ying Shareholders**"). The He Ying Shareholders are not related to the Directors or Controlling Shareholders of the Company.

He Ying was aware of the Company's plans to sell the Land and Property through dealings in the open market in the ordinary course of its business as a real estate development company.

## 2.4 The Land and Property

Based on the audited consolidated financial statements of the Company for the financial year ended 30 June 2013 ("**FY2013**"), the book value and net tangible value of the Land and Property injected into the JV Company is approximately S\$98,298,000.

Based on a valuation report dated 15 August 2013, conducted by DTZ Debenham Tie Leung Limited ("**Valuation**"), the value placed on the Land and Property was approximately S\$98,298,000 as at 30 June 2013. The Company commissioned the Valuation for accounting purposes for FY2013. The Valuation was conducted using income approach on the basis of capitalisation of net rental income derived from existing tenancies, with due allowance for reversionary income potential of the Land and Property or by reference to comparable market transactions.

As at the date of this Circular, 87.83% of the Land and Property is vacant. The remaining 12.17% is leased out for commercial use and is generating an annual rental income of RMB293,500 for the Group.

## 3. MATERIAL TERMS AND CONDITIONS OF THE DEFINITIVE AGREEMENTS

### *The Shareholders' Agreement*

- 3.1 Pursuant to the Shareholders' Agreement, Zhuyun will inject the Land and Property equivalent to RMB223,163,300 as capital contribution into the JV Company and He Ying will inject cash of RMB95,641,400 as capital contribution into the JV Company, for their respective equity interests in the JV Company of 70% and 30%, in proportion to their respective capital contributions. The value of RMB223,163,300 is based on the book value of the Land and Property as reflected in Zhuyun's accounts in accordance with the accounting standards applicable in the PRC, which was the negotiated basis upon which Zhuyun and He Ying agreed on the capital contribution and the other terms of their agreement (including without limitation, the Security Deposit, the transfer of He Ying's 30% equity interest in the JV Company if He Ying fails to purchase the Equity Interest from Zhuyun in accordance with the Option Agreement at the price set out in paragraph 3.11 of this Circular, and the other terms set out in paragraphs 3.6 to 3.13 of this Circular). The liability of He Ying and Zhuyun will be limited to their respective contributions.

- 3.2 Under the Shareholders' Agreement, He Ying shall pay its capital contribution of RMB95,641,400 to the registered capital of the JV Company in full within three (3) to six (6) months from 6 December 2013. Zhuyun shall register the land use right of the Land and Property under the name of the JV Company immediately after the issuance of the business license of the JV Company by the SAIC. All taxes (including but not limited to stamp duty) arising from such registration shall be borne by the JV Company except that the deed tax payable for the capital injection of Zhuyun shall be paid by Zhuyun.
- 3.3 After Zhuyun injects the Land and Property equivalent to RMB223,163,300 as capital contribution into the JV Company, He Ying shall be solely responsible to change the land use of the Land from educational use to residential and mixed development use ("**Land Conversion**") and at its own cost, assume all land premiums, taxes and costs, policy risks and legal procedure risks which may arise from such Land Conversion. Zhuyun will provide reasonable support and assistance in respect of the Land Conversion.
- 3.4 He Ying agrees to grant Zhuyun an irrevocable put option pursuant to which Zhuyun shall have the right to require He Ying to purchase all the Equity Interest held by Zhuyun. The agreed terms and conditions of the put option are as set out in the Option Agreement, details of which are found in paragraphs 3.6 to 3.13 of this Circular.
- 3.5 The Shareholders' Agreement also contains terms relating to the relationship of the shareholders of the JV Company and the conduct of the business and affairs of the JV Company.

#### ***The Option Agreement***

- 3.6 He Ying has, in accordance with the Option Agreement, agreed to grant to Zhuyun the Put Option pursuant to which Zhuyun shall have the right to request He Ying to purchase all the Equity Interest held by Zhuyun in the JV Company. Please refer to paragraph 5 of this Circular for details on the exercise price for the Put Option.
- 3.7 He Ying and Zhuyun have agreed, under the terms of the Option Agreement, that Zhuyun may at its own discretion decide to exercise the Put Option at any time upon satisfaction of the following conditions:
- (a) the JV Company having been incorporated;
  - (b) the envisaged registered capital of the JV Company having been fully paid up by He Ying and Zhuyun; and
  - (c) the approval for the Shareholders' Agreement and the Option Agreement having been obtained from the board of directors and (if required) shareholders of the Company.
- 3.8 The Option Agreement provides that when Zhuyun decides to exercise the Put Option, it shall give He Ying an exercise notice in the form and substance set out in Schedule 1 to the Option Agreement, and Zhuyun and He Ying shall within three (3) days thereafter enter into the relevant sale and purchase agreement with each other in the form and substance set out in Schedule 2 to the Option Agreement.
- 3.9 The completion of transfer of the Equity Interest will be subject to the satisfaction of the following conditions:
- (a) all necessary approval procedures required by applicable laws having been completed by each of He Ying and Zhuyun and approval having been obtained from their boards of directors and shareholders; and
  - (b) the registration with the SAIC having been completed in relation to the transfer of the Equity Interest.



- 3.10 In accordance with the Option Agreement, He Ying has also issued to Zhuyun a power of attorney, authorising Zhuyun to nominate a person to execute and deliver the necessary documentation on behalf of He Ying, in the event that He Ying fails to perform any of its obligations under the Option Agreement.
- 3.11 If He Ying fails to purchase the Equity Interest from Zhuyun in accordance with the Option Agreement, including where He Ying fails to sign the relevant sale and purchase agreement in the form and substance set out in Schedule 2 to the Option Agreement and/or any other documents necessary for carrying out the registration with SAIC or to complete the registration with SAIC jointly with Zhuyun in accordance with the provisions of the Option Agreement, Zhuyun shall have the right to confiscate the Security Deposit (as defined in paragraph 5(a) of this Circular) and to at its sole discretion, terminate the Option Agreement and Shareholders' Agreement, or ask He Ying to transfer all its 30% equity interest in the JV Company to Zhuyun at the price equivalent to the actual capital contribution by He Ying in the JV Company at that time.
- 3.12 If He Ying fails to pay the Security Deposit to Zhuyun in accordance with the Option Agreement, Zhuyun shall have the right to terminate the Option Agreement and the Shareholders' Agreement and require He Ying to compensate all losses incurred by it in connection therewith.
- 3.13 Upon the incorporation of the JV Company, He Ying and Zhuyun will procure the JV Company to ratify the Definitive Agreements.

#### 4. RATIONALE FOR THE TRANSACTION

The Put Option, which if exercised by Zhuyun will result in the disposal of the Equity Interest by Zhuyun to He Ying in return for cash, will enable the Company to realise returns on its investments for re-investment and also avail itself of cash for re-investment into its core education businesses. It will make commercial sense for Zhuyun to exercise the Put Option taking into account the Exercise Price and the Valuation. The Exercise Price is substantially higher than the value placed on the Land and Property pursuant to the Valuation (as disclosed in paragraph 2.4 of this Circular).

#### 5. CONSIDERATION

The exercise price ("**Exercise Price**") for the Put Option pursuant to the Option Agreement shall be RMB700,000,000 (approximately S\$143,780,000) based on the Land size of approximately 332,682 sqm (499.02 mu). The Exercise Price was derived taking into account the net asset value of the JV Company as well as on a willing-buyer, willing-seller basis. It is set out in the Option Agreement that the Exercise Price will be paid by He Ying to Zhuyun in cash according to the following schedule:

- (a) He Ying has paid RMB50,000,000 to Zhuyun pursuant to the Framework Agreement. He Ying will pay to Zhuyun a further amount of RMB200,000,000 before 15 January 2014. Upon exercise of the Put Option by Zhuyun and the entry into a sale and purchase agreement in relation to the Equity Interest, the aggregate amount of RMB250,000,000 (the "**Security Deposit**") shall be converted into part of the Exercise Price; and
- (b) the balance amount of RMB450,000,000 of the Exercise Price shall be paid by He Ying within three (3) days after the transfer of the Equity Interest pursuant to the exercise of the Put Option having been registered with the SAIC.

As at the date of this Circular, the amount of the Security Deposit set out in paragraph 5(a) of this Circular has already been paid by He Ying to Zhuyun.

## **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 The relative figures for the Put Option computed on the bases as set out in Rule 1006 of the Listing Manual and calculated based on the unaudited consolidated financial statements of the Group for the first financial quarter ended 30 September 2013, are as follows:
- (a) Rule 1006(a) of the Listing Manual – the net asset value of the Land and the Property of approximately S\$98,298,000 represents approximately 16.4% of the Group's net asset value of S\$599,464,000;
  - (b) Rule 1006(b) of the Listing Manual – the net loss attributable to the Land and the Property of approximately S\$732,000 represents approximately 32.3% of the Group's net loss of S\$2,265,000;
  - (c) Rule 1006(c) of the Listing Manual – the Exercise Price represents approximately 50.1% of the Company's market capitalisation of approximately S\$287,102,000<sup>1</sup> as at 5 December 2013, the market day immediately preceding the date of the Option Agreement; and
- <sup>1</sup> Calculated based on the closing price of S\$0.280 per Share and 1,025,363,233 Shares excluding treasury shares.
- (d) Rule 1006(d) of the Listing Manual – the equity securities test is not applicable in the context of the Put Option.
- 6.3 Based on the relative figures set out in paragraph 6.2 of this Circular, the exercise of the Put Option constitutes a major transaction under Chapter 10 of the Listing Manual. The Company is therefore seeking approval from the Shareholders for, inter alia, the exercise of the Put Option at the EGM.

## **7. FINANCIAL EFFECTS OF THE PUT OPTION**

- 7.1 The excess of the net proceeds from the exercise of the Put Option (after taking into account transaction costs and estimated income tax) over the book value of the Land and Property, based on the Exercise Price, is equivalent to approximately S\$27,377,000. The Company intends to utilise the proceeds for re-investment into the core education businesses of the Group.
- 7.2 The net loss attributable to the Land and Property is approximately S\$1,792,000 for FY2013. The estimated amount of gain on disposal of the Land and Property is approximately S\$27,377,000.
- 7.3 The financial effects of the exercise of the Put Option have been prepared based on the audited consolidated financial statements of the Group for FY2013 and based on the following assumptions:
- (a) for the purpose of computing the financial effects of the exercise of the Put Option on the NTA per Share, the exercise of the Put Option is assumed to have been completed on 30 June 2013; and
  - (b) for the purpose of computing the financial effects of the exercise of the Put Option on the EPS, the exercise of the Put Option is assumed to have been completed on 1 July 2012.

Effect on the NTA per Share for the financial year ended 30 June 2013

	<b>Before the Put Option Exercise</b>	<b>After the Put Option Exercise</b>
NTA (S\$'000) <sup>(1)</sup>	425,380	447,556
NTA per Share <sup>(2)</sup> (Singapore cents)	41.49	43.65

**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.

Effect on EPS for the financial year ended 30 June 2013

	<b>Before the Put Option Exercise</b>	<b>After the Put Option Exercise</b>
Net profit attributable to Shareholders (S\$'000)	26,671	50,639
EPS <sup>(1)</sup> (Singapore cents)	2.66	5.04

**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.

**8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

None of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the Definitive Agreements, including, without limitation, the exercise of the Put Option under the Option Agreement.

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

**9. DIRECTORS' RECOMMENDATIONS**

Having considered the rationale for the transaction as set out in paragraph 4 of this Circular, the Directors are of the opinion that the entry by Zhuyun into the Definitive Agreements and the exercise of the Put Option by Zhuyun is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the resolution set out in the notice of EGM on page 12 of this Circular. 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 12 of this Circular, will be held at Phoenix 1 Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on 31 March 2014 at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution 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 Definitive Agreements, 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 Shareholders' Agreement and Supplemental Agreement to the Shareholders' Agreement;
- (b) the Option Agreement and Supplemental Agreement to the Option Agreement;
- (c) a copy of the Valuation report;
- (d) the Memorandum and Articles of Association of the Company; and
- (e) the audited 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 31 March 2014 at 2.30 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 -**

**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 option agreement (“**Option Agreement**”) and the shareholders’ agreement (“**Shareholders’ Agreement**”) (together, the “**Definitive Agreements**”), both dated 6 December 2013, between Langfang He Ying Property Development Co., Ltd. (“**He Ying**”) and Hebei Oriental Zhuyun Property Development Co., Ltd (“**Zhuyun**”), a summary of the terms of which is set out in the Circular to Shareholders dated 15 March 2014, including, without limitation, the exercise by Zhuyun of the put option (“**Put Option**”) granted by He Ying as set out in the Option Agreement; 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 Definitive Agreements, the exercise of the Put Option and this Ordinary Resolution.

**By Order of the Board**  
**Mr Keloth Raj Kumar**  
Company Secretary

15 March 2014

#### **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)

**IMPORTANT**

- 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**.
- 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.
- 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.

**PROXY FORM**

\*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 31 March 2014 at 2.30 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.

<b>ORDINARY RESOLUTION</b>	<b>**No. of Votes For</b>	<b>**No. of Votes Against</b>
Agreements relating to the Proposed Sale of Land Use Rights and Properties Located in Langfang Development Zone, Hebei Province, The People's Republic of China		

*\*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 \_\_\_\_\_ 2014

<b>Total number of Shares in:</b>	<b>No. of Shares held</b>
(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.

