

**RAFFLES EDUCATION CORPORATION LIMITED**

(Incorporated in the Republic of Singapore)

Company Registration No.: 199400712N

**ANNOUNCEMENT**

**CANCELLATION OF INTERIM DIVIDEND ANNOUNCED ON 8 FEBRUARY 2012**

The board of directors (the "**Board**") of Raffles Education Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement dated 8 February 2012 (the "**Results Announcement**") in respect of the unaudited financial statements of the Group for the six months ended 31 December 2011. Under paragraph 11 of the Results Announcement, the Company had announced the declaration of an interim dividend of 0.5 cents per ordinary share in the Company (the "**Interim Dividend**").

In the light of the Group's overall loss for the financial year ended 30 June 2012 ("**FY2012**"), as reflected in the unaudited financial statements of the Company for FY2012 announced on 24 August 2012 (which loss resulted from, among other things, impairment of goodwill and fair value loss on investment properties due *inter alia* to the disposal of a total of approximately 670 mu of land and properties thereon through the transfer of all the equity interest in Langfang Taitu Real Estate Development Co., Ltd (廊坊泰土房地产开发有限公司) (the "**Disposal**")), the Board has resolved that it would be prudent and in the best interests of the Company that the Interim Dividend should be cancelled.

The Disposal was approved by the Company's shareholders at the Company's Extraordinary General Meeting held earlier today.

By Order of the Board

Chew Hua Seng  
Chairman & CEO  
31 August 2012