

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 199400712N)

TERMINATION OF MEMBERSHIP INTEREST PURCHASE AGREEMENT FOR THE ACQUISITION OF ALL THE MEMBERSHIP INTEREST OF SANTA FE UNIVERSITY OF ART AND DESIGN, LLC

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Raffles Education Corporation Limited ("**REC**", and together with its subsidiaries, the "**Group**") refers to REC's announcement dated 18 May 2016 (the "**Announcement**") in relation to the proposed acquisition by Joshua Education, Inc. (the "**Purchaser**"), a wholly-owned indirect subsidiary of REC, of all of the issued and outstanding membership interests of Santa Fe University of Art and Design, LLC ("**SFUAD**") from LEI Holdings US-1 Inc. (the "**Seller**", and together with the Purchaser, the "**Parties**") pursuant to a membership interest purchase agreement entered into between the Purchaser, the Seller and SFUAD dated 17 May 2016 (the "**SPA**") (the "**Proposed Acquisition**").
- 1.2 The Board also refers to the circular to shareholders of REC ("**Shareholders**") dated 9 July 2016 (the "**Circular**") to seek Shareholders' approval for the Proposed Acquisition pursuant to Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited. Shareholders' approval for the Proposed Acquisition was obtained at the extraordinary general meeting of REC held on 25 July 2016.
- 1.3 All capitalized terms used in this announcement shall, unless otherwise defined herein, have the meanings ascribed to them in the Circular.

2. TERMINATION OF THE PROPOSED ACQUISITION

- 2.1 As stated in the Announcement and the Circular, the Parties' respective obligations to consummate the transactions in the SPA and the Closing are conditional upon, *inter alia*, receipt of regulatory approvals and notices from the Higher Learning Commission and the United States Department of Education with respect to the Proposed Acquisition (the "**Regulatory Approvals**").
- 2.2 As it is not expected that the Regulatory Approvals will be granted on or before 3 April 2017, being the extended date of Closing under the SPA, the Parties have mutually agreed not to proceed with the Proposed Acquisition in accordance with the terms of the SPA. Accordingly, the Parties have entered into a termination agreement (the "**Termination Agreement**") dated as of 5:01am (Eastern Daylight Time) on 29 March 2017, that is, 5.01pm (Singapore time) on 29 March 2017 (the "**Effective Time**") pursuant to which, *inter alia*, the SPA and the Guaranty Agreement shall be terminated with effect from the Effective Time (the "**Termination**").
- 2.3 Following the Termination Agreement, the Parties agree to, and accept, the mutual Termination, and shall be discharged from all rights, obligations and liabilities (as the case may be) under the SPA (save that Parties shall bear their respective costs and expenses incurred in connection with, *inter alia*, the SPA) and the Guaranty Agreement and thereafter, the Purchaser, the Seller and SFUAD are released from any claims against each other in respect of matters contained in, *inter alia*, the SPA and the Guaranty Agreement.
- 2.4 Under the Termination Agreement, each of the Purchaser and the Seller is to receive the principal amount of US\$5,000,000, being the amount contributed by each of the Purchaser

and the Seller to the escrow account in connection with the Proposed Acquisition, plus any interest thereon calculated in accordance with the escrow agreement entered into between the Parties and the escrow agent.

3. Financial Impact of the Termination

The Termination is not expected to have any material financial impact on the Company and the Group, including any material impact on the consolidated net tangible asset per share and/or earnings per share of the Company and the Group, for the financial year ending 30 June 2017.

By Order of the Board

RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng

Chairman

29 March 2017