

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 199400712N)

DISPOSAL OF VALUE VANTAGE (HANGZHOU) CO., LTD

The Board of Directors of Raffles Education Corporation Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that Value Vantage Pte Ltd ("**VVPL**"), a company in which the Company owns a 50% stake, has on 12 May 2014 entered into an Equity Transfer Agreement (the "**Agreement**") to transfer 100% of the equity interest ("**Equity Interest**") in the registered capital of Value Vantage (Hangzhou) Co., Ltd. ("**VVH**") to Shanghai Jin Hui Investment and Management Co., Ltd. (the "**Transferee**") for a consideration of RMB850,000,000 (the "**Transfer**"). The Transfer is subject to fulfilment of certain conditions precedent, one of which is the approval of the Transfer by the original approval authority of VVH in the People's Republic of China (the "**PRC**") for the Transfer. Following the Transfer, the Company will cease to have any interest in VVH.

The consideration for the Transfer was arrived at after arm's length negotiations and is on a willing-buyer, willing-seller basis.

The consideration will be paid in two cash instalments: (a) RMB100 million, within 15 days from the date of the Agreement and this has been received; and (b) the balance of RMB750 million in equivalent foreign currency within 6 months after completion of the registration of transfer of the Equity Interest.

Based on the unaudited consolidated financial statements of the Company for the six months ended 31 December 2013 ("**1HFY2014**"), the Company's share of the book value of the Equity Interest was approximately S\$40,699,000 and the Company's share of the net tangible assets value of the Equity Interest was approximately S\$26,454,000 as at 31 December 2013.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transfer.

A copy of the Agreement 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 Square, 51 Merchant Road, Singapore 058283.

By Order of the Board
RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng
Chairman

14 May 2014