

UPDATE ON RAFFLES VIETNAM

We refer to our announcement dated 16 January 2012 regarding Raffles Vietnam and would like to provide an update on Raffles Education Corporation Limited's ("RafflesEducationCorp" or "the Group") operations in Vietnam.

Following the Ministry of Education and Training's, Vietnam ("MOET" or "Ministry") decision on 30 December 2011, Raffles Vietnam has fully paid the stipulated violation fine and both centres in Hanoi and Ho Chi Minh have suspended all advertising, admission and training activities with effect from 6th January 2012.

Since then, the Group had filed an appeal against the MOET's decision and had sought dialogue with the MOET and relevant authorities to resume operations. Regrettably, all discussions on possible solutions with the government of Vietnam have so far yielded unworkable options for the Group.

Our priority has been to focus on the welfare of our existing students first and foremost in order that the Group fulfils its role as a responsible educator. During this period, we have been processing the permanent transfer of over 400 Vietnam students to other Raffles Education Corporation's colleges in Singapore, Sydney and Phnom Penh to fulfil our continuing obligations to our students. As part of this transfer programme, the Group has offered to bear student air fares and contribute partially to our students' living expenses in these cities.

In the meantime, the Group is reorganising its operations in Vietnam and will be applying for new licenses to resume operations.

Our Vietnam students and their parents have been briefed on our decision to reorganise operations. All students who have chosen to discontinue their certificate studies with us will be given refunds for the unutilized portion of any tuition fees paid. The Group has operated in Vietnam since 2005 and has consistently operated as a responsible educator and provided education opportunities to the citizens of Vietnam for the last 7 years.

This reorganisation is likely to have a material impact on the earnings per share of the Group for the current financial year ending 30 June 2012. The Group will make further disclosures on the financial impact at the appropriate time.

By Order of the Board

Chew Hua Seng
Chairman & CEO

March 16, 2012