

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199400712N)

GRANT OF WAIVER FROM SEEKING SHAREHOLDERS' APPROVAL FOR THE PROPOSED ACQUISITION

1. INTRODUCTION AND BACKGROUND

- 1.1 The board of directors (the "**Board**") of Raffles Education Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 12 March 2015 (the "**12 Mar Announcement**") and 16 September 2015 in relation to the proposed acquisition by the Company's subsidiaries, Raffles Education Investment (India) Pte Ltd and Raffles Design International Pvt Ltd, of 41.82% equity interest (the "**41.82% Equity Interest**") of Educomp-Raffles Higher Education Limited ("**ERHEL**") from Educomp Asia Pacific Pte Ltd and Educomp Professional Education Limited (the "**Proposed Acquisition**"). The Company currently holds the remaining 58.18% equity interest of ERHEL.
- 1.2 As disclosed in the 12 Mar Announcement, the relative figure for Rule 1006(b) of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") was in the negative (i.e. -12.6%). This is because ERHEL had reported a net loss for the half year ended 31 December 2014. As such, in compliance with Rule 1007(1) of the Listing Manual, the Company submitted an application to consult with the SGX-ST on the treatment of the negative figure for Rule 1006(b) of the Listing Manual. In the application, the Company submitted that the relative negative figure was not meaningful and should be disregarded for the following reasons:
- (a) notwithstanding that the Group was profitable in the relevant period, as ERHEL had reported a net loss for the half year ended 31 December 2014, the relative figure computed for the purposes of the profit test under Rule 1006(b) was negative. Moreover, in dollar terms, the amount of ERHEL's net loss attributable to the 41.82% Equity Interest, equivalent to approximately S\$198,000, is quantitatively very small. As such, the Rule 1006(b) negative figure is not a meaningful basis of comparison of the financial significance of the Proposed Acquisition to the Group;
 - (b) ERHEL is presently a subsidiary of the Company and its financial results are consolidated as part of the Group's financial results. As a majority shareholder of ERHEL, the Group has also been actively managing the operations of ERHEL since ERHEL's incorporation in 2008. Following the transfer of the 41.82% Equity Interest, ERHEL will be a wholly-owned subsidiary of the Company. The Proposed Acquisition may thus be effectively viewed as an expansion of an existing business of the Group, through the acquisition of the remaining minority stake in an existing subsidiary; and
 - (c) the Board was and is of the unanimous view that the Proposed Acquisition will not change the risk profile of the Company based on the following reasons:
 - (i) taking into consideration all of the Company's various businesses and operations, the scale of the existing operations in aggregate will not increase significantly as a result of the Proposed Acquisition. Further, as mentioned, the Company has already been actively managing ERHEL as its majority shareholder, and the Proposed Acquisition is simply the acquisition of the remaining minority stake in an existing subsidiary;
 - (ii) there will be no change in control of the Company resulting from the Proposed Acquisition;

- (iii) the Company does not expect the Proposed Acquisition to have a significant adverse impact on its earnings, working capital and gearing; and
 - (iv) the "Raffles-Educomp" brand of green-field campuses and learning centres or institutions are located in India. The Company already has a presence in India, in particular, since the entry of the 50:50 joint venture between the Company and Educomp Solutions Ltd to form ERHEL in 2008. The Proposed Acquisition will thus not result in an expansion of the Company's business into a new geographical market. The Proposed Acquisition is also not a new business sector for the Company, which is already an established participant in the education sector; and
 - (d) the Proposed Acquisition is a necessary strategic move to help safeguard the Group's stake and interest in ERHEL, which would in turn protect the interests of the Company.
- 1.3 The Board has also confirmed to the SGX-ST that it is of the unanimous view that the Proposed Acquisition is in the best interests of the Company and does not alter the risk profile of the Company.

2. WAIVER GRANTED BY THE SGX-ST

- 2.1 On 15 October 2015, the SGX-ST granted a waiver to the Company from seeking shareholders' approval for the Proposed Acquisition (the "**Waiver**") subject to certain conditions:
- (a) compliance with Rule 1010 of the Listing Manual;
 - (b) the Company announcing the waiver granted, the reasons for seeking the waiver and the conditions as required under Rule 107 of the Listing Manual;
 - (c) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company;
 - (d) disclosure via SGXNet of the Board's view submitted to the SGX-ST that it is of the unanimous view that the Proposed Acquisition (i) is in the interest of the Company and its shareholders; and (ii) does not alter the risk profile of the Company (including basis for the views).
- 2.2 The release of the 12 Mar Announcement meets the condition described in paragraph 2.1(a). This announcement is for compliance with paragraphs 2.1(b) and (d). The Company will submit today the written confirmation to the SGX-ST as referred to in paragraph 2.1(c).

As the SGX-ST has granted the Waiver, the Company will not be convening an extraordinary general meeting to seek shareholders' approval for the Proposed Acquisition.

By Order of the Board
RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng
Chairman

16 October 2015