

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199400712N)

FRAMEWORK AGREEMENT IN RELATION TO THE LANGFANG ORIENTAL INSTITUTE OF TECHNOLOGY

The Board of Directors (the "**Board**") of Raffles Education Corporation Limited (the "**Company**") wishes to announce that its subsidiaries, Hebei Oriental Zhuyun Property Development Co., Ltd. (河北东方筑韵房地产开发有限公司) ("**ZY**") and Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd. (廊坊开发区东方大学城中新教育投资有限公司) ("**ZX**") have on 20 July 2012 entered into a framework agreement (the "**Framework Agreement**") with Mr Liu Yanwen ("**LYW**") in relation to the setting up of a degree education college through Langfang Oriental Institute of Technology (廊坊东方职业技术学院) ("**OIT**").

Pursuant to the terms of the Framework Agreement, and subject to the definitive agreements to be entered into between the parties (the "**Definitive Agreements**"), it is intended in principle that:

- (a) LYW will swap his 10% shareholding in each of Oriental University City Higher Education Co., Ltd., Oriental University City Education Development Co., Ltd. and Oriental University City Education Consultancy Co., Ltd. for a 49% shareholding in ZX (subject to the result of a valuation exercise to be conducted), and consequently, ZX will be converted into a joint venture company, with ZY (or its nominee) and LYW (or his nominee) as its shareholders;
- (b) ZY and LYW will transfer certain land and properties as well as other educational resources necessary to satisfy the requirement of setting up and operate a degree granting education college to OIT; and
- (c) ZY (or its nominee) and ZX will also enter into a management services agreement with LYW (or his nominee) for LYW (or his nominee) to provide management services to ZX and OIT.

The Framework Agreement also addresses certain key principles on which the co-operation will be based.

The exact method of valuation, mechanism for implementing the shareholding structure in the Framework Agreement, the scope of the management services to be provided by LYW as well as other aspects of the co-operation have not yet been finalised, and the parties are currently still in discussions with the intention of entering into the Definitive Agreements, which will set out the detailed terms and conditions of the co-operation between the parties, soon. Once the details have been finalised in the Definitive Agreements, and the Definitive Agreements entered into between the parties, the Company will make the necessary announcement(s) to update shareholders and the public.

By Order of the Board

RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng
Chairman
23 July 2012