

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 199400712N)

RAFFLESEDUCATIONCORP THROUGH ITS SUBSIDIARIES ACQUIRES THE REMAINING SHARES NOT CURRENTLY OWNED IN EDUCOMP-RAFFLES HIGHER EDUCATION LIMITED

1. INTRODUCTION

The Board of Directors of Raffles Education Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its subsidiaries: Raffles Education Investment (India) Pte. Ltd. and Raffles Design International Pvt. Ltd. have on 12 March 2015 entered into a Sale and Purchase Agreement to acquire a total of 41.82 per cent equity in Educomp-Raffles Higher Education Limited ("**ERHEL**") (the "**Acquisition**").

Following the Acquisition, ERHEL will be a wholly owned subsidiary of the Group.

2. INFORMATION ON THE ACQUISITION

ERHEL

In May 2008, ERHEL was set up as a 50:50 joint venture by the Company and Educomp Solutions Limited ("**EDUCOMP**"), an education group listed in India, to launch the Raffles-Educomp brand of green field campuses and learning centres or institutions in India.

The Design schools were named Raffles Millennium Institute ("**RMI**") and the Business schools, Millennium School of Business ("**MSOB**"). Currently, there are 367 students in RMI and 167 students in MSOB.

Over the course of the last few years, REC increased its investment in ERHEL to 52.18 per cent.

3. RATIONALE FOR THE ACQUISITION

The Group believes the Acquisition is a positive move to consolidate and expand its business in India.

4. CONSIDERATION FOR THE ACQUISITION

The total consideration for the Acquisition, arrived at on a "willing-buyer willing seller basis" is INR986.4 million (approximately S\$21.584 million based on an exchange rate of INR1,000 = S\$0.02183). The sources of funds for the Acquisition will be through a combination of bank borrowings and internal resources.

5. FINANCIAL EFFECTS OF THE ACQUISITION

For illustrative purposes, the financial effects of the Acquisition on the net tangible asset ("NTA") per share of the Company and earnings per share ("EPS") of the Company, based on the audited consolidated financial statements of the Company for the financial year ended 30 June 2014, are as follows:

NTA

Assuming the Acquisition had been effected at the end of the financial year ended 30 June 2014, the financial effects of the Acquisition on the NTA of the Company would have been as follows:

	As at 30 June 2014	
	Before Acquisition	After Acquisition
NTA (S\$'000)	435,865	425,529
NTA per share ⁽¹⁾ (Singapore cents)	42.84	41.83

Note:

(1) NTA per Share is calculated based on 1,017,399,233 Shares (excluding treasury shares) as at 30 June 2014

EPS

Assuming the Acquisition had been effected at the beginning of the financial year ended 30 June 2014 the financial impact of the Acquisition on the EPS of the Company would have been as follows:

	As at 30 June 2014	
	Before Acquisition	After Acquisition
Net Profit attributable to the equity holders of the Company (S\$'000)	55,374	53,792
EPS ⁽²⁾ (Singapore cents)	5.40	5.25

Note:

(2) EPS is calculated based on the weighted average number of Shares (excluding treasury shares) of 1,024,974,236 for the financial year ended 30 June 2014

The above pro forma financial effects presented are theoretical in nature and are only for illustration purposes. They do not represent the actual financial position and/or results of the Company and its subsidiaries (the "Group").

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL OF THE SGX-ST

Based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2014, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Bases of calculation	Relative figure (%)
<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	-12.6
<u>Rule 1006(c)</u> Aggregate value of consideration given, compared with the Company's market capitalisation as at 11 March 2015 2014 ⁽³⁾	6.8
<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:

(3) Based on the closing price of the shares of the Company transacted on the SGX-ST on 11 March 2015, being the trading day prior to the date of the Agreements.

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.

7. 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 Acquisition save through their shareholdings (if any) in the Company.

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

8. DOCUMENTS FOR INSPECTION

Copies of the documents pertaining to the Acquisition 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 51 Merchant Road, Raffles Education Square, Singapore 058283.

By Order of the Board
RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng
Chairman

12 March 2015