

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199400712N)

PROPOSED LISTING OF ORIENTAL UNIVERSITY CITY HOLDINGS (H.K.) LIMITED ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

1. INTRODUCTION

The Board of Directors (the "**Board**") of Raffles Education Corporation Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company intends to spin-off (the "**Proposed Spin-off Listing**") its wholly-owned subsidiary, Oriental University City Holdings (H.K.) Limited ("**HKCO**"), a company incorporated in Hong Kong, on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**SEHK**"). It is intended that in conjunction with the Proposed Spin-off Listing, HKCO will raise capital through the allotment and issue of new shares of HKCO.

2. THE PROPOSED SPIN-OFF LISTING

The Company has submitted an application to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for clearance of the Proposed Spin-off Listing. As at the date of this announcement, the Company has yet to obtain the clearance from the SGX-ST. The Company will not proceed with the Proposed Spin-off Listing unless it obtains clearance from the SGX-ST of the Proposed Spin-off Listing.

HKCO has submitted an application to the SEHK for the Proposed Spin-off Listing (the "**SEHK Application**") which was accepted by the SEHK for lodgment on 8 October 2014. In addition, pursuant to the Rules Governing the Listing of Securities on GEM of the SEHK, HKCO has submitted a draft prospectus (the Application Proof) (the "**AP Prospectus**") as part of the SEHK Application. The AP Prospectus will be published on the website of the SEHK and is accessible at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>

The Board wishes to highlight that there is no assurance that the Proposed Spin-off Listing will materialise. The Proposed Spin-off Listing is subject to, *inter alia*, clearance from the SGX-ST and the approval of the SEHK, on terms and conditions satisfactory to the Company, as well as the prevailing market conditions. Subject to the listing rules of the SGX-ST, the Company will announce any material updates in connection with the Proposed Spin-off Listing.

Shareholders of the Company ("Shareholders**") are advised to exercise caution when dealing in the shares of the Company. Shareholders should consult their professional advisers in the event that they have any doubt about the actions they should take.**

3. RATIONALE FOR THE PROPOSED SPIN-OFF LISTING AND BENEFIT TO THE GROUP

Increase overall financial capacity of the Group

The Proposed Spin-off Listing will increase the overall financial capacity of the Group. The resources available to the Company will then be deployed into growing the Group's core business of provision of education services and its other strategic businesses. Accordingly, the Board believes that the Proposed Spin-off Listing will allow the Company to allocate resources which were previously reserved for HKCO and Langfang Development Zone

Oriental University City Education Consultancy Co., Ltd. (the "**HKCO Group**") and place the Group excluding the HKCO Group (the "**Remaining Group**") in a better financial position.

Better management and investor focus

The Proposed Spin-off Listing will allow HKCO Group and the Remaining Group to cater to their distinct businesses, strategies and growth plans. Investors will also be able to choose to invest separately in each distinct business based on their own assessment of each listed entity and taking into account their own distinct strategies, functional exposure, risks and returns. Differentiation of the two businesses may also attract new investors who are seeking investment opportunities in one or both of the focused business models, thereby creating a wider and more diverse investment base.

With the Proposed Spin-Off Listing, the Remaining Group can then focus on college development and development of intellectual property and improving the financial and operational performance of the core businesses of the Remaining Group.

Strengthen the Group's financial position

As the Company intends to maintain majority control of HKCO after the Proposed Spin-off Listing, the accounts of the Group will continue to be consolidated with HKCO Group's accounts. Immediately after the Proposed Spin-off Listing, the cash position of the Group will increase, and accordingly, the Company expects that the current ratio (i.e. current assets to current liabilities) of the Group will improve.

By Order of the Board

RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng
Chairman
8 October 2014