

ANNUAL
REPORT
2019

INVESTING IN EDUCATION

Overseas Education Limited





CORPORATE INFORMATION

BOARD OF DIRECTORS

Perry, David Alan
Executive Chairman and CEO

Wong Lok Hiong Irene
Executive Director and
Chief Executive of OFSL

Ho Hie Wu David
Executive Director and
Chief Financial Officer

Ho Yew Mun
Lead Independent Director

Leow Wee Kia Clement
Independent Director

Tan Teng Muan
Independent Director

Walker, David Peter
Independent Director

NOMINATING COMMITTEE

Leow Wee Kia Clement
(Chairman)

Ho Yew Mun

Tan Teng Muan

Walker, David Peter

Perry, David Alan

REMUNERATION COMMITTEE

Leow Wee Kia Clement
(Chairman)

Ho Yew Mun

Tan Teng Muan

Walker, David Peter

AUDIT COMMITTEE

Ho Yew Mun
(Chairman)

Leow Wee Kia Clement

Tan Teng Muan

Walker, David Peter

COMPANY SECRETARY

Chew Kok Liang (LL.B. (Hons))

Siau Kuei Lian

REGISTERED OFFICE

81 Pasir Ris Heights,
Singapore 519292
Telephone no. : (65) 6738 0211
Facsimile no. : (65) 6735 9734

COMPANY REGISTRATION NUMBER

201131905D

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

Ernst & Young LLP

One Raffles Quay
Level 18 North Tower
Singapore 048583

Partner-in-charge:

Ho Shyan Yan

(with effect from financial year
ended 31 December 2018)



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To maintain a **happy, safe** and **effective** school for overseas families living in Singapore



Overseas Education Limited is the holding company of Overseas Family School Limited which operates Overseas Family School (OFS or School), a leading foreign system school in Singapore.

OFS offers a multifaceted and fully integrated inquiry-based programme comprising International Early Years Curriculum, International Primary Curriculum and International Baccalaureate (IB) curriculum to children of expatriate families aged two to 18 years old.

OFS maintains cultural diversity on campus and strives to raise students as responsible world citizens. Our Model United Nations programme develops students' skills in communication, research, collaboration, negotiation and presentation, promoting international mindedness and global citizenship from a relatively young age. This programme has even attracted the attention of the Department of Public Information – Outreach Division of the United Nations headquarters in New York.

Students are encouraged to flourish at their own pace in an environment that fosters growth through self-discipline and self-respect. A “worldwide family approach” permeates the school system, promoting diversity, critical thinking and lifelong learning so that students can function well in a globalised economy and a culturally diverse society. OFS prides itself as a family-oriented school that greatly values its bonds with parents and students. OFS provides a well-rounded education to students of expatriate families from more than 60 countries, and supported by staff members from some 30 countries.

About 5,000 students can be accommodated at OFS' sprawling campus in Pasir Ris, located east of Singapore. Our five-hectare campus with state-of-the-art facilities has been described as the school design of the future.

We are pleased to share more information about OFS on pages 10 to 17.

CHAIRMAN'S MESSAGE

TO SHAREHOLDERS

Dear Shareholders

On behalf of the Board of Directors of Overseas Education Limited (OEL), I am pleased to present this annual report for the financial year ended 31 December 2019.

OEL posted a net profit after taxation of S\$8.01 million for financial year ended 31 December 2019 (FY 2019), an improvement of 15.9% over the previous financial year ended 31 December 2018. The improvement in the results was due mainly to lower interest expense on the new long-term bank loan facility utilised to refinance the redemption of OEL Bonds in April 2019.

Our student enrolment was stable for most part of FY 2019, and the same student enrolment was carried over to the start of the new financial year 2020. With the recent COVID-19 health emergency, we can confirm that our student enrolment for the current semester to June 2020 has remained relatively unscathed.

However, should the COVID-19 outbreak persist longer than currently expected, we could foresee that our student enrolment for the next new school year, starting August 2020, may not be spared from the lingering economic uncertainty due in part to the COVID-19 outbreak.

EDUCATIONAL PHILOSOPHY

Master Policy – "To maintain a happy, safe and effective school for overseas families living in Singapore".

Open Entry – OFS enrolls foreign students of all abilities, without entry tests. We do not accept that students can be labelled according to their previous academic performance. We prefer to base our programs on the belief that all youngsters have learning potential.



The OFS Intellectual Development programs are designed accordingly. Enthusiasm for learning helps every student perform in school beyond expectation.

Open Examination Entry – OFS strongly encourages High School students to sit the "International General Certificate of Secondary Education" (IGCSE) and "International Baccalaureate" (IB) examinations. The objective is to lift student achievement levels, beyond every expectation, as preparation for university.

Self-Discipline – Multi-national and multi-cultural students and teachers encourage the development of a natural respect between them. We can therefore operate with the minimum of school rules or punishments.

A significant OFS policy maintains that "happy students learn better than disciplined students". Throughout OFS, all students discover the benefits of self-discipline for their studies and their lives.

No Tolerance for Violence – Happy students learn better than highly disciplined students. However for a happy school, it is essential that no student or staff member feels threatened by violent or aggressive behaviour from another member of the school community. We continue to make it clear that any act of violence will lead to immediate expulsion.

Students, Teachers, Principals, Management and Staff work together to meet this rarely applied standard.

Intellectual Development – The OFS education model does everything possible to develop each student's intellect. We avoid branding students by ability, and



SUCCESSFUL STUDENTS ARE THE FOUNDATION OF A GREAT SCHOOL, WHICH DEFINES A SUCCESSFUL EDUCATION COMPANY.



consistently adopt the development of each student's intellectual capacity, as an OFS objective.

All junior students receive professional tuition in Chess and Computer Coding, responding with bright-eyed enthusiasm. The school employs internationally recognised Chess and Coding tutors. At Interschool Chess tournaments, OFS students continue to outperform students from other participating International Schools.

Younger students, for whom English is a second language, receive regular lessons to strengthen and advance their own Mother Tongue. Their teachers are also native speakers of that Mother Tongue and OFS maintains regular classes in fourteen such languages. Maintaining a student's ability to speak their Mother Tongue while the school is changing their language of instruction does boost their intellectual development.

OFS parents appear to increasingly recognise the importance of these "Intellectual Development" policies.

Efficient Allocation of Classroom Instruction – OFS continues to hire the best of teaching ability from around the world. Teaching is organised into four age-related schools, each with a Principal and academic support team. The four Principals were all previously successful OFS teachers, and are committed to OFS education policies.

Academic teams teaching students within OFS schools are allocated a bare minimum of administration, so they can focus on teaching. Organisational duties traditionally performed by teachers, are at OFS covered by its



management team of (mainly) Singaporeans, under the leadership of OFSL Chief Executive, Irene Wong.

Successful students are the foundation of a great school, which defines a successful education company.

DIVIDENDS TO OEL SHAREHOLDERS

OEL Dividend policy remains as stated in our 2013 Listing Prospectus: "At least 50% of net profit after tax".

Dividends of 2.75 cents per share were paid for each of the past seven years. We propose the same dividend rate of 2.75 cents per share again this year, and if approved by shareholders, this will be the eighth consecutive year.

Revenue reserve available for future dividends was S\$67 million as at 1 January 2020.

APPRECIATION

To our shareholders, teachers, management and staff. To our students, their families and the companies and embassies employing them in Singapore:

Thank you for your confidence and participation in OEL/OFSL organisations. We are committed to building even stronger relationships in the years ahead.

David A Perry

Executive Chairman and Chief Executive Officer
Overseas Education Limited

BOARD OF DIRECTORS



PERRY, DAVID ALAN



WONG LOK HIONG IRENE



HO HIE WU DAVID

1 PERRY, DAVID ALAN Executive Chairman and CEO

Mr. Perry is one of the founders of the School and responsible for the overall business development and strategic planning of our Group. He is Chairman of both the Executive Board of our School and the board of directors of OFSL. These two boards comprise the governing structure of our School.

Mr. Perry is the founder and Non-Executive Chairman of the board of directors of Master Projects Pte Ltd, which provides health-related services in New Zealand through its subsidiary companies, Centre for Advanced Medicine Limited, Feedback Research Limited and Integrated Health Options Limited.

2 WONG LOK HIONG IRENE Executive Director and Chief Executive of OFSL

Ms. Wong is one of the founders of the School and responsible for the overall business and operations of OFS.

Ms. Wong sits on the Executive Board of our School and the board of directors of OFSL. Within the OFS management structure, Ms. Wong is the Chief Executive of OFS and is responsible for all matters relating to the operation of our School.

Ms. Wong has more than 40 years of experience in the management of foreign system schools in Singapore.

Ms. Wong is a Non-Executive Director of Master Projects Pte Ltd, which provides health-related services in New Zealand through its subsidiary companies, Centre for Advanced Medicine Limited, Feedback Research Limited and Integrated Health Options Limited.

3 HO HIE WU DAVID Executive Director and Chief Financial Officer

Mr. Ho was appointed to our Board on 1 September 2018. He assists the Executive Chairman and CEO in managing the corporate affairs of the Group and is responsible for the financial and accounting matters, financial reporting, tax, treasury and internal control functions of our Group. He also provides leadership in the development of short and long-term strategic financial objectives. He was appointed to his position as Chief Financial Officer on 1 September 2015, and he sits on the Executive Board of our School and the board of directors of OFSL. Prior to his current position, he was the Director of Finance and Planning at OFSL from July 2013 to August 2015.

Mr. Ho was previously a Director of Audit and Business Advisory at PricewaterhouseCoopers Singapore,

with 20 years of audit and advisory experience in the firm.

Mr. Ho graduated from the Western Australian Institute of Technology with a Bachelor of Business (Accounting).

He has been a Chartered Accountant (Australia) with the Chartered Accountants Australia and New Zealand since 1990, and has been a Fellow of the Institute of Singapore Chartered Accountants since 2004.

4 HO YEY MUN Lead Independent Director

Mr. Ho was appointed to our Board on 1 August 2012. Between February 2001 and April 2005, he was the managing director of Equity Capital Markets, Investment Banking Group of DBS Bank. During this period, he was also head of equity capital markets (Hong Kong) from November 2001 to November 2003.

Mr. Ho was senior vice-president and head of the Securities Market Division of the SGX-ST (formerly the Stock Exchange of Singapore) and also the listings manager of the SGX-ST during the period between June 1993 and December 2000. From August 1988 to March 1993, Mr. Ho was a financial management consultant with The Treasury (New Zealand).



HO YEW MUN



LEOW WEE KIA CLEMENT



TAN TENG MUAN



WALKER, DAVID PETER

Mr. Ho is an accountant by training and a member of the Singapore Institute of Directors. He has a Master in Business Administration from Victoria University of Wellington in New Zealand.

5 LEOW WEE KIA CLEMENT
Independent Director

Mr. Leow was appointed to our Board on 26 December 2012. He is also an independent director of Ellipsiz Ltd and Lum Chang Holdings Limited, companies listed on the Mainboard of the Singapore Exchange and MSM International Limited, a company listed on the Catalist Board of the Singapore Exchange.

Mr. Leow is currently Executive Director and Chief Executive Officer of Allied Technologies Limited, a company listed on the Catalist Board of the Singapore Exchange. Prior to this, Mr. Leow was Chief Executive Officer and the head of corporate finance at Crowe Horwath Capital Pte Ltd. He has over 19 years of corporate finance experience primarily in initial public offerings, mergers and acquisitions as well as advisory transactions. Mr. Leow has also held senior positions in corporate finance and banking in Singapore.

Mr. Leow graduated from Cornell University, United States, with a Bachelor of Science in Applied Economics. He was awarded a Master in Business Administration from the University

of Oxford, United Kingdom, and was also conferred a Postgraduate Diploma in Financial Strategy by the University of Oxford, United Kingdom. He also completed the Governance as Leadership program at Harvard Kennedy School, United States, and has served as a member of the Singapore Institute of Directors since April 2009. He also serves as the President of the Singapore Tennis Association and has been awarded the Singapore Armed Forces Good Service Medal.

6 TAN TENG MUAN
Independent Director

Mr. Tan was appointed to our Board on 28 October 2011, the date of incorporation of Overseas Education Limited. He is also an independent director of United Global Limited, a company listed on the Catalist Board of the Singapore Exchange.

Mr. Tan is currently a Commissioner for Oaths and a partner in the civil and commercial litigation practice of Mallal & Namazie.

Mr. Tan has over 30 years of experience in legal practice. He was admitted as an advocate and solicitor of Supreme Court of Singapore in 1988, and has been with Mallal & Namazie since 1987. Mr. Tan graduated from the National University of Singapore with a Bachelor of Laws (Hons) in 1987. He is a member of the Law

Society of Singapore and the Singapore Academy of Law.

7 WALKER, DAVID PETER
Independent Director

Mr. Walker was appointed to our Board on 1 July 2015. He is currently the founder and managing director of Kauri Capital Pte Ltd, a company that provides advisory services to participants, owners, investors and financiers in the forestry, forest products, pulp, paper and packaging and bio-energy industries. Mr. Walker has held several senior management positions in the last 20 years and has over 30 years of experience in providing advisory services on financial and investment related matters.

Mr. Walker graduated from Victoria University of Wellington, New Zealand, with a Bachelor of Commerce and Administration (Honours) in 1984. He is a Chartered Financial Analyst charterholder and is a member of the CFA Institute and CFA Singapore.

He is a member of the Global Board of Governors of the International Baccalaureate (IB) having served three Board terms from 2011-2017 and the current term from 2018-2021. He is a member of the Education and Governance Committees. From 2008-2011, he was also a member of the IB Asia-Pacific Regional Council, where he also served as Chairman.

EXECUTIVE OFFICERS



LEE CHWEE SOON JASON

General Manager

Mr. Lee is responsible for the overall organisation and management of the administrative matters of our Group. He works closely with the Parent Association of our School, and is also responsible for all matters relating to buildings and facilities at our School. In addition, Mr. Lee is involved in the evaluation and hiring of administrative staff and in ensuring that all operational aspects of the School are running properly. Mr. Lee meets with our Head of School and the Principals of the School on a regular basis to discuss their administrative support requirements. Mr. Lee has been with our Group since its founding in 1991, and was promoted to his current position in 2007. He sits on the Executive Board of our School and the board of directors of OFSL.

Mr. Lee is a Singapore Civil Defence Force certified Fire Safety Manager.

WONG HOK HOE PATRICK

Head of Security

Mr. Wong is our Security Director and is responsible for the overall safety

and security of our school premises. Mr. Wong has been with our Group since 1993, when he joined as our Operations Manager, responsible for various operational activities in the school, including the supervision of security personnel.

He was promoted to his current position of Head of Security on 1 August 2016, tasked with overseeing all aspects of the physical safety and security of our school premises. He was also concurrently appointed a director of OFSL as well as a member of the Executive Board of our School.

BENTIN, SUZANNE MAGDALEN

Head of School

Ms. Bentin oversees all academic matters of our School, since her appointment as Head of School in 2019. She joined OFS in August 1996 and has held various appointments including High School Principal from 2006-2019. As Chairperson of our Academic Board and Examination Board and a member of the Executive Board of our school, Ms Bentin ensures constant communication and collaboration between our various departments.



Left to Right:

- Lee Kwok-Tung Michael
- Bentin, Suzanne Magdalen
- Wong Hok Hoe Patrick
- Dench, Simon Jeffery
- Lee Chwee Soon Jason
- Ngo, Da-Khue Hoang
- Liew Voon Yee Penny

Prior to joining our School, Ms. Bentin taught at several schools in Korea, New Zealand and France. Ms. Bentin graduated from University of Canterbury, New Zealand, with a Bachelor of Arts in 1977 and obtained a Diploma in Secondary Teacher Education from Dunedin Teachers' College, New Zealand, in 1979 and a Post-Graduate Diploma in Arts Subjects (with credit in French) from the University of Otago, New Zealand, in 1980.

DENCH, SIMON JEFFERY

High School Principal

Dr. Dench provides academic leadership and oversees the administration and all academic matters of our High School, including school planning and co-ordination among subject areas. He joined our School in 2013 and has held various appointments before he was appointed to his current position in 2019.

He is a member of the Academic Board and a member of the Executive Board and Examination Board of our School. Before joining our School, he taught mainly in New Zealand, but also briefly in the United Kingdom and France.

Dr. Dench graduated from the University of Canterbury, New Zealand, with a Bachelor of Arts in 1983 and a Master of Arts (Hons.) in 1984. He obtained a Diploma in Secondary Teacher Education from Christchurch Teacher's College New Zealand, in 1985. In 2017, Dr. Dench was awarded a PhD in History from the University of Waikato, New Zealand.

LEE KWOK-TUNG MICHAEL

Middle School Principal

Mr. Lee provides academic leadership and oversees the overall management and administration of the Middle School. He joined our School in August 2007 and held various appointments before he was appointed to his current position in August 2013.

He is a member of our Academic Board and a member of the Executive Board of our School. Prior to joining our School, Mr. Lee taught at several schools in United Kingdom (UK) and was Head of Science in his last post there.

Mr. Lee graduated from the University of Salford, UK, with a Bachelor of Science (Hons) in 1993 and was awarded a Postgraduate Certificate in Education from the University of Wolverhampton, UK, in 1999. Between 1993 and 1998, Mr. Lee served as an Inspector of Police in the Royal Hong Kong Police Force.

LIEW VOON YEE PENNY

Elementary School Principal

Ms. Liew provides academic leadership and oversees the administration and all academic matters of the Elementary School. She first joined our School in August 2003 and has held various academic and leadership appointments, including the position of Elementary School Deputy Principal from August 2014 to December 2019, before her current appointment as Elementary School Principal in January 2020.

She is a member of our Academic Board and a member of the Executive Board of our School. Prior to joining our School, Ms. Liew taught in the Melbourne Catholic Education system in Victoria, Australia.

Ms. Liew graduated from the Australian Catholic University with a Bachelor of Teaching and Bachelor of Arts in 1998.

NGO, DA-KHUE HOANG

Kindergarten Principal

Ms. Ngo provides academic leadership and oversees the administration and all academic matters of the Kindergarten, including school planning and curriculum planning. She joined our School in August 1997 and has held various leadership, curriculum and administration appointments, including the positions of Kindergarten Deputy Principal from August 2004 to July 2015 and IB PYP Coordinator from August 2005 to July 2012, before her current appointment in August 2015.

She is a member of our Academic Board and a member of the Executive Board of our School. Prior to joining our School, Ms. Ngo taught in the Brisbane Catholic Education system in Queensland, Australia.

Ms. Ngo graduated from the Australian Catholic University with a Bachelor of Teaching in 1991 and obtained a Bachelor of Educational Studies from the University of Queensland, Australia in 1996.



THE OFS EXP

OFS IS UNIQUE IN OUR PHILOSOPHY OF EDUCATION AND IN OUR BELIEFS FOR OUR SCHOOL. WE PROMOTE A TRULY INTERNATIONAL OUTLOOK AND THERE IS NO ONE DOMINANT NATIONALITY WITHIN OUR STUDENT POPULATION OR AMONGST OUR STAFF.



EXPERIENCE



Having a diversified student population not only prepares students to integrate and interact within a globalised economy and a culturally diverse society, but also reduces our dependency on the influx of students from any particular country.

We also firmly believe in engaging the parents and guardians of our students, in the decisions relating to, and the progress of their children's education. Working in partnership with parents, the School provides professional advice while the parents make the final decisions on all matters affecting their children.

In addition, we take pride that our academic personnel are tasked with teaching duties only and are not required to carry out administrative duties, which are carried out separately by our administrative staff.

We have a fully integrated inquiry-based curriculum based on the International Early Years Curriculum, International Primary Curriculum, IB and the IGCSE, with the MUN Initiative integrated into our core curriculum.



KINDERGARTEN

Pre-K1 to K2

International Early Years Curriculum

ELEMENTARY SCHOOL

Grades 1 to 5

International Primary Curriculum

MIDDLE SCHOOL

Grades 6 to 8

IB Middle Years Programme

IGCSE

HIGH SCHOOL

Grades 9 and 10 (Junior)

IB Middle Years Programme

OFS
HIGH SCHOOL
DIPLOMA

HIGH SCHOOL

Grades 11 and 12 (Senior)

IB Diploma Programme

OFS
HIGH SCHOOL
DIPLOMA

OTHER PROGRAMMES

Other Programmes:
Model United Nations (MUN) Initiative, Study Preparation Programme, Foreign Language Programme, Intellectual Development Programmes (Mother Tongue, Chess and Math Coding), Enrichment and After-School Programmes, College Admission Counselling and Community Service

THE OFS CUR



FULLY INTEGRATED INQUIRY-BASED CURRICULUM

Inquiry-based programmes form the foundation for the development of the curriculum in our School.



International Early Years Curriculum

The International Early Years Curriculum (IEYC) is offered in Kindergarten. It is a comprehensive curriculum for students aged 2 to 5, comprising IEYC Units of Learning based on exciting themes that capture children's natural curiosity. Each IEYC unit is designed around eight key learning principles that we consider essential to children's learning and development in the early years phase of formal education.

International Primary Curriculum

The International Primary Curriculum (IPC) is offered in Elementary School. A comprehensive curriculum for students aged 6 to 10, it comprises IPC Units of Work, each based on a theme, designed for a clear learning experience. The IPC Learning Goals form the foundation of the IPC and enable children to acquire sophisticated national, international, global and intercultural perspectives. Each IPC unit comprises learning-focused activities that help children gain a sense of themselves, their community and the world around them, while developing the capacity to take action and make a difference.

International Baccalaureate Middle Years Programme and Diploma Programme

The IB Middle Years Programme (IB MYP) is offered in Middle School and the first 2 years of High School, and the IB Diploma Programme (IB DP) is offered in the final 2 years of High School. The IB DP allows Senior High School students to fulfill the requirements of many international universities and a good IB Diploma qualifies holders for admission to top universities throughout the world.

International General Certificate of Secondary Education

In addition to the IB MYP, we also offer the International General Certificate of Secondary Education (IGCSE) examinations, administered by Cambridge Assessment International Education, UK, to our students in Grade 10. The IGCSE certificate is equivalent to the GCE O-Level certificate and is examination-based and externally assessed.

The School's curriculum is also accredited K-12 by the Western Association of Schools and Colleges, California, USA (WASC). WASC accreditation serves as a recognition of quality of our School's programmes and operations, and validates the OFS High School Diploma (OFSD). The OFSD, with WASC accreditation, is important to OFS High School graduates seeking admission to universities or other tertiary institutions in North America, and can be a qualifying diploma in other countries around the world.



RICULUM



OPEN ENTRY POLICY

OFS has an “open entry policy” under which it enrolls students without pre-entry tests or reference to previous school reports. This policy supports the school’s belief that with proper motivation, and freedom from excess criticism and discipline, all students have the potential to exceed previous academic performances. OFS also has an “open examination entry policy” under which all students are encouraged and given assistance to prepare for and take internal and international examinations. Having a Pre-K1 to Grade 12 curriculum enables us to accept enrolment of students at any pre-tertiary education level.

MODEL UNITED NATIONS

Designed to raise student awareness of prevailing global issues, the Model United Nations (MUN) initiative

introduces MUN-advocated skills, mindsets and practices to students of all ages. In 2009, OFS integrated the MUN initiative into our curriculum, and was the first and only FSS in Singapore to do so. The MUN initiative seeks to develop students’ skills in communication, research, collaboration, negotiation and presentation and to promote international-mindedness from a relatively young age.

In 2011, the Hague International Model United Nations (THIMUN) approved the affiliation status for our School’s MUN programme, known as MUNOFS. We have been organising annual MUNOFS conferences for more than ten years. Every year, we organise three MUN conferences – MUNOFS for High School students, MY-MUNOFS for Middle School students and PY-MUNOFS for Elementary School students. The MUNOFS conference incorporates student-led Youth Leadership Workshops (YLWs). The last MUNOFS XII conference and workshops held from 1 to 3 November 2019 had over 500 participants from 19 schools, featuring over 30 workshops delivered by mostly students presenters.

The concurrent MY-MUNOFS XI and PY-MUNOFS VII conferences scheduled to be held from 21 to 23 February 2020 had to be cancelled due to additional precautionary measures to contain the COVID-19 infections, much to the disappointment of our students and participants from other schools. However, the experience gained by the student leaders and team in the run-up preparation of these conferences has been invaluable.



USING IT INNOVATIVELY

Our extensive IT resources, infrastructure and unique OFS integrated software application have enhanced the learning experience and interaction among our students, their parents and our teachers, as well as increased our effectiveness and efficiency in running the School.

We have a school-wide, online assessment system that permits students, parents and teachers to assess the effectiveness of classes that have been taught during a school day. This system supports and promotes student learning, and accurately reports student achievement on an on-going basis.

This system has been a key contributing factor to the academic achievements of our students. Over the past five academic years, the percentage of our High School students who obtained 35+ points (which would generally require the students to have obtained a majority of at least six ‘A-’ grades and above), was consistently above the world-wide average of IB DP students. In Academic Year 2018-2019, 38.1% of OFS DP candidates achieved 35+ points, compared with 25.4% of candidates world-wide. One OFS student achieved the maximum possible score of 45 points, and three other OFS students scored 44 points. In total, 23 OFS students scored 40 or more points.

OUR SCHOOLS



KINDERGARTEN

- Established in 1992, the Kindergarten is led by our Kindergarten Principal and Executive Officer, Ms. Da-Khue Ngo and Kindergarten Curriculum Leadership. Curriculum Leadership support comes from Elementary School to ensure continuity in student learning.
- In 2015, the Kindergarten programme was extended to open our doors to our youngest age group of children, the 2-year olds.
- The Kindergarten programme is offered to students aged between 2 and 5. It comprises the inquiry-based International Early Years Curriculum that is specially designed to enrich and stimulate the minds of young children, to provide students with a positive attitude towards school and to develop a love for learning.
- The Kindergarten operates a full day schedule from 9.00 am to 3.30 pm for its Pre-K2, K1 and K2 classes. The Pre-K1 classes operate on either the above schedule or a half-day schedule from 9.00 am to 12 noon.



ELEMENTARY SCHOOL

- Established in 1991, the Elementary School is led by our Elementary School Principal and Executive Officer, Ms. Penny Liew, two Deputy Principals and Elementary School Curriculum Leadership.
- The Elementary School has a 25-period week, with five one-hour periods per day. Designed for students from aged 6 to 10, the programme comprises the inquiry-based International Primary Curriculum that encourages students to develop the conceptual understanding, knowledge and skills they need to become life-long learners. The Elementary School operates on a full-day schedule from 9.00 am to 3.30 pm.



MIDDLE SCHOOL

- Established in 1991, the Middle School is led by our Middle School Principal and Executive Officer, Mr. Michael Lee, one Deputy Principal and Middle School Curriculum Leadership.
- The Middle School has a 25-period week, with five one-hour periods per day, delivering the first three years of the IB MYP. The Middle School operates on a full-day schedule from 9.00 am to 3.30 pm.

HIGH SCHOOL

- Established in 1991, the High School is led by our High School Principal and Executive Officer, Dr. Simon Dench, two Deputy Principals and High School Curriculum Leadership, covering both Junior and Senior High Schools.
- The Junior High School has a 25-period week with five one-hour periods per day. It operates on a full-day schedule from 9.00 am to 3.30 pm. Concurrent with the final two years of the IB MYP, the Junior High School students at OFS are also offered the IGCSE syllabus at Grades 9 and 10.
- The Senior High School has a 25-period week with five one-hour periods per day. It operates on a full-day schedule from 9.00 am to 3.30 pm.
- In Grade 12, students will usually attempt to obtain the full IB Diploma or obtain the IB Certificates for individual subjects. On graduation from Grade 12 from OFS, by having obtained a minimum of 22 credits from the various courses from Grades 9 to 12, among other requirements, our students will be conferred the OFS High School Diploma. The OFS High School Diploma is evidence that a student has satisfactorily completed four years of high school at OFS.



OUR UNIQUE

In addition, our School offers other programmes to supplement the curriculum, which include:

STUDY PREPARATION PROGRAMME AND FOREIGN LANGUAGE PROGRAMME

English is the language in which our School conducts the teaching of our main curriculum. For students for whom English is not their first language, where necessary we offer them the specialised Study Preparation Programme (SPP). SPP classes teach students the academic English required for their subjects and are conducted by qualified language teachers. It is a high intensity programme which is also intended to develop strong study habits and learning skills in students. The programme has three levels, and is available in Elementary, Middle and High Schools.

- For example, in our Elementary School, at Levels 1 and 2, the students undergo an intensive language acquisition programme, conducted by specialist teachers trained to teach English for speakers of other languages;
- When basic proficiency is reached, our students are moved to Level 3 where they join a regular homebase and participate in all regular classes.

Students can elect to get extra support in English or continue with their mother tongue during the Language period. During Mathematics, students will be taught by a Mathematics specialist.

A main objective of SPP is to enable SPP students to join the mainstream classes as quickly as possible, preferably at the same grade level as their non-SPP peers, so that they do not lose an academic year.

At OFS, all non-SPP students are expected to study another major international language apart from English, or their mother tongue. The five foreign languages currently offered at OFS at various grade levels are French, German, Hindi, Mandarin and Spanish.

INTELLECTUAL DEVELOPMENT PROGRAMMES

The OFS educational model does everything possible to develop student intellect, for greater breadth and depth

of learning. We avoid branding students by ability, and have consistently adopted as an institutional objective, development of each student's intellectual capacity. Over the years, OFS has introduced initiatives specifically designed to meet these goals and our new campus provides the space, environment and opportunity to be even more effective.

Our Intellectual Development Programmes include Mother Tongue, Chess and Math Coding.

Young students for whom English is not their first language, receive regular lessons to strengthen and advance their own Mother Tongue. Their teachers are native speaking teachers of that Mother Tongue. To date OFS has regular classes in 14 Mother Tongues. Research shows that maintaining a student's Mother Tongue while changing the language of instruction at school is extremely positive for their intellectual development.

We currently offer Mother Tongue classes in Danish, Dutch, Finnish, French, German, Hebrew, Italian, Japanese, Korean, Mandarin, Norwegian, Russian, Spanish and Swedish.

All junior students receive professional tuition in Chess and Math Coding.

OFS attracts enthusiastic parental recognition of the importance of these "Intellectual Development" policies for their children.

ENRICHMENT AND AFTER-SCHOOL PROGRAMMES

In addition to the school curriculum, OFS currently offers more than 30 optional enrichment programmes that students from K1 to Grade 12 may enrol in. These enrichment programmes range from physical sports activities such as badminton, inline skating, swimming, basketball, soccer, gymnastics, tennis, hip hop and modern jazz dancing, to classroom activities such as clay modelling, i-Debate, brush lettering, Lego engineers, Lego Mindstorms and EV3 Robotics. In addition, students can also choose to do a third language taught by native teaching professionals. These programmes are provided by external service





PROGRAMMES

THE OFS EDUCATIONAL MODEL DOES EVERYTHING POSSIBLE TO DEVELOP STUDENT INTELLECT, FOR GREATER BREADTH AND DEPTH OF LEARNING. WE AVOID BRANDING STUDENTS BY ABILITY, AND HAVE CONSISTENTLY ADOPTED AS AN INSTITUTIONAL OBJECTIVE, DEVELOPMENT OF EACH STUDENT'S INTELLECTUAL CAPACITY.

providers who have been carefully screened and selected by the OFS Enrichment Programme team. Language programmes are also open for participation by the parents of our students. Extra fees are payable for these enrichment programme activities.

Apart from the enrichment programmes, OFS teachers also conduct extra-curricular activities and after-school sports programmes. Students can choose to join various after-school clubs to learn the arts, music, dance or drama; or participate in sports such as basketball, badminton, cricket, netball, soccer, swimming, table tennis and touch football. Students are also able to take part in competitions, competing with teams from other schools. No extra fees are payable for such extra-curricular activities.

COLLEGE ADMISSION COUNSELLING

Our Academic Advisers counsel students planning to enrol in colleges and universities. We assist students, through information evenings, workshops, alumni meetings, etc., by providing them with information on admission requirements to different colleges and universities and the degrees and courses available for tertiary education.

We organise annual visits by representatives from colleges and universities world-wide including Canada, Australia, Hong Kong, Europe, Singapore, Japan, the United Kingdom, and the United States. We encourage Grade 11 and 12 students, and their parents, to meet these representatives to learn about different academic programmes and their entry requirements, application procedures and other prerequisites for admission. We also facilitate several college and university lectures and workshops over the course of the year. In addition, we offer special workshop sessions to help students understand application essay expectations and for those students whose applications require interviews.



FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER

5-YEAR FINANCIAL SUMMARY

| FINANCIAL HIGHLIGHTS (S\$'000) | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
|-------------------------------------|--------|--------|---------|--------|---------------|
| Total revenue ¹ | 97,119 | 91,846 | 86,837* | 83,078 | 82,299 |
| Profit before taxation | 17,374 | 7,500 | 8,439* | 9,351 | 10,788 |
| Net profit for the year | 14,936 | 5,263 | 6,238* | 6,907 | 8,007 |
| Earnings per ordinary share (cents) | 3.6 | 1.3 | 1.5 | 1.7 | 1.9 |

| BALANCE SHEET (S\$'000) | 31-Dec-2015 | 31-Dec-2016 | 31-Dec-2017 | 31-Dec-2018 | 31-Dec-2019 |
|--|-------------|-------------|-------------|-------------|----------------|
| Total assets | 353,475 | 336,792 | 326,526 | 305,281 | 304,830 |
| Total liabilities | 198,457 | 185,077 | 178,986* | 162,257 | 165,222 |
| Revenue reserve | 81,935 | 78,631 | 74,456* | 69,940 | 66,525 |
| Total equity | 155,019 | 151,715 | 147,540* | 143,024 | 139,609 |
| Net asset value per ordinary share (cents) | 37.3 | 36.5 | 35.5* | 34.4 | 33.6 |

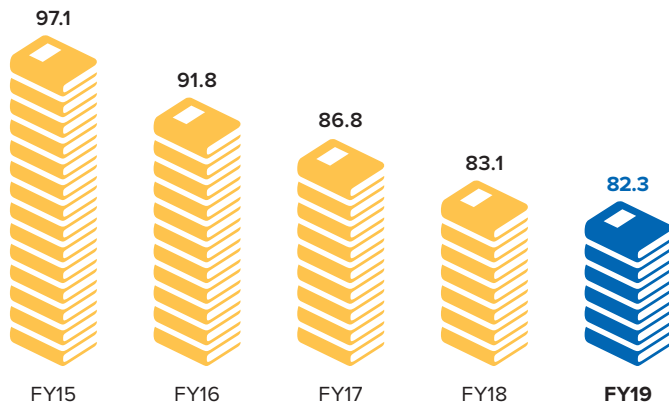
| CASH FLOW (S\$'000) | 31-Dec-2015 | 31-Dec-2016 | 31-Dec-2017 | 31-Dec-2018 | 31-Dec-2019 |
|--|-------------|-------------|-------------|-------------|-----------------|
| Net cash generated from operating activities | 26,588 | 18,098 | 24,691 | 25,088 | 28,923 |
| Net cash used in investing activities | (72,302) | (1,075) | (1,085) | (1,465) | (1,495) |
| Net cash generated from/(used in) financing activities | (19,442) | (23,474) | (23,929) | (35,574) | (23,563) |
| Cash and cash equivalents at the end of the year | 60,359 | 53,908 | 53,584 | 41,633 | 45,498 |

Note:

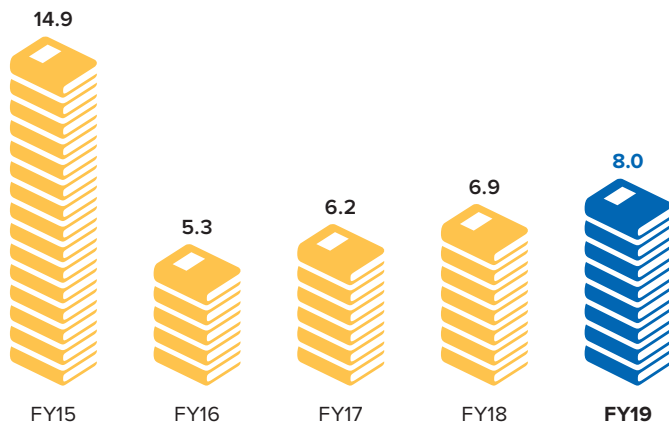
* For comparative purposes, the number was adjusted upon adoption of SFRS(I) 15 - Revenue from Contracts with Customers



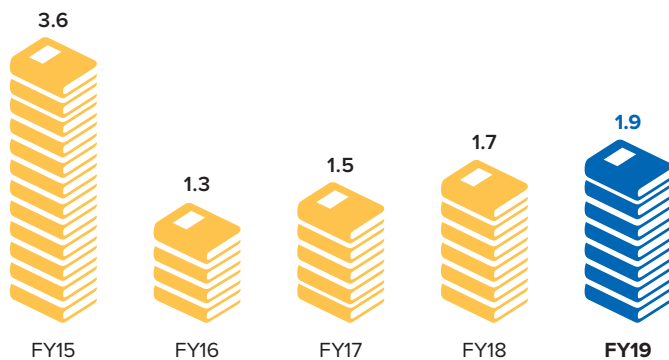
Total Revenue
(S\$'million)¹



Net Profit for the Year
(S\$'million)



Earnings Per Ordinary Share
(cents)



Note:

1 Total revenue consists of tuition fees, registration fees, school shop revenue, enrichment programme revenue, interest income and other revenue.

OPERATIONS & FINANCIAL REVIEW



INCOME STATEMENT

Total Revenue

The Group posted total revenue of \$82.30 million for the financial year ended 31 December 2019 (FY 2019) compared to \$83.08 million for the last financial year (FY 2018). The decrease in total revenue was due to weaker student enrolment during the first half of FY 2019 compared to the same period in FY 2018. Details of revenue lines are as follows:

Revenue from tuition fees was lower at \$79.60 million in FY 2019 compared to \$80.34 million in FY 2018.

Revenue from registration fees was \$1.17 million in FY 2019 compared to \$1.19 million in FY 2018.

School shop revenue was \$0.63 million in FY 2019 compared to \$0.58 million in FY 2018.

Enrichment programme revenue of \$0.56 million in FY 2019 was comparable with FY 2018.

Interest income was \$0.32 million in FY 2019 compared to \$0.39 million in FY 2018. Other revenue was \$0.02 million in FY 2019 compared to \$0.03 million in FY 2018.

Operating Expenses

Total expenses before depreciation and amortisation was lower at \$58.06 million in FY 2019 compared to \$63.64 million in FY 2018. The Group benefitted mainly from lower personnel expenses and lower interest cost as explained below.

Personnel expenses decreased to \$44.09 million in FY 2019 from \$47.35 million in FY 2018. The decrease was mainly due to the adoption of the new accounting standard SFRS(I) 16 Leases, which required rentals on staff housing leases to be recognised on the balance sheet as right-of-use assets and depreciated over the lease periods. The depreciation

of the right-of-use assets is disclosed in Depreciation expenses below.

School shop costs were \$0.39 million in FY 2019 compared to \$0.36 million in FY 2018.

Enrichment programme costs were \$0.37 million in FY 2019 and FY 2018.

Utilities expenses were lower at \$0.89 million in FY 2019 compared to \$0.95 million in FY 2018.

Upkeep and maintenance expenses were lower at \$1.39 million in FY 2019 compared to \$1.48 million in FY 2018.

Finance costs were lower at \$4.97 million in FY 2019 compared to \$7.03 million in FY 2018 due to the lower prevailing interest rate on the new 10-year bank loan facility utilised to refinance the redemption of the Company's Bonds in April 2019.

Other operating expenses were \$5.96 million in FY 2019 compared to \$6.10 million in FY 2018.

Depreciation and amortisation expenses were \$13.45 million in FY 2019 compared to \$10.08 million in FY 2018. The increase was due to the additional depreciation of \$3.39 million in FY 2019 on right-of-use assets arising from the adoption of SFRS(I) 16 Leases with effect from 1 January 2019.

Profitability

Profit before taxation ended higher at \$10.79 million in FY 2019 compared to \$9.35 million in FY 2018, an increase of 15.4% over the last financial year.

Income tax expense was \$2.78 million in FY 2019 compared to \$2.44 million in FY 2018. The FY 2019 income tax expense comprised of provision for current tax of \$2.75 million and accrual of net deferred tax of \$0.03 million, whilst

FY 2018 income tax expense comprised current tax of \$2.18 million and accrual of net deferred tax of \$0.27 million. The net deferred tax liabilities arose due to the recognition of the tax effect on temporary differences between the net book value and the tax-written-down value of qualifying assets.

Net profit after taxation ended higher at \$8.01 million in FY 2019 compared to \$6.91 million in FY 2018, an improvement of 15.9% over the last financial year.

BALANCE SHEET

Total property, plant and equipment and right-of-use assets at 31 December 2019 amounted to \$253.81 million compared to \$258.12 million at 31 December 2018. The decrease of \$4.31 million was due mainly to the depreciation charge for the reporting period, offset by the additional right-of-use assets recognised in 2019 which arose from the adoption of SFRS(I) 16 Leases.

Inventories of school uniforms, books and stationery supplies for sale at the school shop were \$0.42 million at 31 December 2019 compared to \$0.41 million at 31 December 2018.

Trade receivables comprised amounts attributable to tuition fees, registration fees, school shop revenue and other revenue. Trade receivables balance at 31 December 2019 was \$1.09 million compared to \$1.05 million at 31 December 2018, due mainly to the timing of collection of the receivables for the reporting period.

Prepayments increased by \$0.04 million due to the timing of prepaid expenses incurred at the start of each new academic semester.

The Group's cash and bank balances amounted to \$45.50 million at 31 December 2019 and \$41.63 million at 31 December 2018.

Trade and other payables and liabilities were higher at \$1.68 million at 31 December 2019 compared to \$1.08 million at 31 December 2018, due mainly to timing of payments of operating expenses.

Total fees received in advance (current and non-current) was \$31.21 million at 31 December 2019 and \$29.09 million at 31 December 2018. The total fees received in advance comprised tuition fees collected for the next semester which commenced in January 2020, and registration fees for enrolment.

Lease liability (current and non-current) of \$4.15 million at 31 December 2019 arose from the adoption of SFRS(I) 16 Leases with effect from 1 January 2019.

Borrowings – Bank loan (current and non-current) of an unsecured 10-year bank term loan facility of \$117.75 million was utilised to fully redeem the remaining outstanding Company's Bonds of \$117.75 million on 17 Apr 2019. The Group paid the first and second quarterly instalment of \$1.54 million each in Q3 2019 and Q4 2019, and the remaining

bank loan balance at amortised cost at 31 December 2019 was \$113.58 million.

Bank loan – Interest payable on the aforesaid long term bank loan was accrued for Q4 2019 at the current prevailing bank's offer interest rate of approximately 3.4% per annum.

Goods and Services Tax payable of \$2.68 million and \$2.55 million at 31 December 2019 and 31 December 2018 respectively arose mainly from the billing of next semester's tuition fees.

Deferred tax liabilities amounted to \$7.95 million at 31 December 2019 compared to \$7.92 million at 31 December 2018. The net deferred tax liabilities arose from the tax effect on temporary differences between the net book value and the tax-written-down-value of qualifying assets.

CASH FLOW STATEMENT

The net cash generated from operating activities in FY 2019 was \$28.92 million, which consisted of cash inflow from operating profit before working capital changes of \$28.89 million, net working capital inflow of \$2.01 million, interest

received of \$0.32 million, income tax paid of \$2.18 million and lease interest paid of \$0.12 million.

The above-mentioned net working capital inflow of \$2.01 million arose mainly from cash inflow relating to the increase in trade and other payables, liabilities and fees received in advance of \$2.85 million, offset by the cash outflow from the increase in non-current deposits, trade receivables and inventories less the decrease in other receivables, deposits and prepayments.

The net cash used in investing activities of \$1.50 million in FY 2019 was mainly due to additions of property, plant and equipment of \$1.25 million.

The net cash outflow in financing activities of \$23.56 million was for the lease payments of \$3.33 million, net proceeds from bank borrowings of \$117.16 million used for bonds redemption of \$117.75 million, bank loan repayment of \$3.08 million, payment of bank interest and bond interest of \$5.14 million and payment of the final dividend in respect of FY 2018 in May 2019 of \$11.42 million.

SIGNIFICANT TRENDS AHEAD

The Group expects the current operating environment for foreign system schools (FSS) to continue to remain challenging and competitive.

The Group believes Overseas Family School (OFS) is an inextricable part of Singapore's social and economic infrastructure supporting foreign direct investments into Singapore, and an important consideration for expatriates contemplating the relocation of their families, especially of their school-going children here. OFS is well placed in the FSS market to compete and to support any expansion of foreign direct investments and increase in expatriate families with school-going children into Singapore.

OFS IS WELL PLACED IN THE FSS MARKET TO COMPETE AND TO SUPPORT ANY EXPANSION OF FOREIGN DIRECT INVESTMENTS AND INCREASE IN EXPATRIATE FAMILIES WITH SCHOOL-GOING CHILDREN INTO SINGAPORE.



WE VIEW THIS INCREASED EMPHASIS ON SUSTAINABILITY AS AN OPPORTUNITY TO FURTHER IMPROVE ON OUR BUSINESS PRACTICES.



OUR BOARD AND MANAGEMENT ARE COMMITTED TO MANAGE OUR SCHOOL IN AN ETHICAL, SOCIALLY AND ENVIRONMENTALLY SUSTAINABLE MANNER.





WE HAVE SET OUT OUR STRATEGY ROADMAP TO USE OUR RESOURCES IN A MORE EQUITABLE AND SUSTAINABLE MANNER.

ABOUT THIS REPORT

Our Sustainability Report has been prepared in accordance with Global Reporting Initiatives (GRI) Standards: Core Option, as well as Singapore Exchange Limited (SGX) Sustainability Reporting Guide for listed companies. We have adopted the GRI reporting framework for its international recognition and universal applicability (*SGX Guide 3.6 – Global standards and comparability*).

We, OEL together with our subsidiaries (the Group), recognise that sustainable business practices have become increasingly important to our stakeholders. Our stakeholders are also looking towards us for increased transparency and accountability around our business practices. Hence, we are pleased to share our sustainability journey and our continuing efforts and progress we have made thus far.

This is our third year of sustainability reporting. In this report, we have again reviewed the material environmental, social and governance areas that are important to our stakeholders and us. We have also set out our strategy roadmap to use our resources in a more equitable and sustainable manner, and at the same time create long-term value for our stakeholders.

Our annual sustainability report focused on our performance from 1 January 2019 to 31 December 2019, which is congruous with the financial year of the Group.

We have not sought external independent assurance for this sustainability report. We welcome any feedback you may have, and please feel free to write to us at ir@ofs.edu.sg should you have any inquiries about its content.



SUSTAINABILITY REPORT

WE EMBRACE
CULTURAL
AND SOCIAL
DIVERSITY, AND
PROMOTE EQUAL
OPPORTUNITIES
AMONG OUR
PEOPLE.

BOARD STATEMENT

OEL Board of Directors (Board) and management recognise that environmental, social and governance (ESG) issues are very important in managing a school. Continued emphasis is placed on ensuring sustainable business practices which are transparent and accountable. We also view this increased emphasis on sustainability as an opportunity to further improve on our business practices, and to help address any material ESG areas that are relevant to our stakeholders.

Our Board assumes the leadership and advisory role for the Group's sustainability strategy. Our Chief Financial Officer is the designated Sustainability Team Lead, and he reports to the Board on any key material sustainability performance matters. He also ensures the preparation of sustainability disclosures as required by the SGX Sustainability Reporting Requirements.

We believe our School is an inextricable part of Singapore's social and economic infrastructure supporting foreign direct investments into Singapore, and forming an important consideration for expatriates contemplating the relocation of their families, especially of their school-going children here.

Our Master Policy: ***To maintain a happy, safe and effective school for overseas families living in Singapore*** is the key pillar of our sustainable strategy. We strive to achieve our Master Policy through our internationally recognised curricula, our student code of conduct and well-supervised security measures.

Our Board and management are committed to manage our School in an ethical, socially and environmentally sustainable manner. We also recognise the importance of a safe school environment for our students, parents, teachers and OFS community, even in unexpected events such as the current health emergency COVID-19 (Coronavirus Disease 2019) outbreak.

We embrace cultural and social diversity, and promote equal opportunities among our people. Our teachers and staff are well trained and competitively remunerated, and are expected to maintain the highest standard of professionalism, integrity and trust.

We embrace sustainability not only as a guiding principle, but we also imbue our day-to-day running of our School's operations, processes, curricula and activities with sustainable ESG practices. We will share more of these further in our sustainability report.





ENGAGING WITH OUR STAKEHOLDERS

We actively engage with our stakeholders through various engagement platforms so as to allow us to better understand their expectations or any concern they may have. We also welcome routine inquiries and regular feedback from stakeholders.

While such engagements are helpful to drive change and improve sustainable practices, we are also conscious that building engagement on the ground or through our day-to-day contact, e.g. directly with parents or through our OFS Parent Association, is critical to ensure that our sustainable programmes are realistic and effective.

The engagement platforms with our stakeholder groups are summarised in the table below.

| Stakeholder groups | Engagement platforms | Frequency |
|---|---|--|
| Parents and OFS Parent Association | <ul style="list-style-type: none"> • All New Parents' Coffee Morning • Parents' Coffee Mornings • School newsletters • School Yearbook • Global Picnic • Parents Orientation and Curriculum Mornings or Evenings • Parents-Teacher conferences • OFS website, notice boards, announcements and social media platforms like Facebook and Instagram • Parents' meetings and feedback | <ul style="list-style-type: none"> • Start of new school year • Monthly • Monthly • Annually • Annually • Scheduled • Scheduled • Throughout the year • Scheduled |
| Shareholders, investors and analysts | <ul style="list-style-type: none"> • Results announcements • Release of Annual Reports • Annual General Meetings • Extraordinary General Meetings • Analysts meetings • Investors roadshow | <ul style="list-style-type: none"> • Quarterly (Half-yearly from 2020) • Annually • Annually • As needed • Scheduled • As needed |
| Teachers and staff | <ul style="list-style-type: none"> • Chairman's lunch • Academic Board meetings • Global Picnic • Teachers orientation sessions • Staff meetings and feedback | <ul style="list-style-type: none"> • Annually • Scheduled • Annually • Annually • Scheduled |
| Government agencies and regulators | <ul style="list-style-type: none"> • Meetings • Electronic communications | <ul style="list-style-type: none"> • Scheduled • Quarterly |
| Business partners, contractors and suppliers | <ul style="list-style-type: none"> • Meetings and feedback | <ul style="list-style-type: none"> • Scheduled |
| Local community and corporate social responsibility | <ul style="list-style-type: none"> • Various school programmes and community outreach | <ul style="list-style-type: none"> • pp. 27-30 |



ASSESSMENT OF MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE AREAS

Our assessment of material environmental, social and governance (ESG) areas was guided by GRI reporting framework and SGX Sustainability Reporting Guide.

The following material ESG areas are assessed and selected based on the degree of influence they have on our stakeholders as well as the effect our School has on the economy, the environment and society.

| Material ESG areas | GRI topics | Read more in our: |
|--|---|--|
| Economic Sustainability Our financial performance, economic value generated and distributed. | <ul style="list-style-type: none"> Economic Performance | Chairman's Message (pp. 4-5) Financial Highlights (pp. 18-19) Operations & Financial Review (pp. 20-21) Financial Statements (pp. 66-124) |
| Corporate Governance Our corporate governance structure, ethics, accountability and audit, shareholders rights and responsibilities. | <ul style="list-style-type: none"> Anti-corruption | Corporate Governance Report (pp. 36-64) |
| The OFS Experience and OFS Community Our values, principles and norms of behaviour. | <ul style="list-style-type: none"> Non-discrimination | p. 27 |
| Community Engagement and Corporate Social Responsibility Our local community engagement and school programmes on sustainability. | <ul style="list-style-type: none"> Local Communities | pp. 27-30 |
| Our Teachers and Staff Investing in our teachers and staff. | <ul style="list-style-type: none"> Employment Training and Education Diversity and Equal Opportunity Non-discrimination | p. 31 |
| Green Spaces and Energy Management Our OFS campus at Pasir Ris. | <ul style="list-style-type: none"> Energy | p. 32 |
| Waste Minimisation and Recycling The 3Rs (Reduce, Reuse, Recycle) suffused through every level of learning. | <ul style="list-style-type: none"> Effluents and Waste | p. 32 |
| Security, Health, Food Hygiene and Safety Happy and safe learning environment. | <ul style="list-style-type: none"> Security Practices | p. 33 |

OFS PRIDES ITSELF AS A FAMILY-ORIENTED SCHOOL THAT GREATLY VALUES ITS BONDS WITH PARENTS AND STUDENTS.



THE OFS EXPERIENCE AND OFS COMMUNITY

OFS is unique in our philosophy of education and in our beliefs for our School. We promote a truly international outlook and there is no one dominant nationality within our student population or amongst our staff. At OFS, even K-12 students learn to be responsible global citizens.

Children of expatriates often travel from one country to another with their parents before settling down in a country of their choice. Selecting a suitable school is as much a part of their lives as learning a different language with every move. OFS eases the transition for children aged two to 18 years old through an open entry policy that allows admission at any K-12 level without pre-entry tests. Students are encouraged to flourish at their own pace in an environment that fosters growth through self-discipline and self-respect. A “worldwide family approach” permeates the school system, promoting diversity, critical thinking and lifelong learning so that students can function well in a globalised economy and a culturally diverse society.

OFS prides itself as a family-oriented school that greatly values its bonds with parents and students. Our vibrant School provides a well-rounded education to students of expatriate families from more than 60 countries, and supported by staff members from some 30 countries.

OFS is a community of learning where the learning is student-focused, and not teacher-centred, to enhance the student learning experience. Group and project-based learning, and outdoor activities support student engagement. We also integrate Model United Nations initiative and Intellectual Development Programmes into the core curriculum to build relational skills, critical thinking and self-confidence.

We have a ‘Self-Discipline, and Zero Tolerance for Violence’ policy at OFS.

Multinationalism and multiculturalism are cornerstones of our OFS ethos, and have deep roots in our collective consciousness. Respect for one another naturally developed amongst students and teachers, and we operate with the minimum of rules or punishments. It is essential that no student or staff member feels threatened by violent or aggressive behaviour from another member of the School community. Any act of violence will lead to immediate expulsion; and all students, teachers, principals, management and staff work together to meet this policy.



COMMUNITY ENGAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

OFS believes in the importance of community service, engagement with other educators, and awareness of the environment. We believe our policies and practices have a positive impact on our stakeholders and the community we operate in, and also help to instil a sense of social responsibility among our students and teachers alike.

Our students at OFS actively participate in the school’s Community Service Programme, which is an integral part of school life. This can be service to the local school community, the Singapore community, or the larger global community. Our teachers have the opportunity to engage with other educators in Singapore, allowing them to contribute by sharing their knowledge, experience and expertise with the wider education community in Singapore.

COMMUNITY SERVICE

Our School continues to contribute positively to our local neighbourhood and to forge community service partnerships with various local and overseas organisations. These opportunities have helped members of our school community understand the importance of volunteering and that their participation provides valuable community services.

Beach Clean Up at Pasir Ris Beach and Recycling of Plastic Trash

As part of our effort to support our local neighbourhood community, our students have organised several beach clean ups at the nearby Pasir Ris Park to help keep the beach clean, reducing river and marine trash, thereby providing clean waters for marine life and plants that are important to our ecosystem.

Students are also collecting soft plastic, a major source of river and marine trash, to recycle into “Eco Bricks” to make stools for use in the High School. They are also collecting used plastic milk bottles to build a reading igloo for the OFS Kindergarten.

MINDS - Movement for the Intellectually Disabled of Singapore

OFS has been volunteering at MINDS for over 10 years and has built a strong partnership with its Lee Kong Chian Gardens school. Our students work individually with MINDS students to practise specific skills during physical education and art lessons. Since the MINDS students have varying abilities, the individualised help is particularly useful and valuable for these students. The MINDS students are always so happy to see the OFS students and many OFS students have said that their MINDS experience was very challenging but one of the most meaningful service activities.

RDA - Riding for the Disabled Association

RDA is an organisation that provides therapeutic horse riding sessions for disabled children, providing invaluable practice for these children to improve their balance and motor skills. Our students have been volunteering with RDA for over 10 years. They work as leaders or side-walkers to help the RDA students stay balanced and safe on the horses. Our students agree that serving at RDA is one of their most unique and rewarding volunteering experiences.



STUDENTS ARE COLLECTING SOFT PLASTIC TO RECYCLE INTO “ECO BRICKS” TO MAKE STOOLS FOR USE IN THE HIGH SCHOOL.

SOCIAL RESPONSIBILITY

Our students also engage in many impactful social activities, either through school clubs or personal initiatives. They work in collaboration with each other, or individually, to develop a greater sense of social responsibility. At the same time, they also help to raise awareness of social, environmental and global issues within our school community.

Animal Welfare

Our students at the Animal Welfare Club help to educate their peers about the plight of many endangered animals and increase the



THE COMPOST
PRODUCED
IS USED TO
FERTILISE OUR
OWN GARDENS.

awareness of animal issues that are both global and local. Students volunteer at the Love Kuching Project where they care for stray cats that are eventually put up for adoption. Students also volunteered with Animal Concerns, Research and Education Society (ACRES). At ACRES, they care for and clean cages of the many animals that have been saved from illegal animal trade. Through these efforts, OFS hopes to help our students make changes to their own attitudes and lifestyles to make the world a more animal friendly place.

Crocheting/Knitting for Charity

Our students in the Knitting and Crocheting Club learn how to knit and crochet to create squares that are donated to charities. These squares are then made into blankets for children in need. Each year, our students learn a valuable skill and also make enough squares to create several beautiful blankets.

Earth Club

The month of April is OFS Earth Month when several events are organised to help raise awareness of various environmental issues. This year, students created a large-scale display titled “Plastic Oceans”. This walk-through display taught all ages the problems of plastic and encouraged everyone to think about ways they could personally reduce their use of single-use plastic.

Besides recycling plastic as part of the Beach Clean Up mentioned above, the students also run the composting bins where they collect food scraps from students and staff and help to oversee the composting process. The compost produced is used to fertilise our own gardens.

Plant Project

OFS students in the plant project tend to a nursery. Healthy plants from their “garden” are loaned to staff and classrooms for a week, and are replaced weekly with other plants. Plants returned to the garden are nourished again by the students before they are sent out again. These students help make our campus a greener place, while improving our learning environment with oxygen producing plants in our classrooms. Students also learn important skills of gardening in the process.

Vegetable Garden

Our School invested in a Vegepod in July 2019. It was assembled by the students in the MYP Action Club in September and then placed in the garden plot, filled, planted and has been cared for since.

The Vegepod is a self-watering raised garden bed with a wicking system design, reservoirs for water collection below and a protective cover. The system is made out of virgin polypropylene which is food safe material and our fill (soil, compost and fertiliser) is also organic. Therefore, the veggies we grow are also organic.

The Vegetable Garden is under the care of the OFS MYP Action Club. This club consists of volunteer students and staff members. The Vegepod serves the surrounding community through monthly donations to a community fridge and students participate in outdoor learning in a variety of ways. Students spend time propagating, planting, caring for and harvesting the garden edibles. Through their gardening journey, volunteers have gained a comprehensive knowledge of the importance of organic soil composition, fertilisers and natural pest remedies. They have also attained valuable experience in the farm to plate journey of growing edibles in an urban environment. Students also have a clear sense of their role in the circular economy. Volunteering in the garden allows for opportunities of team work, leadership, problem solving, mindfulness and being part of the rewarding journey of growing edibles for the purpose of donation and horticultural education.



THEY HAVE
ATTAINED VALUABLE
EXPERIENCE IN
THE FARM TO
PLATE JOURNEY OF
GROWING EDIBLES
IN AN URBAN
ENVIRONMENT.

Paper Recycling Projects

There are several recycling projects that involve recycling paper on campus. Our Recycling Club provides recycling bins for all classrooms. One team of students collects and sorts recycled paper from classrooms every week. Another team retrieves paper printed on one side and recycles them for printing in dedicated printers that only uses recycled papers. Yet another team takes the sorted paper and makes notebooks that are used throughout the school as homework journals or memo pads. The Elementary School and Kindergarten children love to use these recycled notebooks for drawing and colouring. This year, the High School students helped the Middle School students to start similar recycling clubs. Through these efforts, our students work to communicate the importance of recycling paper and reusing what we can.

PARTNERSHIPS WITH LOCAL INSTITUTIONS

Our School has various partnerships and collaborations with the Ministry of Education (MOE) and local educational institutions in Singapore.

MOE Teacher Work Attachment Programme

Since 2005, we have worked closely with MOE under its “Teacher Work Attachment” programme to provide professional development for MOE teachers. Under this programme, MOE assigns their teachers to work

under attachment with teachers at our School for a period of up to four weeks, to gain an understanding of the teaching philosophy and methodologies of OFS and the international programmes we run.

In recognition of OFS’s contribution to the professional development of teachers in Singapore, our School was awarded a certificate of appreciation by the Academy of Singapore Teachers in 2010 and subsequent years. We have renewed our commitment to the Teacher Work Attachment programme with MOE for 2020, and will continue to participate in this partnership on a sustained basis to provide attachment places to MOE teachers.

Exchanges with Local Schools

In April last year, OFS held its annual exchange programme with Bendemeer Secondary School (BSS), where 20 Grade 9 OFS students experienced the environment of a local school. In this programme, OFS student representatives were partnered with BSS student ‘buddies’ to attend classes there. OFS reciprocated by hosting 15 students from BSS to spend a day with us and experience life in an international school. The BSS students were also invited to the OFS Global Picnic held on 6 April 2019, where they had the chance to watch multi-cultural performances by OFS students and savour cuisine from nearly 40 countries specially prepared by the parents of OFS students.



WE ALWAYS
ADVOCATE A
FRIENDLY AND
WORLDWIDE
FAMILY CULTURE
AT OFS.



OUR TEACHERS AND STAFF

OFS continues to hire the best of teaching ability from around the world. Teaching is organised into four age-related schools, each with a Principal and academic support team. The four Principals and those with leadership roles were all previously successful OFS teachers, and are committed to OFS educational policies. The academic teams focus on their students, and administrative duties mostly performed by the management and administrative staff.

Throughout our years of operating OFS, we have been fortunate to experience a low normalised rate of staff turnover. We believe in a happy and safe school environment. We conduct fair employment practices and recognise teachers and staff for their exemplary contributions to the School. We always advocate a friendly and worldwide family culture at OFS. Above all, OFS remunerates all our teachers and staff competitively, and strives to make OFS a workplace of choice.

Regular performance reviews are conducted for staff, and performance feedback is given to the staff during

these reviews. At OFS, our academic staff growth is seen as a professional journey rather than short measurable end-points. Goal settings are undertaken, but short-term goal setting is not an approach used at OFS. Our teachers have the professional choice how they wish to plan their own professional development within the guidelines set out by each of the school Principals and senior management.

Demographics

We have about 400 full-time staff members. Gender diversity remained stable during the year at 66% (2018: 67%) female staff and 34% (2018: 33%) male staff.

The tables below provide the breakdown by gender, age group and residency status:

| AGE | FEMALE | MALE | TOTAL |
|-------|--------|------|-------|
| 20-30 | 3% | 2% | 5% |
| 30-40 | 15% | 6% | 21% |
| 40-50 | 23% | 13% | 36% |
| 50-60 | 15% | 9% | 24% |
| 60-70 | 9% | 3% | 12% |
| 70-80 | 1% | 1% | 2% |
| Total | 66% | 34% | 100% |

| STATUS | FEMALE | MALE | TOTAL |
|---------------|--------|------|-------|
| Singaporeans | 29% | 12% | 41% |
| Singapore PRs | 11% | 4% | 15% |
| Pass Holders | 26% | 18% | 44% |
| Total | 66% | 34% | 100% |



GREEN SPACES AND ENERGY MANAGEMENT

Our OFS campus at Pasir Ris is designed and built as a 'Green Mark' campus with ample green and open spaces. Comfort, safety and security measures are at the forefront to maintain a happy and safe school environment. Natural daylighting also contributes to bright cheerful environment and reduces the need for excessive electric lighting. Open green spaces with wide passageways and corridors promote natural ventilation and breezy conditions all around the campus.

All our classrooms and study areas are installed with full-spectrum mercury-free LED lights. OFS invested in these full-spectrum LED lights to achieve an optimal learning environment for our students. Many research studies have shown that children placed in rooms with these special LED lights can concentrate better and display less behaviour related issues.

These LED lights are also very energy efficient. We have also many other energy saving features in place like energy-efficient induction air distribution and air-conditioning system, 'smart' lifts and escalators, timer-switches and sensors, to reduce energy waste and help to improve environmental quality.

The table below shows our annual water and electricity consumption during 2017 to 2019:

| | 2017 | 2018 | 2019 |
|-------------------|-----------|-----------|-----------|
| Water (Cu M) | 32,257 | 31,611 | 32,184 |
| Electricity (kWh) | 4,751,221 | 4,612,632 | 4,684,216 |

We are mindful of our impact to the environment of our School's operations, and we are committed to further improve on our energy saving effort year on year.



WASTE MINIMISATION AND RECYCLING

The 3Rs (Reduce, Reuse and Recycle) are suffused through every level of learning at OFS. We feel that the 3Rs play a crucial role of waste generation at its source by reducing consumption, as well as reusing and recycling all materials to give them a second lease of life. We also aim to instil a green culture combined with collaborative learning (e.g. beach clean-up at Pasir Ris beach, plastic and paper recycling projects, and many other community and social service projects mentioned above) to bring benefits to the local community and wider environment both now and into the future.

We also practise waste segregation in order to recycle as much as possible. We provide ample special recycling bins for collecting different recyclable materials. In addition to the recycling projects mentioned above, all students, staff and visitors are encouraged to reduce waste by placing discarded items into the relevant bins.

We expect everyone at OFS to play their part in the waste minimisation and recycling, and contribute to maintaining a happy and safe surroundings for all.



THE 3RS (REDUCE, REUSE AND RECYCLE) ARE SUFFUSED THROUGH EVERY LEVEL OF LEARNING AT OFS.



WE PUT THE
CARE AND
WELFARE OF
OUR STUDENTS
FOREMOST.



SECURITY, HEALTH, FOOD HYGIENE AND SAFETY

We take our responsibilities in security, health, food hygiene and safety matters very seriously.

Our security team is on duty 24/7, and CCTV cameras monitor activities on school campus at all times.

We have a comprehensive and well-supervised traffic control plan where our traffic control team ensures the safety of pedestrians and motorists when they enter the school, and within the school.

All staff, parents and students (except for students in uniforms) are required to wear an OFS security identity pass on school campus. All visitors are screened at the security guard post and issued with a visitor pass before entering the school campus. Visitors must display their visitor pass prominently, and be accompanied by school staff at all times.

We adopt National Environment Agency guidelines (please refer to NEA website) to monitor Haze conditions. Evacuation drills are also conducted every semester to familiarise the school body with evacuation

routes and assembly points, should emergency evacuation be activated.

OFS cafeteria has continually attained NEA's Grade A rating, the highest standard for overall food hygiene, cleanliness and housekeeping of the cafeteria. Our cafeteria practices healthy food preparation methods and offers our students a wide menu of healthy food and beverage choices.

We put the care and welfare of our students foremost. We have a medical centre with qualified full-time school nurses to render first-aid help, as well as regular health checks for our students.

We are deeply concerned about the current and fluid health emergency COVID-19 outbreak. Our School has put in place all the measures and guidelines issued by the respective Singapore government health and education ministries and their agency regulators. We have also responded with stricter measures if they are necessary to protect our student body and our community. Parents and guardians also expect OFS to be vigilant and strict as to these measures that must be taken to protect their children and wards in this health emergency. If students are placed on leave of absence, online learning and academic support are readily available so that they will not miss their studies and academic pursuits.

We adopt a whole school approach in partnership with our students, parents and teachers to maintain a happy and safe learning environment.

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CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) and management of Overseas Education Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) place great importance in a high standard of corporate conduct to uphold good corporate governance. This commitment and continuous support of the Code of Corporate Governance which was revised on 6 August 2018 (the “**2018 Code**”) and accompanying Practice Guidance, which supersedes the existing Code of Corporate Governance issued in 2012 can be seen from the Board and management efforts to promote and maintain values which emphasise transparency, accountability, integrity and proper conduct at all times in the business operations and dealings of the Company so as to create value for its stakeholders and safeguard the Group’s assets.

This report describes the practices the Company has undertaken with respect to each of the principles and guidelines and the extent of its compliance with the 2018 Code and should be read as a whole, instead of being read separately under the different principles of the 2018 Code.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the company.

Role of the Board

The Company is headed by an effective Board comprising seven (7) directors of whom three (3) are executive directors and four (4) are independent directors. Their combined wealth and diversity of skills, experience, gender and knowledge of the Group enables them to contribute effectively to the strategic growth and governance of the Group. The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for shareholders. The Board supervises the management of the business and affairs of the Group, provides corporate direction, monitors managerial performance and reviews financial results of the Group.

The principal functions of the Board, apart from its statutory responsibilities, include:

- Providing entrepreneurial leadership and setting the overall strategy and direction of the Group, taking into account environmental and social factors as part of its strategic formulation;
- Overseeing the management of the Group’s business affairs, financial controls, performances and resource allocation;
- Monitoring and reviewing the performance of the management team;
- Approving the Group’s strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- Establishing a framework of prudent and effective controls and overseeing the processes of risk management, financial reporting and compliance, evaluating the adequacy of internal controls and safeguarding the shareholders’ interests and the Group’s assets;
- Approving the release of the Group’s quarterly and full-year financial results, related party transactions of material nature and submission of the relevant checklists to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”);
- Appointing directors and key management personnel, including the review of their performances and remuneration packages and succession planning as an on-going process;

- Reviewing and endorsing corporate policies in keeping with good corporate governance and business practices;
- Identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and
- Setting the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met.

All directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company and hold management accountable for performance. The Board also sets the tone for the Group in respect of ethics, values and desired organisation culture, and ensures proper accountability within the Group. Directors must avoid situations in which their own personal or business interest directly or indirectly conflict or potentially conflict, with the interest of the Group. Where a director has a conflict or potential conflict of interest in relation to any matter, he/she will immediately declare his/her interest to all directors and send a written notice to the Chairman and/or Company Secretary, setting out the details of his/her interest and the conflict; and will recuse himself/herself from any discussion on the matter and abstain from participating in any Board decision.

Board Processes

To ensure that specific issues are subject to considerations and review before the Board makes its decisions, the Board has established 3 Board committees, namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively "**Board Committees**"), responsible for making recommendations to the Board. These Board committees operate within clearly defined terms of reference and play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed by the Board committees on a regular basis to ensure their continued relevance and to enhance the effectiveness of these Board committees. The roles and responsibilities of these Board committees are provided for in the latter sections of this report on Corporate Governance.

The Company has since its official listing on the SGX-ST on 7 February 2013, held its Board meetings on a quarterly basis. During the financial year ended 31 December 2019, the Board held a total of 4 meetings. The minutes of all Board and Board Committees meetings, which provide a fair and accurate record of the discussion and key deliberations and decisions taken during the meetings, are circulated to the Board and Board committees. The Board is free to seek clarification and information from the management on all matters within their purview. Ad-hoc meetings are convened at such other times as may be necessary to address any specific significant matters that may arise. The Board also approves important matters pertaining to the Group through written resolutions, which are circulated to the Board together with all relevant information relating to the proposed matters. The Company's Constitution (the "**Constitution**") provides for the meetings of the directors to be held by means of telephonic conference or other methods of simultaneous communication be it electronic or telegraphic means when necessary.

The agenda for meetings is prepared in consultation with the Executive Chairman, the Executive Directors and/or the Chairman of the Board committees. The agenda and documents are circulated in advance of the scheduled meetings.

The frequency of meetings and the attendance of each director at every Board and Board Committee meeting for the financial year ended 31 December 2019 are disclosed in the table reflected below:

CORPORATE GOVERNANCE REPORT

Attendance Report of Directors

| Names of Directors | Board | | Audit Committee | | Nominating Committee | | Remuneration Committee | |
|----------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|--------------------------|------------------------|--------------------------|
| | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended |
| David Alan Perry | 4 | 4 | NA | NA | 1 | 1 | NA | NA |
| Wong Lok Hiong | 4 | 4 | NA | NA | NA | NA | NA | NA |
| Ho Hie Wu | 4 | 4 | NA | NA | NA | NA | NA | NA |
| Ho Yew Mun | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Leow Wee Kia Clement | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Tan Teng Muan | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| David Peter Walker | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |

The directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, we believe that each individual director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committees meetings.

Director Orientation and Training

The Company conducts briefing and orientation programs for new directors to familiarise themselves with the Group's structure and organisation, businesses and governance policies. Briefings or discussions will be conducted by the Executive Chairman and Chief Executive Officer and/or senior management on the key aspects of the business activities of the Group and its strategic direction, as well as their duties and responsibilities as directors. The aim of the orientation program is to give directors a better understanding of the Group's business which allow them to assimilate into their new roles. New directors are also informed about matters such as the Code of Dealing in the Company's securities. Directors and key management personnel are encouraged to attend relevant training programmes, courses, conferences and seminars on new laws, regulations and updates on commercial areas conducted by relevant professional organisation from time to time. Changes to regulations and accounting standards are monitored closely by the management. In order to keep pace with such regulatory changes, the Company provides opportunities for ongoing training on Board processes and best practices as well as any updates on changes in legislation and financial reporting standards, regulations and guidelines from SGX-ST that affect the Company and/or the directors in discharging their duties effectively.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading (if any) and key changes to the relevant regulatory requirements and financial standards, so as to enable them to properly discharge their duties as Board or Board Committee members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA"), which are relevant to the directors are circulated to the Board. The Company Secretary also informs the directors of upcoming conferences and seminars relevant to their roles as directors of the Company as well as the key amendments and impact of the 2018 Code and Listing Manual of the SGX-ST. The external auditors would update the AC and the Board on new and revised financial reporting standards that are applicable to the Company or the Group annually.

Matters Requiring Board Approval

The authority for approval of, *inter alia*, the following transactions rest with the Board;

- Approval of quarterly and full year results announcements for release to the SGX-ST;
- Approval of annual reports and audited financial statements;

- Convening of shareholders' meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets;
- Approval of major investment and funding decisions;
- Issuance of shares or declaration of dividends; and
- Approval of announcements or press release concerning the Group for release to the SGX-ST.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, the management is responsible for the day-to-day operation and administration of the Company and of the Group in accordance with the objectives, strategies and policies set by the Board.

Access to Information

To assist the Board to fulfil its responsibilities, the management provides the directors with management reports that are complete, adequate and timely information on Board affairs and issues that require the Board's decision as well as ongoing reports relating to the operational and financial performance of the Group. For matters that require the Board's decision, relevant members of the management staff are invited to attend and present at a specific allocated time during the Board and Board committee meetings. Periodic financial reports, budgets, forecasts, material variance reports, disclosure documents are also provided to the directors, where appropriate, prior to the Board and Board committee meetings. In respect of budgets, any material variance between the projections and actual results would be disclosed and explained during the meeting. Directors are also informed of any significant developments or events relating to the Group. In addition, the directors are entitled to request from management such additional information as needed to make informed decisions. Management ensures that any additional information requested for is provided to the directors in a timely manner.

The directors have separate and independent access to the key management personnel at all times and there is no restriction of access to the key management personnel in carrying out their duties. Where necessary, the Company will, upon the request of directors (whether as a group or individually), provide them with independent professional advice, to enable them to discharge their duties and responsibilities effectively. The costs of such professional advice will be borne by the Company.

The directors have separate and independent access to the Company Secretary, who provides the directors with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST. The Company Secretary or his/her representatives attend all Board and Board committee meetings, and assists the Chairman of the Board and Board committees in ensuring that the relevant procedures are followed and reviewed such that the Board and Board committees function effectively. The role of the Company Secretary has been formally established in the letter of engagement with the Company. The responsibilities set out include advising the Board on governance matters and assisting the Chairman to ensure the information flow within the Board, Board Committees and between management and directors. The decision to appoint or remove the Company Secretary is made by the Board as a whole.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board Composition

As of the date of this report, the Board consists of seven (7) members comprising the Executive Chairman who is also the Chief Executive Officer, two (2) Executive Directors and four (4) Independent Non-Executive Directors :

Executive Directors

David Alan Perry
Wong Lok Hiong
Ho Hie Wu

Independent Directors

Ho Yew Mun
Leow Wee Kia Clement
Tan Teng Muan
David Peter Walker

Board Independence

The Board has adopted the 2018 Code's criteria of an independent director in its review that all independent directors have satisfied the criteria of independence. In line with Guideline 2.2, the independent directors of the Company make up a majority of the Board where the Chairman is not independent. The current Board composition complies with the Provision 2.3 of the 2018 Code where non-executive directors make up a majority of the Board.

The independence of each director is reviewed annually by the NC in accordance with the 2018 Code's definition of independence. Each independent director is required to complete a 'Confirmation of Independence' form to confirm his independence. The said form, which was drawn up based on the definitions and guidelines set forth in Provision 2.1 of the 2018 Code and the NC Guide issued by Singapore Institute of Directors, require each director to assess whether he/she considers himself/herself independent despite of not having any of the relationships defined in the Code. The NC has reviewed the forms completed by each independent director and is satisfied that the independent directors are independent of the Company's management as contemplated by the 2018 Code.

Board Size

The size and composition of the Board are reviewed from time to time by the NC with a view to determine the impact of its number upon effectiveness. The NC decides on what it considers an appropriate size, taking into account the scope and nature of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The composition of the Board is reviewed at least annually by the NC to ensure that there is an appropriate mix of expertise and experience, qualifications, gender and age to enable the management to benefit from a diverse perspective of issues that are brought before the Board. The Board in concurrence with the NC, was of the view that the current number of seven (7) directors and the composition are appropriate and effective. No individual or small group of individuals dominate the Board's decision-making.

Regular Meetings for Independent Directors

Although all the directors have an equal responsibility for the Group's operations, the independent directors play an important role (i) in ensuring that the strategies proposed by the management are constructively challenged and developed by taking into account the long-term interests of the shareholders and (ii) in reviewing the performance of management in meeting agreed goals and objectives and monitoring the performance reporting. The independent directors meet at least once a year, or periodically as appropriate without the presence of management and Executive Directors in order to facilitate a more effective check on management and provide feedback to the Chairman of the Board after such meeting.

Board Diversity

Although there is no diversity policy adopted, the Board is committed to ensuring diversity on the Board including but not limited to appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting and finance, legal and regulatory, business and management experience, industry knowledge, and strategic planning to avoid groupthink and foster constructive debate. The current Board comprises of a female director and six males with an age group ranging from 45 to 79 years old. Each director has been appointed based on his or her relevant experience and competencies, and collectively the Board provides diversity of expertise and knowledge in areas such as accounting, finance, investment, risk management, legal and business management. This diversity facilitates constructive debate on the business activities of the Company and enables management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board, in concurrence of the NC, was of the view that the directors possess the necessary competencies to provide the management with a diverse and objective perspective on issues so as to lead, govern and contribute to the Company effectively.

The profiles of the Board are set out on pages 6 and 7 of the Annual Report. None of the directors has served on the Board beyond nine years from the date of his/her appointment.

To-date, none of the independent directors of the Company has been appointed as director of the Company's principal subsidiary, which is based in Singapore.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and management, and no one individual has unfettered powers of decision-making.

The roles of Chairman and Chief Executive Officer ("CEO") are assumed by David Alan Perry. As the CEO, he is responsible for the day-to-day operations of the Group. He plays an instrumental role in charting the direction and strategic development of the Group and formulates business strategies, the development of the Group and promoting high standards of corporate governance.

As Chairman, he leads the Board and is responsible for the effective working of the Board including:

- Scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties while not interfering with the flow of the Group's operations;
- Setting the meeting agenda of the Board;
- Ensuring that Board meetings are held when necessary;

CORPORATE GOVERNANCE REPORT

- Facilitating contributions from the independent directors and encouraging constructive relationships between the directors;
- Exercising control over the quality, quantity and timeliness of information flow between the management and the Board;
- Ensuring and fostering constructive and effective communication with shareholders;
- Promoting a culture of openness and debate at the Board; and
- Promoting high standards of corporate governance with full support from the directors and management.

The CEO has full executive responsibilities over the business directions and operational decisions in the daily business operations of the Group in accordance with strategies, policies, budget and business plans as approved by the Board.

Although the roles and responsibilities of both the Chairman and CEO are vested in David Alan Perry, major decisions are made in consultation with the Board, where majority of the Board comprises of independent directors. The Board is of the opinion that the process of decision making by the Board has a strong independent element and provides for collective decisions without any individual or small group of individuals dominating the Board's decision making.

Lead Independent Director

In maintaining good corporate governance, Ho Yew Mun, who has been appointed as the Lead Independent Director of the Company, will lead and coordinate the activities of the independent directors and facilitate a two-way flow of information between shareholders, Chairman and the Board. Hence, he will contribute to a balance of viewpoints on the Board. He is the principal liaison on Board issues between the independent directors and the Chairman of the Board. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman and CEO, Executive Directors or Chief Financial Officer ("CFO") has failed to resolve or for which such contact is inappropriate.

Where appropriate, the Lead Independent Director meets with the other independent directors without the presence of the Executive Directors and provides feedback to the Chairman after such meetings.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee Composition

The Board established the NC which comprises five (5) directors, a majority of whom are independent. The NC is chaired by an independent director, Leow Wee Kia Clement. The other NC members are Ho Yew Mun, the Lead Independent Director, Tan Teng Muan, David Peter Walker and David Alan Perry. The NC Chairman is also a director who has no relationship with the Company, its related corporations, its 5% shareholders or partners or its officer, and is not directly associated with 5% shareholders.

Nominating Committee Role

The NC is regulated by its terms of reference and its key functions include:

- Nomination and re-nomination of the directors of the Company having regard to their contribution, performance and ability to commit sufficient time and attention to the affairs of the Group, taking into account their respective commitments outside the Group;
- Determining annually whether a director is independent;
- Deciding whether a director is able to and has been adequately carrying out his/her duties as a director; notwithstanding that the director has multiple board representations;
- Reviewing of board succession plans for directors, in particular, the Chairman, the CEO and key management personnel;
- Development of a process and criteria for evaluation of the performance of the Board, Board Committees and directors;
- Reviewing of training and professional development programmes for the Board;
- Reviewing and approval of new employment of persons related to the directors, CEO and controlling shareholders and the proposed terms of their employment; and
- Appointment and re-appointment of directors (including alternate directors, if applicable).

The NC held 1 meeting during the financial year. Pursuant to the Constitution of the Company, each director of the Company shall retire from office. Directors who retire are eligible to stand for re-election.

Director Appointment and Re-appointment

The Board has delegated to the NC the functions of developing and maintaining a transparent and formal process for the appointment and re-appointment of directors, making recommendations for directors who are due for retirement by rotation to seek re-election at a general meeting and determining the independent status of each director.

The Company has in place, policies and procedures for the appointment of new directors, including the description on the search and nomination procedures. Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of his/her re-nomination as a director.

Despite some of the directors having multiple Board representations, the NC has reviewed the directorships of the directors and is satisfied that these directors are able to, and have adequately carried out their duties as directors of the Company after taking into the consideration the number of listed company board representations and other principal commitments of these directors. Currently, the Board does not determine the maximum number of listed Board representations any director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit. Currently, the Company does not have any alternate director and all independent directors have not served on the Board for more than 9 years.



CORPORATE GOVERNANCE REPORT

The NC has recommended to the Board that Wong Lok Hiong, Ho Yew Mun and Leow Wee Kia Clement be nominated for re-election pursuant to Regulation 96 of the Constitution of the Company at the forthcoming AGM and the Board had accepted the NC's recommendation. Details of the retiring Directors seeking for re-election are found in Table A set out on page 60 to page 64 of this Annual Report.

Where a vacancy arises, the NC will consider each candidate based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification, experience, ability to contribute effectively to the Board and to add value to the Group's business, in line with its strategic objectives before recommending the suitable candidate to the Board for approval.

Candidates may be suggested by directors or management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his/her responsibilities, good decision making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Particulars of interests of directors who held office at the end of the financial year in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

All directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Regulation 96 of the Company's Constitution requires one-third of the Board to retire and submit themselves for re-election by shareholders at each Annual General Meeting ("**AGM**"). In addition, Regulation 102 of the Company's Constitution provides that every new director must retire and submit themselves for re-election at the next AGM of the Company following his/her appointment during the year.

The dates of initial appointment, last re-election, directorships and principal commitments of each director are set out below:

| Name of Director | Date of First appointment/ Date of last re-appointment | Functions | Directorships in other listed companies and other principal commitments | Past directorships in other listed companies and other major appointments over the preceding three (3) years |
|------------------|---|--|---|--|
| David Alan Perry | 28 October 2011/ 24 April 2019 | Executive Chairman and CEO Member of Nominating Committee | Chairman of Overseas Family School Limited Director of Overseas Family School Limited (Hong Kong) Director of Master Projects Pte Ltd, Centre for Advanced Medicine Limited and Feedback Research Limited Director of PDAC Private Limited | NIL |
| Wong Lok Hiong | 28 October 2011/ 26 April 2017 | Executive Director | Chief Executive of Overseas Family School Limited Director of Overseas Family School Limited (Hong Kong) Director of Master Projects Pte Ltd, Centre for Advanced Medicine Limited and Feedback Research Limited Director of WLH Private Limited | NIL |
| Ho Hie Wu | 1 September 2018/ 24 April 2019 | Executive Director and Chief Financial Officer | Director of Overseas Family School Limited | NIL |
| Ho Yew Mun | 1 August 2012/ 26 April 2017 | Lead Independent Director Chairman of Audit Committee, Member of Nominating and Remuneration Committees | NIL | NIL |

CORPORATE GOVERNANCE REPORT

| Name of Director | Date of First appointment/ Date of last re-appointment | Functions | Directorships in other listed companies and other principal commitments | Past directorships in other listed companies and other major appointments over the preceding three (3) years |
|-------------------------|---|--|--|--|
| Leow Wee Kia Clement | 26 December 2012/ 25 April 2018 | Independent Director Chairman of Remuneration and Nominating Committees and Member of Audit Committee | Executive Director and Chief Executive Officer of Allied Technologies Limited Independent Director of Ellipsiz Ltd, MSM International Limited and Lum Chang Holdings Limited Non-Executive Director of Grand Team Technologies Limited | Executive Director, Chief Executive Officer and Head of Corporate Finance at Crowe Horwath Capital Pte Ltd |
| Tan Teng Muan | 28 October 2011/ 24 April 2019 | Independent Director Member of Audit, Nominating and Remuneration Committees | Commissioner for Oaths and Partner in the civil and commercial litigation practice of Mallal & Namazie Independent Director of United Global Limited | NIL |
| David Peter Walker | 1 July 2015/ 25 April 2018 | Independent Director Member of Audit, Nominating and Remuneration Committees | Managing Director of Kauri Capital Pte Ltd Member of Global Board of Governors of International Baccalaureate | NIL |

Please also refer to the “Board of Directors” section of the Annual Report for information relating to the directors.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

In line with the principles of good corporate governance, the Board has implemented a structured process to be carried out by the NC to evaluate the effectiveness of the Board as a whole, its Board Committees and individual directors annually. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with the management and standards of conduct of the directors. This encourages constructive feedback from the Board and enhances its performance over time.

The NC had also implemented a process to be carried out by the NC to assess the effectiveness of the Board Committees annually. During the financial year under review, each director was required to complete the evaluation form adopted by the NC to assess the overall effectiveness of the Board and Board Committees. In addition, the NC has implemented an annual self-assessment exercise to be performed individually by each director to assess his/her contribution to the Board's effectiveness. The evaluation results of the Board, Board Committees and individual assessments are reviewed and discussed by the NC. Any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken. The criteria taken into consideration by the NC and the Chairman include contribution and performance based on factors such as attendance, preparedness, quality of interventions and participation. Such assessments by the directors are useful and constructive, and this collective process has provided opportunities to obtain insightful feedback from each director on suggestions to enhance the effectiveness of the Board. These assessments have helped directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each director is contributing to the overall effectiveness of the Board. No external facilitator was used during the evaluation process.

Selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The NC, in considering the re-nomination of any director, had considered factors including their performance in the Board as a whole, its Board Committees and individual performance including his/her attendance, preparedness, participation and contributions in the proceedings of the meetings.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Remuneration Committee Composition

The RC comprises four (4) directors, all of whom are independent. The RC is chaired by an independent director, Leow Wee Kia Clement. The other RC members are Ho Yew Mun, Tan Teng Muan and David Peter Walker. In discharging their duties, the RC members have access to advice from the internal human resources personnel, and if required, advice from external experts.

CORPORATE GOVERNANCE REPORT

Remuneration Committee Role

The Group's remuneration policy is to provide remuneration packages at market rates which reward successful performance and attract, retain and motivate directors and key management personnel. The RC recommends to the Board a framework for the remuneration for the Board and key management personnel and to determine specific remuneration packages for each director based on transparency and accountability.

The RC is regulated by its terms of reference and its key functions include:

- Reviewing and recommending to the Board a framework of remuneration and specific remuneration packages, including termination terms, for all directors and executive officers of the Company;
- Reviewing the service agreements of the Executive Directors and key management personnel of the Group;
- Performing an annual review of the remuneration of employees related to directors to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scope and level of responsibility; and
- Reviewing and approving the bonuses, pay increases and/or promotions of employees related to directors.

The RC recommends, in consultation with the CEO, a framework of remuneration policies for key management personnel and directors serving on the Board and Board committees, and determines specifically the remuneration package for each director of the Company. The RC's review of remuneration packages takes into consideration the long-term interest of the Group and ensures that the interest of the directors align with that of the shareholders. The review covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind. In addition, the RC also reviews the remuneration of senior key management personnel. The RC's recommendations are submitted to the entire Board for endorsement. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his/her remuneration package.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Group's relative performance and the performance of the individual directors and key management personnel.

Remuneration Experts

The RC, in considering the remuneration of all directors, has not sought external advice nor appointed remuneration consultants during the reporting financial year.

Termination Clauses

In reviewing the service agreements of the Executive Directors and key management personnel of the Group, the RC will review the Group's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance. The RC has reviewed and recommended to the Board, and the Board concurred that the termination clauses are fair and reasonable and not overly generous. There was no termination of any key management personnel during the reporting financial year.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Remuneration Framework

The remuneration packages of the Executive Directors are determined based on the framework recommended by the RC where the RC reviews the length of the fixed appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Directors' service agreements to ensure that the terms of such clauses are not onerous to the Company. In setting remuneration packages, the Company takes into consideration the remuneration packages and employment conditions within the industry, the long-term interest and risk policies of the Company, as well as the Group's relative performance and the performance of each director.

Non-Executive Director Remuneration

The independent directors are paid directors' fees taking into account factors including but not limited to the effort, time spent and the scope of responsibilities of these directors. Independent directors should not be over-compensated to the extent that their independence may be compromised and no director is involved in deciding his/her own remuneration. The directors' fees are recommended by the RC and submitted to the Board for endorsement. Directors' fees are recommended by the Board for approval at the Company's AGM. To facilitate timely payment of directors' fees, directors' fees are paid in advance on a quarterly basis for the current financial year in which the fees are incurred.

Contractual Provisions to Reclaim Incentives

The Executive Directors do not receive directors' fees. The remuneration packages of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component, which are the bonuses and other benefits. The remuneration packages of the Executive Directors and key management personnel do not contain any financial incentive component. Therefore, the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company would not be applicable in these circumstances.

The service agreements entered into with the Executive Directors David Alan Perry and Wong Lok Hiong were for an initial period of 3 years with effect from the date of listing of the Company. These service agreements are subject to review by the RC and provide for automatic renewal for a further term of 3 years unless either party gives to the other not less than 6 months' prior notice of that party's intention not to renew. The service agreements have been renewed accordingly. The employment agreement with the Executive Director Ho Hie Wu has no fixed term and is terminable by either party with 3 months' prior notice.

Long-term Incentives

The Company currently has no employee share option scheme or other long-term incentive scheme in place, as the Company does not consider it appropriate for staff members of a school to be motivated by financial incentives, including share-based incentives.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The level and mix of remuneration of each director and top 5 key management personnel (who are not directors and those who were in service for the year ended 31 December 2019) are as follows:

Directors

| Names | Salary (S\$) | Bonus (S\$) | Other Benefits (S\$) | Directors' Fees (S\$) | Total (S\$) |
|----------------------|-----------------|----------------|----------------------------|-----------------------------|----------------|
| David Alan Perry | 377,600 | - | 5,400 | - | 383,000 |
| Wong Lok Hiong | 377,600 | - | 19,433 | - | 397,033 |
| Ho Hie Wu | 480,000 | - | 20,878 | - | 500,878 |
| Ho Yew Mun | - | - | - | 120,000 | 120,000 |
| Leow Wee Kia Clement | - | - | - | 120,000 | 120,000 |
| Tan Teng Muan | - | - | - | 100,000 | 100,000 |
| David Peter Walker | - | - | - | 100,000 | 100,000 |

Top 5 Key Management Personnel

| Names | Salary (%) | Bonus (%) | Other Benefits (%) | Total (%) |
|---------------------------------|---------------|--------------|--------------------------|--------------|
| S\$200,000 to S\$400,000 | | | | |
| Jason Lee Chwee Soon | 93.4 | - | 6.6 | 100.0 |
| Wong Hok Hoe | 94.8 | - | 5.2 | 100.0 |
| Suzanne Magdalen Bentin | 85.4 | - | 14.6 | 100.0 |
| Simon Jeffrey Dench | 97.9 | - | 2.1 | 100.0 |
| Michael Lee Kwok-Tung | 92.6 | - | 7.4 | 100.0 |

The aggregate total remuneration paid to these key management personnel (who are not directors or the CEO) for the year ended 31 December 2019 is approximately S\$1,358,296.

Remuneration of Employee Related to Director, CEO or Substantial Shareholder

Remuneration of an employee who is the immediate family member of a director or the CEO or a substantial shareholder, and whose remuneration exceeds S\$100,000 for the year ended 31 December 2019:

| Name | Salary (%) | Bonus (%) | Other Benefits (%) | Total (%) |
|--|---------------|--------------|--------------------------|--------------|
| S\$150,000 to S\$200,000 | | | | |
| Joyce Chee Jingying (Daughter of Executive Director, Ms Wong Lok Hiong) | 91.1 | 1.2 | 7.7 | 100.0 |

Save as disclosed above, no other employee whose remuneration exceeded S\$100,000 during the year is an immediate family member of any of the members of the Board, the CEO or a substantial shareholder of the Company.

The basis of determining the remuneration of this related employee is the same as the basis of determining the remuneration of other unrelated employees.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 23 April 2020 for the payment of directors' fees proposed in advance for the financial year ending 31 December 2020 amounting to an aggregate of S\$440,000.

No termination, retirement and post-employment or other long-term incentives have been granted to the directors or key management personnel during the financial year ended 31 December 2019.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Risk Governance

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and effectiveness of those systems on an annual basis. The internal control and risk management functions are performed by the Group's key management personnel and reported to the AC for review.

It should be noted, in the opinion of the Board, that such system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and that it can provide only reasonable, and not absolute, assurance against material misstatement of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Annual Review

The Group had appointed Messrs Deloitte and Touche Enterprise Risk Services Pte Ltd ("**Deloitte and Touche**") as the independent internal auditors of the Group to review the effectiveness of the Group's internal controls taking into consideration the size and complexity of the Group's operations. Relying on the reports from the independent internal auditors, management letter issued by the external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements) and the representation letters from the management, the AC will carry out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the independent internal auditors and external auditors to further improve the internal controls will be reported to the AC. The AC will follow up on the actions taken by the management and on the recommendations made by both the independent internal auditors and external auditors.

- (a) For FY2019, the Board has received assurances on a quarterly basis from the CEO and the CFO of the Company that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. The Board has taken steps to ensure compliance with legislative and regulatory requirements. In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements.

CORPORATE GOVERNANCE REPORT

- (b) The CEO and the key management personnel have given assurance to the Board that the Group's risk management and internal control systems in addressing financial, operational, compliance and information technology controls and risk management systems are adequate and operating effectively.

All the directors and executive officers of the Company have signed undertaking letters pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

Board's Conclusion

Based on the various management controls put in place, work performed by the internal and external auditors, representation letter from the management and periodic reviews by the management, the Board with the concurrence of the AC is of the opinion that the Group's system of internal controls and risk management procedures in addressing financial, operational, compliance and information technology controls, and risk management systems maintained by the Group during the year are adequate and effective as at 31 December 2019.

Audit Committee

Principle 10: The Board has an AC which discharge its duties objectively.

Audit Committee Composition

The AC currently comprises four (4) directors, all of whom are independent. Ho Yew Mun is the AC Chairman and Lead Independent Director. The other AC members are Leow Wee Kia Clement, Tan Teng Muan and David Peter Walker. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experiences to discharge the AC's function. None of the AC members were previous partners or directors of the existing auditing firm within the previous two (2) years and/or hold any financial interest in the auditing firm.

Audit Committee Role

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control. To achieve this, the AC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

The AC shall meet periodically on the following matters:

- Review with the external auditors the audit plan, their management letter with the management's response, and their independence, adequacy, effectiveness and objectivity of producing the results within the scope;
- Review with the external auditors the Company's year-end financial statements, raise any significant issues which have a material impact on the interim financial statements or financial updates previously announced by the Company and bring to the Board immediately, if applicable and advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates;
- Review with the internal auditors the internal audit plan and their evaluation of the adequacy of the Group's internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report, if applicable;

- Monitor and review the implementation of the external auditors' management letter and internal auditors' recommendations with the concurrence of management in relation to the adequacy of internal controls, risk management and accounting systems addressing financial, operational, compliance and information technology controls;
- Review the assurance from the CEO and CFO on the financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- Review the adequacy and effectiveness of internal controls/procedures and risk management systems, and ensure co-ordination between the external auditors and management, review the assistance given by management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters with the auditors;
- Review together with external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;
- Consider the appointment or re-appointment of the external and internal auditors, matters relating to resignation, dismissal, remuneration and terms of engagement of auditors;
- Review transactions falling within the scope of Chapters 9 and 10 of the SGX-ST Listing Manual;
- Undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- Undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time; and
- Review the Company's procedures for whistle-blowing policy endorsed by the AC by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters.

The AC has the explicit authority to investigate any matter within its terms of reference and full access to and cooperation by the management. It has the discretion to invite any director or member of the Group's management to its meetings. The AC has, within its terms of reference, the authority to obtain independent professional advice and reasonable resources at the Company's expense to enable it to discharge its functions properly.

Where, by virtue of any vacancy in the membership of the AC for any reason, the number of members is reduced to less than 3, the Board shall, within 2 months thereafter, appoint such number of new members to the AC.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The AC has reviewed all Interested Person Transactions for the financial year ended 31 December 2019 and is of the opinion that Chapter 9 of the Listing Manual of the SGX-ST has been complied with.

CORPORATE GOVERNANCE REPORT

Each member of the AC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he is interested.

Annually, the AC meets with the internal and external auditors separately without the presence of the management.

External Auditors

For the financial year under review, the AC reviewed the non-audit services provided by the external auditors and was satisfied that the extent of such service will not prejudice the independence and objectivity of the external auditors.

In July 2010, SGX-ST and ACRA launched the “Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors” which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the Guidance such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group’s audit, the size and complexity of the Group.

In addition, in October 2015, with the support from SGX and Singapore Institute of Directors, ACRA had introduced the Audit Quality Indicators (“AQIs”) Disclosure Framework to assist the ACs in evaluating the re-appointment of external auditors based on eight (8) quality markers that correlate closely with audit quality. Accordingly, the AC had evaluated the external auditors based on the eight (8) AQIs at engagement and/or firm-level.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their meetings with the AC.

The Company has approved the following aggregate amount of fees paid/payable to the external auditors for the financial year ended 31 December 2019:

| Services | Amount |
|---------------|---------|
| | S\$'000 |
| Audit service | 167 |
| Total | 167 |

Save for professional fees and miscellaneous expenses incurred for audit services, the Company did not pay any other non-audit fee to the external auditors during financial year ended 31 December 2019.

The AC has undertaken a review of the services, scope, independence and objectivity of the external auditors. Ernst & Young LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with Accounting & Corporate Regulatory Authority and provided a confirmation of their independence to the AC. The AC received a report from management on their evaluation of the performance and effectiveness of the work of the external auditors.

Having assessed the external auditors based on its own interactions with the external auditors, management’s evaluation and on factors such as performance and quality of their audit partners and auditing team, their overall qualification and their independence status, the AC is satisfied that Rule 712(2)(a) of the Listing Manual of the SGX-ST has been complied with. In this regard, the AC recommends to the Board the nomination of Ernst & Young LLP for re-appointment as the external auditor at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST as all subsidiaries of the Company are audited by Ernst & Young LLP for the purposes of the consolidated financial statements of the Company and its subsidiaries.

Internal Audit Function

The Company has engaged Deloitte and Touche for the internal audit function who has a direct and primary reporting line to the AC and assist the AC in overseeing and monitoring the implementation of improvements required on internal control and risk management system weaknesses. The Board recognises the importance of maintaining an internal audit function to provide an independent assurance over the soundness of the system of internal controls and risk management procedures within the Group to safeguard shareholders' investments and the Group's assets. The AC has the responsibility to review the adequacy and effectiveness of the internal audit function annually, review the internal audit programme and ensure co-ordination between internal auditors, external auditors and management, and ensure that the internal auditors meet or exceed the standards set by nationally or internationally recognised professional bodies. The AC also reviews and approves the hiring, removal and evaluates its outsourced internal auditors.

The internal auditors are provided with unfettered access to the Group's properties, information, records and personnel, including the AC for performing their internal audit review, and have appropriate standing within the Company.

In FY2019, the AC evaluated and recommended the re-appointment of Deloitte and Touche for the internal audit function for another 3-year term based on Deloitte and Touche's objectivity, independence, experience and competency. The Board concurred with AC for the re-appointment of Deloitte and Touche as the independent internal auditors of the Group for another term of three (3) years.

The Internal Auditors are guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC reviews and evaluates the scope of work deliverables by the independent internal auditors annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Group. The AC is satisfied that (i) the internal audit function has adequate resources to perform its function effectively; (ii) the internal audit function is staffed by suitable qualified and experienced professionals with the relevant experience; and (iii) independent internal auditors have unfettered access to all of the Group's documents, records, properties and personnel, including the AC.

Whistle-blowing Policy

The AC in consultation with the Board initiated the implementation of a whistle-blowing policy for all employees of the Group. This policy aims to provide an avenue for employees to raise concerns and provide reassurance that they will be protected from reprisals or victimisation for raising any concerns about fraud and for whistle-blowing in good faith.

The Board noted that no incidents in relation to whistle-blowing matters have been raised during the year by any staff to indicate possible improprieties in matters of financial reporting, financial control, or any other matters.

Audit Committee's Commentary on Significant Financial Reporting Matters

With the introduction of the new and revised Auditor Reporting Standards applicable to the audit of financial statements for periods ending on or after 15 December 2016, the external auditors are required to include the Key Audit Matters ("KAM") in the Company's Annual Report. KAM typically include significant risk areas of the financial statements most susceptible to misstatements, involving key judgements and estimates, as well as major transactions that require extensive auditing efforts.

In line with the recommendations by ACRA, Monetary Authority of Singapore and SGX, the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on key financial reporting matters as follows:

CORPORATE GOVERNANCE REPORT

KAM - Ability to renew the land lease

The AC considered the KAM presented by the external auditors together with management. The AC reviewed and challenged the basis of estimation of the useful life of the school buildings, and considered the disclosures in this respect. The AC concurred and agreed with the external auditors and management on their assessment and judgement on the significant matter reported by the external auditors.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company firmly believes in high standards of transparent corporate disclosure, in line with the continuous obligations of the Company under the Listing Manual of SGX-ST and the Companies Act. The Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group. Quarterly results have been published through the SGXNet, news releases and the Company's website. All information of the Company's new initiatives is first disseminated via SGXNet followed by a news release, which is also available on the Company's website.

Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

Shareholders are encouraged to attend the general meetings of shareholders to ensure a high level of accountability and to be updated on the Company's strategies and goals. Notices of general meetings are dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions. The Board welcomes the views of shareholders who wish to raise issues concerning the Company, either informally or formally before or during these general meetings. The Board and the Chairmen of the AC, NC and RC are normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by the shareholders.

If any shareholder is unable to attend, he/she is allowed to appoint up to two (2) proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. The Company's Constitution does not allow corporations and members of the Company to appoint more than two (2) proxies to attend and vote at general meetings and for other absentia voting methods such as by mail, electronic mails, fax and/or other methods due to the concern of verification and authenticating of the shareholders' identity. A Relevant Intermediary¹ may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/

¹ A Relevant Intermediary is:

- a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or
- c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

In view of the above, all shareholders are given an opportunity to participate effectively and vote at the general meetings.

The Board also notes that there should be separate resolutions on each substantially separate issue that may be tabled at the general meeting. Detailed information on each resolution in the AGM agenda is in the explanatory notes to the AGM Notice in the Annual Report.

To promote greater transparency and effective participation, the Company has conducted the voting of all its resolutions by electronic polling at all its AGMs since Year 2015. An independent external consultant is also appointed as scrutineer for the electronic poll voting process. The outcome of the AGM, including the total numbers and percentage of votes cast for, or against, or to abstain from voting each resolution tabled, were announced immediately at the AGMs and via SGXNET on the same day after AGM.

The Company prepares minutes of general meetings incorporating the substantial and relevant comments or queries from shareholders that is relevant to the agenda of the meeting and responses from the Board and the management. Such minutes will be published on the Company's website as soon as practicable.

The Company's policy is to pay dividends of at least 50.0% of its net profit after tax to shareholders for each financial year. The dividend policy may be subject to modification in the sole and absolute discretion of the Board. In compliance with Rule 704(24) of the Listing Rules of SGX-ST, in the event that the Board decides not to declare or recommend a dividend, the Company is mindful to disclose the reason(s) for the decision together with the announcement of the financial statements.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company recognises the importance of actively engaging with shareholders to promote effective and fair communication.

Although the Company has not adopted a formal investor relations policy to regularly convey pertinent information to the shareholders, the Board acknowledges its obligation to furnish timely information to shareholders and ensures that full disclosure of material information is made in its Annual Report to comply with statutory requirements and the Listing Manual of the SGX-ST. The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with notice of AGM by post and published in a newspaper within the mandatory period, which is held within four months after the close of the financial year. Together with the Annual Report, the Company also attaches a copy of the proxy form to shareholders in order that shareholders can appoint up to two (2) proxies to attend, vote and voice any questions relating to the resolutions tabled in a general meeting and/or company affairs, for and on behalf of those shareholders, in the event that such shareholders are not able to attend the said general meeting personally. In the case of shareholders who are corporate/institutional nominees or custodians, multiple proxies may be appointed to attend and vote at the AGM.

With the implementation of new approach to quarterly reporting by SGX-ST, the Company is not required to release its financial statements on a quarterly basis. Therefore, the Company will release its financial statements on a half-yearly basis and will continue to keep shareholders updated as and when appropriate, should there be any material developments (financial or otherwise) relating to the Company and the Group, to provide a better understanding of the Company's performance in the context of the current business environment.

CORPORATE GOVERNANCE REPORT

To keep all shareholders of the Company updated on the latest announcements, press releases, and stock details of the Company, shareholders have 24-hour access to the Company's website (www.ofs.edu.sg). In addition, automated email alert services on the latest announcements and press releases broadcasted to SGXNet by the Company can be subscribed to by shareholders through the Company's website. Shareholders can also post their enquiries to the Company via email at ir@ofs.edu.sg.

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company recognises the vitality on stakeholders' engagement for the Company's long-term sustainability. The Company engages with key stakeholders such as students, students' parents, teachers and staff, business partners, educational institutions as well as government agencies and regulators, to align the Company's sustainable approach with their expectations. Please refer to the section on "Sustainability Report" on page 22 of this Annual Report for more information on how the Company manages its stakeholder relationships.

The Corporate Governance ("CG") Report, together with the Annual Report, aim to provide comprehensive and transparent reporting of the Group's overall objectives and performance to the Company's stakeholders. The Company welcomes feedback on the CG Report and its sustainability performance. Please address all feedback to investor relations that can be found at the Company corporate website at ir@ofs.edu.sg that is maintained to communicate and engage with stakeholders.

More information on the Company's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance can be found in the Sustainability Report section in this Annual Report which is also uploaded at the Company's corporate website.

RISK MANAGEMENT

The Company is continually reviewing and improving the business and operational activities to take into account the risk management perspective. This includes reviewing management and manpower resources, updating workflows, processes and procedures to meet the current and future market conditions. Currently the AC is overseeing the function of risk management and the Company will consider the need to establish a risk management committee to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies should circumstances change.

MATERIAL CONTRACTS

Save for the service and employment agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interest of any other directors or controlling shareholders subsisting as at the financial year ended 31 December 2019 or have been entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

There were no interested person transactions except as disclosed in the page 50 of this Annual Report equal to or exceeding S\$100,000 in aggregate between the Company and any of its interested persons (namely, directors, executive officers or controlling shareholders of the Group or the associates of such directors, executive officers or controlling shareholders) subsisting for the year ended 31 December 2019.

In accordance with the recommendations by the Audit Committee Guidance Committee, the Company has adopted an interested person transaction policy, which specifies that all interested transactions with an interested person, as defined in the policy, will be at arm's length and on terms generally available to an unaffiliated third party under the same or similar circumstances. Details of the review procedures for future interested person transactions are disclosed in the Company's Prospectus dated 31 January 2013.

Except for the limited exceptions set in the policy, transactions with interested persons that will exceed S\$100,000 in any calendar year must receive the approval of the Board prior to the Company entering into the interested transaction.

DEALINGS IN SECURITIES

The Company has adopted its own internal Code of Conduct to provide guidance to all officers and employees of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1207 (19) of the Listing Manual of the SGX-ST. The Group's officers and employees are prohibited from dealing in the Company's securities while in possession of unpublished price-sensitive information of the Group, as well as during the periods commencing two weeks before the announcement of the Company's quarterly results and one month before the announcement of the Company's full year results and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period. They are also encouraged not to deal in the Company's securities on short-term considerations.

UPDATE ON USE OF IPO PROCEEDS

As at the date of the financial statements 19 March 2020, the Company announced updates on the use of proceeds raised from the initial public offering ("**IPO Proceeds**") amounting to S\$68,033,985 (after deducting IPO expenses of S\$3,966,015) as follows:

| | S\$ |
|---|------------------|
| Net IPO Proceeds | 68,033,985 |
| Amount of proceeds utilised for the building of the new school campus | (65,635,545) |
| Balance proceeds | <u>2,398,440</u> |

It is intended that the balance S\$2,398,440 of the IPO Proceeds also be used wholly towards capital expenditure for the school campus at 81 Pasir Ris Heights.

CORPORATE GOVERNANCE REPORT

Table A

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:-

| Name of Director | Wong Lok Hiong | Ho Yew Mun | Leow Wee Kia Clement |
|---|--|---|---|
| Date of appointment | 28 October 2011 | 1 August 2012 | 26 December 2012 |
| Date of last election | 26 April 2017 | 26 April 2017 | 25 April 2018 |
| Age | 65 | 67 | 45 |
| Country of principal residence | Singapore | Singapore | Singapore |
| The Board's comments on the NC's recommendation for re-election | The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Ms Wong's performance as an Executive Director of the Company. | The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Ho's performance as a Lead Independent Director of the Company. The Board considers Mr Ho to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. | The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Leow's performance as an Independent Director of the Company. The Board considers Mr Leow to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. |
| Whether appointment is executive, and if so, the area of responsibility | Executive. One of the founders of our School and responsible for the overall business development and operations of Overseas Family School Limited. | Non-Executive. | Non-Executive. |
| Job Title | Executive Director | Lead Independent Director | Independent Director |

| Name of Director | Wong Lok Hiong | Ho Yew Mun | Leow Wee Kia Clement |
|---|--|---|---|
| Professional qualifications | Certificate in Management Accounting from London Chamber of Commerce and Industry | <p>Master in Business Administration from Victoria University of Wellington, New Zealand</p> <p>Member of Singapore Institute of Directors</p> <p>Accountant by training</p> <p>Member of Singapore Institute of Directors</p> | <p>Master in Business Administration from University of Oxford, United Kingdom</p> <p>Postgraduate Diploma in Financial Strategy from University of Oxford, United Kingdom</p> <p>Bachelor of Science in Applied Economics from Cornell University, United States of America</p> <p>Governance Leadership Program at Harvard Kennedy School, United States of America</p> <p>Member of Singapore Institute of Directors</p> |
| Working experience and occupation(s) during the past 10 years | October 2011 to Present – Executive Director and Chief Executive of Overseas Family School Limited | <p>February 2001 to April 2005 – Managing Director of Equity Capital Markets, Investment Banking Group of DBS Bank. Including a period from November 2001 to November 2003 also as Head of Equity Capital Markets (Hong Kong) of DBS Bank Group</p> <p>June 1993 to December 2000 – Senior Vice-President and Head of the Securities Market Division of the SGX-ST</p> <p>August 1988 to March 1993 – Financial Management Consultant with The Treasury (New Zealand)</p> | <p><u>Present</u> Executive Director and Chief Executive Officer of Allied Technologies Limited</p> <p>Independent Director of Ellipsiz Ltd, MSM International Limited and Lum Chang Holdings Limited</p> <p>Non-Executive Director of Grand Team Technologies Limited</p> <p><u>Past (for the last 5 years)</u> Executive Director, Chief Executive Officer and Head of Corporate Finance at Crowe Horwath Capital Pte Ltd</p> <p>Independent Director of JB Foods Limited</p> |

CORPORATE GOVERNANCE REPORT

| Name of Director | Wong Lok Hiong | Ho Yew Mun | Leow Wee Kia Clement |
|---|--|------------|----------------------|
| Shareholding interest in the listed issuer and its subsidiaries | Ms Wong is deemed to be interested in the Shares held by WLH Private Limited by virtue of Section 4 of the Securities and Futures Act as she is the sole shareholder of WLH Private Limited. | None | None |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries | None | None | None |
| Conflict of interest (including any competing business) | None | None | None |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |

| Name of Director | Wong Lok Hiong | Ho Yew Mun | Leow Wee Kia Clement |
|---|---|---|---|
| Other principal commitments including directorships | <p><u>Past (for the last 5 years)</u> Same as below</p> <p><u>Present</u> Chief Executive of Overseas Family School Limited</p> <p>Director of Overseas Family School Limited (Hong Kong)</p> <p>Director of Master Projects Pte Ltd, Centre for Advanced Medicine Limited and Feedback Research Limited</p> <p>Director of WLH Private Limited</p> | <p><u>Past (for the last 5 years)</u> Independent Director of Overseas Education Limited</p> <p><u>Present</u> Independent Director of Overseas Education Limited</p> | <p><u>Past (for the last 5 years)</u> Executive Director, Chief Executive Officer and Head of Corporate Finance at Crowe Horwath Capital Pte Ltd</p> <p>Independent Director of JB Foods Limited</p> <p><u>Present</u> Executive Director and Chief Executive Officer of Allied Technologies Limited</p> <p>Independent Director of Ellipsiz Ltd, MSM International Limited and Lum Chang Holdings Limited</p> <p>Non-Executive Director of Grand Team Technologies Limited</p> |

CORPORATE GOVERNANCE REPORT

| Name of Director | Wong Lok Hiong | Ho Yew Mun | Leow Wee Kia Clement |
|--|---------------------------|-------------------------------|--|
| Disclosure applicable to the appointment of Director only. | | | |
| Any prior experience as a director of an issuer listed on the Exchange? | No | Yes | Yes |
| If yes, please provide details of prior experience. | N/A | PEC Ltd, CDW Holdings Limited | Independent Director of Ellipsiz Ltd, MSM International Limited and Lum Chang Holdings Limited |
| If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. | Has attended SID training | N/A | N/A |

The Retiring Directors have responded negative to items (a) to (k) listed in Rule 720(6) of the Listing Manual of SGX-ST, save for item (j)(i) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere that Mr Leow Wee Kia Clement declared no save for any ongoing investigations involving Allied Technologies Limited as announced.

FINANCIAL STATEMENTS



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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Overseas Education Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

David Alan Perry
Wong Lok Hiong
Ho Hie Wu
Ho Yew Mun
Leow Wee Kia Clement
Tan Teng Muan
David Peter Walker

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

| Name of director | Direct interest | | | Deemed interest | | |
|------------------|---|------------------------------|-----------------------|---|------------------------------|--------------------------|
| | At the beginning of financial year or date of appointment | At the end of financial year | As at 21 January 2020 | At the beginning of financial year or date of appointment | At the end of financial year | As at 21 January 2020 |
| David Alan Perry | – | – | – | 136,915,110 [#] | 136,915,110 [#] | 136,915,110 [#] |
| Wong Lok Hiong | – | – | – | 131,878,138 [*] | 131,878,138 [*] | 131,878,138 [*] |

Ordinary shares of the Company

| | | | | | | |
|------------------|---|---|---|--------------------------|--------------------------|--------------------------|
| David Alan Perry | – | – | – | 136,915,110 [#] | 136,915,110 [#] | 136,915,110 [#] |
| Wong Lok Hiong | – | – | – | 131,878,138 [*] | 131,878,138 [*] | 131,878,138 [*] |

[#] At the end of the financial year, 131,878,138 ordinary shares were held through PDAC Private Limited, an investment holding company wholly owned by David Alan Perry and the balance of 5,036,972 ordinary shares held through Citibank Nominees Singapore Pte Ltd, held on behalf of David Alan Perry.

^{*} At the end of the financial year, 131,878,138 ordinary shares were held through WLH Private Limited, an investment holding company wholly owned by Wong Lok Hiong.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Share Options

No options were issued by the Company or any of its subsidiaries during the financial year. As at 31 December 2019, there were no options on the unissued shares of the Company or any of its subsidiaries which were outstanding.

Audit Committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Ho Yew Mun (Chairman)
Leow Wee Kia Clement
Tan Teng Muan
David Peter Walker

All members of the AC were independent, non-executive directors.

DIRECTORS' STATEMENT

Audit Committee (cont'd)

The AC carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50 (the "Act"). In performing these functions, the AC:

- Review with the external auditors the audit plan, their management letter with the management's response, and their independence, adequacy, effectiveness and objectivity of producing the results within the scope;
- Review with the external auditors the Company's year-end financial statements, raise any significant issues which have a material impact on the interim financial statements or financial updates previously announced by the Company and bring to the Board immediately, if applicable and advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates;
- Review with the internal auditors the internal audit plan and their evaluation of the adequacy of the Group's internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report, if applicable;
- Monitor and review the implementation of the external auditors' management letter and internal auditors' recommendations with the concurrence of management in relation to the adequacy of internal controls, risk management and accounting systems addressing financial, operational, compliance and information technology controls;
- Review the assurance from the CEO and CFO on the financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- Review the adequacy and effectiveness of internal controls/procedures and risk management systems, and ensure co-ordination between the external auditors and management, review the assistance given by management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters with the auditors;
- Review together with external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;
- Consider the appointment or re-appointment of the external and internal auditors and matters relating to resignation, dismissal, remuneration and terms of engagement of auditors;
- Review transactions falling within the scope of Chapters 9 and 10 of the SGX-ST Listing Manual;
- Undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- Undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time; and
- Review the Company's procedures for whistle-blowing policy endorsed by the AC by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters.



Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

David Alan Perry
Director

Wong Lok Hiong
Director

19 March 2020



INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

To the members of Overseas Education Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Overseas Education Limited (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the balance sheets of the Group and the Company as at 31 December 2019, statements of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to the matter below. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters (cont'd)

Ability to renew the land lease

The school buildings represent a significant proportion of the Group's assets. As at 31 December 2019, the net carrying value of the school buildings amounting to S\$166,337,351 comprise 67% of the Group's total property, plant and equipment, and 55% of the Group's total assets. The Group depreciates the school buildings over an estimated useful life of 50 years.

The current land lease of the school site is for 30 years and expires in 2043. The successful renewal of the land lease is dependent on the government's land use plan in relation to the school site, and subject to the Group meeting the conditions imposed by the relevant authorities. In assessing the Group's ability to renew the land lease, Management received confirmation from a government authority in prior years to support the Group's application for the renewal of the lease when it is due for renewal, subject to certain conditions. Based on correspondences with the government authority and Management's assessment on its ability to meet the conditions by the next renewal, Management assessed that it is highly probable that the application for renewal of lease would be successful. In estimating the useful life of the school buildings, Management previously engaged an independent valuer who estimated the useful life of the school buildings' superstructure and substructure to be 50 years from 2015.

In view of the shorter current land lease term of 30 years when compared to the school buildings' useful life of 50 years, any change to the useful life of the school buildings in the event of non-renewal of the current lease will have a significant financial impact on the computation of the annual depreciation charge of the Group. Due to the significant judgement exercised by the Management and the potential financial impact to the Group, we determined this to be a key audit matter.

We carried out procedures to review the reasonableness of Management's assessment in determining the appropriateness of the useful life of 50 years for the purpose of computing the annual depreciation charge. We reviewed the correspondences in prior years with the relevant authority to assess the likelihood of the Group obtaining a renewal of the current lease. We checked that the land has been exclusively zoned for use by an education institution as part of the government's regulatory plans. We reviewed Management reports and supporting documents assessing the conditions of renewal. Additionally, we evaluated the objectivity, competency and capabilities of the independent valuer, and their basis of estimation of the expected useful life of the school buildings. We have further assessed the adequacy of the disclosures on the Group's accounting policy for property, plant and equipment in Note 2.6, the relevant significant accounting judgements and estimates in Note 3.1, and the details and movement of property, plant and equipment in Note 9 to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ho Shyan Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
19 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 S\$ | 2018 S\$ |
|--|------|--------------------|-------------|
| Revenue | | | |
| Tuition fees | | 79,602,384 | 80,342,415 |
| Registration fees | | 1,173,023 | 1,193,173 |
| School shop revenue | | 627,197 | 576,505 |
| Enrichment programme revenue | | 555,776 | 551,285 |
| Interest income | | 317,913 | 385,397 |
| Other income | | 22,442 | 28,949 |
| Total revenue | 4 | 82,298,735 | 83,077,724 |
| Operating Expenses | | | |
| Personnel expenses | 5 | 44,094,967 | 47,354,266 |
| School shop costs | | 386,557 | 355,295 |
| Enrichment programme costs | | 374,773 | 377,643 |
| Utilities | | 889,870 | 947,458 |
| Upkeep and maintenance | | 1,388,179 | 1,477,601 |
| Finance costs | 6 | 4,973,872 | 7,029,003 |
| Other operating expenses | 6 | 5,955,755 | 6,100,393 |
| Operating expenses before depreciation and amortisation | | 58,063,973 | 63,641,659 |
| Profit before depreciation and amortisation | | 24,234,762 | 19,436,065 |
| Depreciation expenses | 9 | 12,991,291 | 9,574,762 |
| Amortisation of intangible assets | 10 | 455,136 | 510,237 |
| | | 13,446,427 | 10,084,999 |
| Profit before taxation | | 10,788,335 | 9,351,066 |
| Income tax expense – current tax | 7 | (2,753,099) | (2,178,299) |
| – deferred tax | 7 | (27,813) | (266,263) |
| | | (2,780,912) | (2,444,562) |
| Net profit for the year attributable to owners of the Company | | 8,007,423 | 6,906,504 |
| Other comprehensive income for the year, net of tax | | | |
| Item that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation | | (6) | 16 |
| Total comprehensive income for the year attributable to owners of the Company | | 8,007,417 | 6,906,520 |
| Earnings per share (cents) | | | |
| - Basic and diluted | 8 | 1.9 | 1.7 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2019

| | Note | Group | | Company | |
|---|------|--------------------|------------------|--------------------|------------------|
| | | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| | | S\$ | S\$ | S\$ | S\$ |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | | | | | |
| - Leasehold land | 9 | 29,061,666 | 30,298,333 | - | - |
| - School buildings, plant and equipment | 9 | 220,653,047 | 227,818,669 | 132,390 | 27,199 |
| Right-of-use assets | 20 | 4,096,347 | - | 57,451 | - |
| Intangible assets | 10 | 1,766,012 | 1,931,119 | - | - |
| Investment in subsidiaries | 11 | - | - | 101,219,141 | 101,219,141 |
| Deposits | | 389,734 | 296,060 | - | - |
| Staff housing deposits | | 313,750 | 150,600 | - | - |
| Other long term asset | 16 | 333,500 | 333,500 | - | - |
| | | 256,614,056 | 260,828,281 | 101,408,982 | 101,246,340 |
| Current assets | | | | | |
| Inventories | 12 | 422,439 | 413,341 | - | - |
| Trade receivables | 13 | 1,091,140 | 1,047,240 | - | - |
| Other receivables and deposits | 14 | 208,758 | 303,785 | 12,000 | 12,000 |
| Bonds – Issuance expenses | 19 | - | 99,453 | - | 99,453 |
| Prepayments | | 995,844 | 955,222 | 11,939 | 12,375 |
| Amount due from subsidiary | 15 | - | - | 8,000,000 | 129,178,611 |
| Cash and cash equivalents | 16 | 45,498,119 | 41,633,380 | 5,592,870 | 5,864,143 |
| | | 48,216,300 | 44,452,421 | 13,616,809 | 135,166,582 |
| TOTAL ASSETS | | 304,830,356 | 305,280,702 | 115,025,791 | 236,412,922 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2019

| | Note | Group | | Company | |
|---|------|--------------------|----------------------|--------------------|--------------------|
| | | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| | | S\$ | S\$ | S\$ | S\$ |
| EQUITY AND LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade payables | | 270,245 | 318,083 | – | – |
| Other payables and liabilities | 17 | 1,411,642 | 761,010 | 120,163 | 181,284 |
| Fees received in advance | 18 | 30,503,618 | 28,454,190 | – | – |
| Lease liabilities | 20 | 2,959,142 | – | 58,065 | – |
| Borrowings – Bonds | 19 | – | 117,750,000 | – | 117,750,000 |
| Bonds – Interest payable | 19 | – | 1,274,926 | – | 1,274,926 |
| Borrowings – Bank loan | 19 | 6,843,902 | – | – | – |
| Goods and Services Tax payable | | 2,679,121 | 2,547,530 | 61,130 | 60,414 |
| Central Provident Fund payable | | 403,716 | 409,246 | 3,111 | 3,351 |
| Income tax payable | | 2,758,448 | 2,183,299 | 196,458 | 111,129 |
| | | 47,829,834 | 153,698,284 | 438,927 | 119,381,104 |
| NET CURRENT ASSETS/(LIABILITIES) | | 386,466 | (109,245,863) | 13,177,882 | 15,785,478 |
| Non-current liabilities | | | | | |
| Fees received in advance | 18 | 711,326 | 636,836 | – | – |
| Borrowings – Bank loan | 19 | 107,538,563 | – | – | – |
| Lease liabilities | 20 | 1,192,319 | – | – | – |
| Deferred tax liabilities | 21 | 7,949,752 | 7,921,939 | – | – |
| | | 117,391,960 | 8,558,775 | – | – |
| NET ASSETS | | 139,608,562 | 143,023,643 | 114,586,864 | 117,031,818 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 22 | 99,253,226 | 99,253,226 | 99,253,226 | 99,253,226 |
| Revenue reserve | | 66,524,811 | 69,939,886 | 15,333,638 | 17,778,592 |
| Other reserves | 23 | (26,169,475) | (26,169,469) | – | – |
| TOTAL EQUITY | | 139,608,562 | 143,023,643 | 114,586,864 | 117,031,818 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| <----- Attributable to owners of the Company -----> | | | | | | |
|---|--|---------------------------|---|---|---------------------------------------|------------------------|
| | Share capital Note (Note 22) S\$ | Revenue reserve S\$ | Other reserves, total (Note 23) S\$ | Foreign currency translation reserve (Note 23) S\$ | Merger reserve (Note 23) S\$ | Total equity S\$ |
| Group | | | | | | |
| 2019 | | | | | | |
| Balance at 1 January 2019 | 99,253,226 | 69,939,886 | (26,169,469) | 1,097 | (26,170,566) | 143,023,643 |
| Net profit after tax | - | 8,007,423 | - | - | - | 8,007,423 |
| Other comprehensive income for the year | - | - | (6) | (6) | - | (6) |
| Total comprehensive income for the year | - | 8,007,423 | (6) | (6) | - | 8,007,417 |
| Dividends | 24 - | (11,422,498) | - | - | - | (11,422,498) |
| Contributions by and distributions to owners | - | (11,422,498) | - | - | - | (11,422,498) |
| Balance at 31 December 2019 | 99,253,226 | 66,524,811 | (26,169,475) | 1,091 | (26,170,566) | 139,608,562 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Attributable to owners of the Company | | | | | | Total equity |
|---|---------------------------------------|-------------------|-----------------------|--------------------------------------|---------------------|-----|--------------------|
| | Share capital | Revenue reserve | Other reserves, total | Foreign currency translation reserve | Merger reserve | | |
| | Note (Note 22) | (Note 23) | (Note 23) | (Note 23) | (Note 23) | | |
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | |
| Group | | | | | | | |
| 2018 | | | | | | | |
| Balance at 1 January 2018 (FRS framework) | 99,253,226 | 76,066,629 | (26,169,485) | 1,081 | (26,170,566) | | 149,150,370 |
| Cumulative effects of adopting SFRS(I) | – | (1,610,749) | – | – | – | | (1,610,749) |
| Opening balance at 1 January 2018 (SFRS(I) framework) | 99,253,226 | 74,455,880 | (26,169,485) | 1,081 | (26,170,566) | | 147,539,621 |
| Net profit after tax | – | 6,906,504 | – | – | – | | 6,906,504 |
| Other comprehensive income for the year | – | – | 16 | 16 | – | | 16 |
| Total comprehensive income for the year | – | 6,906,504 | 16 | 16 | – | | 6,906,520 |
| Dividends | 24 | (11,422,498) | – | – | – | | (11,422,498) |
| Contributions by and distributions to owners | | (11,422,498) | – | – | – | | (11,422,498) |
| Balance at 31 December 2018 | 99,253,226 | 69,939,886 | (26,169,469) | 1,097 | (26,170,566) | | 143,023,643 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

| | Note | Attributable to owners of the Company | | |
|--|------|---------------------------------------|-------------------|--------------------|
| | | Share capital | Revenue reserve | Total equity |
| | | (Note 22) | | |
| | | S\$ | S\$ | S\$ |
| Company | | | | |
| 2019 | | | | |
| Balance at 1 January 2019 | | 99,253,226 | 17,778,592 | 117,031,818 |
| Net profit after tax | | – | 8,977,544 | 8,977,544 |
| Total comprehensive income for the year | | – | 8,977,544 | 8,977,544 |
| Dividends | 24 | – | (11,422,498) | (11,422,498) |
| Contributions by and distributions to owners | | – | (11,422,498) | (11,422,498) |
| Balance at 31 December 2019 | | 99,253,226 | 15,333,638 | 114,586,864 |
| 2018 | | | | |
| Balance at 1 January 2018 | | 99,253,226 | 3,602,019 | 102,855,245 |
| Net profit after tax | | – | 25,599,071 | 25,599,071 |
| Total comprehensive income for the year | | – | 25,599,071 | 25,599,071 |
| Dividends | 24 | – | (11,422,498) | (11,422,498) |
| Contributions by and distributions to owners | | – | (11,422,498) | (11,422,498) |
| Balance at 31 December 2018 | | 99,253,226 | 17,778,592 | 117,031,818 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 S\$ | 2018 S\$ |
|---|------|----------------------|--------------|
| Cash flows from operating activities | | | |
| Profit before taxation | | 10,788,335 | 9,351,066 |
| Adjustments for: | | | |
| Depreciation expenses | 9 | 12,991,291 | 9,574,762 |
| Amortisation expenses | 10 | 455,136 | 510,237 |
| Loss on disposal of property, plant and equipment | 6 | 3,273 | 37,641 |
| Interest income | | (317,913) | (385,397) |
| Fair value loss on bonds repurchased | 6 | – | 92,500 |
| Finance costs | 6 | 4,973,872 | 7,029,003 |
| Operating profit before working capital changes | | 28,893,994 | 26,209,812 |
| (Increase)/decrease in inventories | | (9,098) | 20,757 |
| (Increase)/decrease in trade receivables | | (43,900) | 119,916 |
| Decrease in other receivables, deposits and prepayments | | 54,400 | 11,114 |
| (Increase)/decrease in non-current deposits | | (845,574) | 78,160 |
| Increase/(decrease) in trade payables, other payables and liabilities, and fees received in advance | | 2,852,773 | (1,686,090) |
| Cash generated from operations | | 30,902,595 | 24,753,669 |
| Interest received | | 317,913 | 385,397 |
| Income tax paid | | (2,177,950) | (51,083) |
| Lease interest paid | 20 | (119,194) | – |
| Net cash generated from operating activities | | 28,923,364 | 25,087,983 |
| Cash flows from investing activities | | | |
| Additions of intangible assets | 10 | (290,029) | (363,732) |
| Acquisition of property, plant and equipment | 9 | (1,249,035) | (1,179,146) |
| Proceeds from disposal of property, plant and equipment | | 44,023 | 77,497 |
| Net cash used in investing activities | | (1,495,041) | (1,465,381) |
| Cash flows from financing activities | | | |
| Payment of principal portion of lease liabilities | 20 | (3,326,522) | – |
| Bond interest paid | 19 | (3,053,113) | (6,512,323) |
| Bonds redemption / repurchased | 19 | (117,750,000) | (17,638,757) |
| Bank loan interest paid | 19 | (2,092,701) | – |
| Proceeds from borrowings – bank loan | 19 | 117,161,250 | – |
| Bank loan repayment | 19 | (3,080,000) | – |
| Dividends paid | 24 | (11,422,498) | (11,422,498) |
| Net cash used in financing activities | | (23,563,584) | (35,573,578) |
| Net increase/(decrease) in cash and cash equivalents | | 3,864,739 | (11,950,976) |
| Cash and cash equivalents at beginning of the year | | 41,633,380 | 53,584,356 |
| Cash and cash equivalents at end of the year | 16 | 45,498,119 | 41,633,380 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. Corporate information

Overseas Education Limited (the “Company”) is a public limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on 7 February 2013. The registered office and principal place of business of the Company is at 81 Pasir Ris Heights, Singapore 519292.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 11 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies. The financial statements are presented in Singapore Dollars (S\$), the functional currency of the Company.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of SFRS(I) 16 Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases-Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and INT FRS 104 at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies

2.2 Adoption of new and amended standards and interpretations (cont'd)

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

| | Increase/ (decrease) | |
|---------------------|-------------------------|----------------|
| | Group S\$ | Company S\$ |
| Right-of-use assets | 2,948,637 | 17,393 |
| Lease liabilities | 2,948,637 | 17,393 |

The Group has lease contracts for apartments. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.18.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.18. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. Right-of-use assets are measured at an amount equal to the lease liability, adjusted for previously recognised prepaid and accrual lease payments.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonable similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2. Summary of significant accounting policies

2.2 Adoption of new and amended standards and interpretations (cont'd)

Based on the above, as at 1 January 2019, right-of-use assets of S\$2,948,637 and lease liabilities of S\$2,948,637 were recognised, with no significant deferred tax impact or adjustment to opening balance of retained earnings.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

| | S\$ |
|---|------------------|
| Operating lease commitments as at 31 December 2018 | 3,022,704 |
| Less: | |
| Commitments relating to short-term leases and leases of low-value assets | <u>—</u> |
| | 3,022,704 |
| Weighted average incremental borrowing rate as at 1 January 2019 | <u>3.68%</u> |
| Discounted operating lease commitments as at 1 January 2019 representing lease liabilities as at 1 January 2019 | <u>2,948,637</u> |

2.3 Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendments to References to the Conceptual Framework in FRS Standards | 1 January 2020 |
| Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 <i>Definition of Material</i> | 1 January 2020 |
| Amendments to SFRS(I) 3 <i>Definition of a Business</i> | 1 January 2020 |

The directors expect that the adoption of the standards and amendments above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method.

Apart from the above, business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, all items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation of assets begins when they are available for use and is computed on a straight-line basis over the estimated useful life of the assets as follows:

| | | |
|----------------------------|---|--------------------------------------|
| Leasehold land | – | 30 years |
| School buildings | – | 50 years [#] |
| School plant and equipment | – | 6 to 25 years |
| Computers | – | 6 years |
| Motor vehicles | – | 3 to 10 years (to a residual value)* |
| Library books and media | – | 6 years |

[#] School buildings are depreciated over 50 years based on the current lease of 30 years and that the site lease will be renewed for a further term of 30 years upon its expiry on 13 June 2043, and an independent external valuer's opinion that the substructure and the superstructure of the school buildings have over 50-year useful lifespan. Depreciation commenced on 1 July 2015, when operations commenced at the new school.

* Motor vehicles are depreciated to a residual value of the vehicles' minimum Preferential Additional Registration Fee (PARF) benefit, a rebate granted when vehicles are deregistered within 10 years from date of manufacture.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment (cont'd)*

The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense is recognised in the profit or loss through the 'amortisation of intangible assets' line item.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(a) *Computer software*

Acquired software licences are stated at cost less accumulated amortisation and accumulated impairment in value, if any. These costs are amortised using the straight-line method over their estimated useful lives of 6 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.7 Intangible assets (cont'd)

(b) Software development costs

Software development costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Following initial recognition of software development costs as an intangible asset, it is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation of the intangible asset begins when development is complete and the asset is available for use. The carrying value of software development costs are reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year. Upon completion, the software development costs are amortised over the estimated useful life of 9 years.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.10 Financial instrument

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

The subsequent measurement of financial assets depends on the Group's business model for managing the asset and the contractual cashflow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group classifies all its financial assets at amortised cost.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than those at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.10 Financial instrument (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

The Group has not classified any financial liabilities upon initial recognition at fair value through profit or loss.

Financial liabilities include trade payables, which are normally settled on 30 to 90 day terms and other amounts payable.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in the profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group monitors changes in credit risk, and recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of financial assets (cont'd)

At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 90 days past due.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Inventories

Inventories consist of stationery supplies available to students, school uniforms and fabric for making of school uniforms. Inventories are stated at the lower of cost, determined on a weighted average cost basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Employee benefits

(a) Defined contribution plans

The Group makes contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrued to the employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.16 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expenses.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 Leases

These accounting policies are applied on an after the initial application date of SFRS(I) 16, 1 January 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8.

The Group's right-of-use assets are disclosed in Note 20.

2. Summary of significant accounting policies (cont'd)

2.18 Leases (cont'd)

(a) As lessee (cont'd)

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note 20.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies that the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

In prior year, leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.19 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Rendering of services

Revenue from tuition fees is recognised over the duration of the course. Amounts of fees relating to future periods are included in fees received in advance.

Enrichment programme revenue is recognised when services are rendered.

The Group charges non-refundable registration fees to new students who register with the school. Registration fees revenue is recognised over the estimated average student life in the school.

(b) Sale of goods

Revenue from sales of supplies at the school shop is recognised when control of the goods has been transferred to the customer at a point in time. Control is transferred upon the delivery of the goods.

The amount of revenue recognised is based on the contractual price and does not include variable consideration such as right of returns, refunds, trade discounts or volume rebates.

(c) Interest income

Interest income is recognised using the effective interest method.

2.20 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.20 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.20 Taxes (cont'd)

(b) Deferred tax (cont'd)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would be recognised in profit or loss.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.21 Segment reporting

The Company and its subsidiaries operate in Singapore in the business segment of provision of education under a foreign education system. Substantially all revenue, expenses, assets and liabilities are derived from operations in Singapore.

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. The amount of obligation cannot be measured with sufficient reliability.

2. Summary of significant accounting policies (cont'd)

2.23 Contingencies (cont'd)

A contingent asset is a possible asset that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which has the most significant effect on the amount recognised in the consolidated financial statements:

Ability to renew the land lease

The school buildings have an estimated use for 50 years based on the assets' expected utility to the Group and the future economic benefits embodied in the assets. The current land lease is 30 years, and the Group expects to seek the relevant authorities' approval for the extension of the lease for a further term of 30 years upon its expiration on 13 June 2043. The school site is zoned exclusively for use by an educational institution and the buildings have also been purpose-built for use as a school only.

The carrying amount of the school buildings as at 31 December 2019 was S\$166,337,351 (2018: S\$169,993,117).

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(a) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the groupings of customers by days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 13.

The carrying amount of trade receivables as at 31 December 2019 is S\$1,091,140 (2018: S\$1,047,240).

(b) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic movement. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. Revenue

(a) *Disaggregation of revenue*

| | Tuition fees | | Registration fees | | School shop, Enrichment programme, Interest income and Other income | | Total revenue | |
|--|-------------------|-------------------|-------------------|------------------|---|------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Timing of transfer of goods or services | | | | | | | | |
| At a point in time | – | – | – | – | 1,205,415 | 1,156,739 | 1,205,415 | 1,156,739 |
| Over time | 79,602,384 | 80,342,415 | 1,173,023 | 1,193,173 | 317,913 | 385,397 | 81,093,320 | 81,920,985 |
| | 79,602,384 | 80,342,415 | 1,173,023 | 1,193,173 | 1,523,328 | 1,542,136 | 82,298,735 | 83,077,724 |

(b) *Judgement and methods used in estimating revenue*

Estimating average student life for registration fees recognition

The Group charges non-refundable registration fees to new students who register with the school. The performance obligation is determined to be satisfied over the estimated student life in the school. Management estimates the average student life in the school by taking historical data of student enrolment over the past 5 years and compute the average number of years each student spends with the school. A reassessment of the average student life is conducted on an annual basis.

5. Personnel expenses

| | 2019 | 2018 |
|--------------------------------------|-------------------|-------------------|
| | S\$ | S\$ |
| Salaries and bonuses | 37,945,796 | 38,000,741 |
| Central Provident Fund contributions | 1,960,843 | 1,974,296 |
| Staff medical insurance | 523,355 | 452,778 |
| Other short term benefits | 3,664,973 | 6,926,451 |
| | 44,094,967 | 47,354,266 |

Other short term benefits in prior year included rental payment on leases of S\$3,015,532, accounted for as right-of-use assets and depreciated in current year upon adoption of SFRS(I) 16 *Leases* (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. Other operating expenses

Finance costs

Other operating expenses include:

| | 2019 | 2018 |
|---|---------|---------|
| | S\$ | S\$ |
| Audit fees paid to: | | |
| – Auditors of the Company | 167,000 | 163,530 |
| – Member firm of EY Global | 4,010 | 4,030 |
| Internal audit fees | 30,000 | 30,000 |
| Loss on disposal of property, plant and equipment | 3,273 | 37,641 |
| Impairment loss on trade receivables (Note 13) | 130,145 | 239,350 |
| Directors' fees | 440,000 | 440,000 |
| International Baccalaureate Organisation ("IBO") fees | 29,821 | 38,364 |
| Teaching materials | 396,543 | 472,648 |
| Insurance | 168,516 | 174,202 |
| Training expenses | 75,172 | 108,892 |
| Transport services | 779,885 | 784,355 |
| Charitable donation | 50,000 | 50,000 |
| Write-off of inventories (Note 12) | 7,049 | 4,023 |
| Fair value loss on bonds repurchased | – | 92,500 |

There are no non-audit fees paid to auditors of the Company (2018: S\$nil).

Finance costs include:

| | 2019 | 2018 |
|---|------------------|------------------|
| | S\$ | S\$ |
| Loan interest expense (Note 19) | 2,894,353 | – |
| Interest expense on lease liabilities (Note 20) | 119,194 | – |
| Bond interest expense (Note 19) | 1,877,640 | 7,029,003 |
| Other finance costs | 82,685 | – |
| | 4,973,872 | 7,029,003 |

7. Income tax expense

(a) Major components of income tax expense for the financial year ended 31 December are:

| | 2019 | 2018 |
|--|-----------|-----------|
| | S\$ | S\$ |
| Statement of comprehensive income: | | |
| Current income tax: | | |
| – Current year income taxation | 2,758,448 | 2,183,299 |
| – Over-provision in respect of previous years | (5,349) | (5,000) |
| | 2,753,099 | 2,178,299 |
| Deferred income tax (Note 21): | | |
| – Origination and reversal of temporary differences | 27,813 | 266,263 |
| Income tax expense recognised in the statement of comprehensive income | 2,780,912 | 2,444,562 |

(b) Relationship between tax expense and profit before tax

A reconciliation between the tax expense and the product of profit before tax multiplied by applicable corporate tax rate for the years ended 31 December is as follows:

| | 2019 | 2018 |
|---|------------|-----------|
| | S\$ | S\$ |
| Profit before tax | 10,788,335 | 9,351,066 |
| Taxation at statutory tax rate of 17% | 1,834,017 | 1,589,681 |
| Adjustments: | | |
| Effect of partial tax exemption | (34,850) | (51,850) |
| Expenses not deductible for tax purposes | 1,008,344 | 952,981 |
| Tax benefits from tax reliefs | (21,250) | (41,250) |
| Over-provision in respect of previous years | (5,349) | (5,000) |
| | 2,780,912 | 2,444,562 |

8. Earnings per share

The basic and diluted earnings per share are calculated by dividing net profit after taxation attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The Company did not issue any dilutive potential ordinary shares during the current and previous financial years.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

| | 2019 | 2018 |
|---|--------------|--------------|
| Net profit for the year attributable to owners of the Company | S\$8,007,423 | S\$6,906,504 |
| Weighted average number of ordinary shares for basic and diluted earnings per share computation | 415,363,548 | 415,363,548 |
| Earnings per share (cents) | | |
| – Basic and diluted | 1.9 | 1.7 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. Property, plant and equipment

School buildings, plant and equipment

| Group | Leasehold land S\$ | School buildings, plant and equipment | | | | | Library books and media S\$ | Total for school buildings, plant and equipment S\$ | Total S\$ |
|--|-----------------------|---------------------------------------|-----------------------------------|------------------|-----------------------|-----------------------|--------------------------------|--|--------------|
| | | School buildings S\$ | School plant and equipment S\$ | Computers S\$ | Motor vehicles S\$ | Motor vehicles S\$ | | | |
| Cost | | | | | | | | | |
| At 1 January 2018 | 37,100,000 | 182,788,298 | 70,048,438 | 5,229,463 | 1,339,711 | 2,856,470 | 262,262,380 | 299,362,380 | |
| Additions | – | – | 192,977 | 665,525 | 228,717 | 91,927 | 1,179,146 | 1,179,146 | |
| Disposals/write-off | – | – | (185,476) | (361,755) | (884,579) | (74,335) | (1,506,145) | (1,506,145) | |
| At 31 December 2018 and 1 January 2019 | 37,100,000 | 182,788,298 | 70,055,939 | 5,533,233 | 683,849 | 2,874,062 | 261,935,381 | 299,035,381 | |
| Additions | – | – | 179,307 | 771,150 | 156,778 | 141,800 | 1,249,035 | 1,249,035 | |
| Disposals/write-off | – | – | (62,100) | (307,779) | (264,800) | (86,411) | (721,090) | (721,090) | |
| At 31 December 2019 | 37,100,000 | 182,788,298 | 70,173,146 | 5,996,604 | 575,827 | 2,929,451 | 262,463,326 | 299,563,326 | |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2018 | 5,565,000 | 9,139,415 | 10,816,626 | 3,880,289 | 931,165 | 2,402,129 | 27,169,624 | 32,734,624 | |
| Charge for the year | 1,236,667 | 3,655,766 | 3,954,354 | 418,759 | 142,203 | 167,013 | 8,338,095 | 9,574,762 | |
| Disposals/write-off | – | – | (179,198) | (361,055) | (776,771) | (73,983) | (1,391,007) | (1,391,007) | |
| At 31 December 2018 and 1 January 2019 | 6,801,667 | 12,795,181 | 14,591,782 | 3,937,993 | 296,597 | 2,495,159 | 34,116,712 | 40,918,379 | |
| Charge for the year | 1,236,667 | 3,655,766 | 3,950,876 | 493,549 | 118,634 | 148,536 | 8,367,361 | 9,604,028 | |
| Disposals/write-off | – | – | (49,817) | (304,592) | (233,410) | (85,975) | (673,794) | (673,794) | |
| At 31 December 2019 | 8,038,334 | 16,450,947 | 18,492,841 | 4,126,950 | 181,821 | 2,557,720 | 41,810,279 | 49,848,613 | |
| Net carrying values | | | | | | | | | |
| At 31 December 2019 | 29,061,666 | 166,337,351 | 51,680,305 | 1,869,654 | 394,006 | 371,731 | 220,653,047 | 249,714,713 | |
| At 31 December 2018 | 30,298,333 | 169,993,117 | 55,464,157 | 1,595,240 | 387,252 | 378,903 | 227,818,669 | 258,117,002 | |

Depreciation expense in the consolidated statement of comprehensive income comprises S\$9,604,028 (2018: S\$9,574,762) of depreciation of property, plant and equipment and S\$3,387,263 (2018: S\$nil) of depreciation of right-of-use assets (Note 20).

9. **Property, plant and equipment (cont'd)**

| | Motor vehicles | Computers | Total |
|--|-------------------|-----------|-----------|
| | S\$ | S\$ | S\$ |
| Company | | | |
| Cost | | | |
| At 1 January 2018 | 196,822 | 1,679 | 198,501 |
| Disposal | (103,811) | – | (103,811) |
| At 31 December 2018 and 1 January 2019 | 93,011 | 1,679 | 94,690 |
| Additions | 143,400 | – | 143,400 |
| Disposal | (93,011) | – | (93,011) |
| At 31 December 2019 | 143,400 | 1,679 | 145,079 |
| Accumulated depreciation | | | |
| At 1 January 2018 | 108,997 | 490 | 109,487 |
| Charge for the year | 23,511 | 279 | 23,790 |
| Disposal/write-off | (65,786) | – | (65,786) |
| At 31 December 2018 and 1 January 2019 | 66,722 | 769 | 67,491 |
| Charge for the year | 21,994 | 280 | 22,274 |
| Disposal/write-off | (77,076) | – | (77,076) |
| At 31 December 2019 | 11,640 | 1,049 | 12,689 |
| Net carrying values | | | |
| At 31 December 2019 | 131,760 | 630 | 132,390 |
| At 31 December 2018 | 26,289 | 910 | 27,199 |

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. Intangible assets

| | Internally developed computer software | Internally developed computer software work-in-progress ("WIP") | Acquired computer software | Total |
|--|--|---|----------------------------|------------|
| | S\$ | S\$ | S\$ | S\$ |
| Group | | | | |
| Cost | | | | |
| At 1 January 2018 | 11,045,302 | 99,571 | 213,201 | 11,358,074 |
| Additions | 122,498 | 241,234 | – | 363,732 |
| Transfer of completed assets | 119,068 | (119,068) | – | – |
| At 31 December 2018 and 1 January 2019 | 11,286,868 | 221,737 | 213,201 | 11,721,806 |
| Additions | 130,870 | 159,159 | – | 290,029 |
| Transfer of completed assets | 374,986 | (374,986) | – | – |
| At 31 December 2019 | 11,792,724 | 5,910 | 213,201 | 12,011,835 |
| Accumulated amortisation | | | | |
| At 1 January 2018 | 9,080,989 | – | 199,461 | 9,280,450 |
| Amortisation for the year | 503,720 | – | 6,517 | 510,237 |
| At 31 December 2018 and 1 January 2019 | 9,584,709 | – | 205,978 | 9,790,687 |
| Amortisation for the year | 450,801 | – | 4,335 | 455,136 |
| At 31 December 2019 | 10,035,510 | – | 210,313 | 10,245,823 |
| Net carrying values | | | | |
| At 31 December 2019 | 1,757,214 | 5,910 | 2,888 | 1,766,012 |
| At 31 December 2018 | 1,702,159 | 221,737 | 7,223 | 1,931,119 |

11. Investment in subsidiaries

| | Company | |
|--------------------------|-------------|-------------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Unquoted shares, at cost | 101,219,141 | 101,219,141 |

11. Investment in subsidiaries (cont'd)

The subsidiaries of the Company are as follows:

| Name | Country of incorporation | Principal activities | Cost | | Proportion of ownership interest | |
|--|--------------------------|-----------------------------------|--------------------|-------------|----------------------------------|------|
| | | | 2019 | 2018 | 2019 | 2018 |
| | | | S\$ | S\$ | % | % |
| Overseas Family School Limited ("OFSL")* | Singapore | Operating a foreign system school | 101,217,127 | 101,217,127 | 100 | 100 |
| Overseas Family School Limited (Hong Kong) ("OFS HK")# | Hong Kong | Dormant | 2,014 | 2,014 | 100 | 100 |
| | | | 101,219,141 | 101,219,141 | | |

* Audited by Ernst & Young LLP, Singapore.

Audited by Ernst & Young, Hong Kong.

12. Inventories

| | Group | |
|--------------------------------|---------|---------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| School supplies and stationery | 422,439 | 413,341 |

During the financial year, the Group wrote-off inventories of S\$7,049 (2018: S\$4,023) (Note 6). The write-off was for school supplies which were no longer saleable and was recognised as an expense in the statement of comprehensive income.

13. Trade receivables

| | Group | |
|--|------------------|-----------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Trade receivables | 1,349,687 | 1,594,384 |
| Less: Impairment loss on trade receivables | (258,547) | (547,144) |
| Total financial assets carried at amortised cost | 1,091,140 | 1,047,240 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. Trade receivables (cont'd)

Trade receivables are non-interest bearing. Trade receivables relating to tuition fees are payable one month before semester commences while other trade receivables are generally due immediately. They are recognised at their original invoice amounts which represent their fair values on initial recognition. All trade receivables are denominated in Singapore Dollars.

Receivables that are past due but not impaired

The Group has trade receivables amounting to S\$1,072,206 (2018: S\$1,042,081) that are past due at the end of the reporting period but not impaired. The analysis of their aging at the balance sheet date is as follows:

| | Group | |
|-----------------------------|------------------|-----------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Trade receivables past due: | | |
| Less than 60 days | 960,669 | 910,991 |
| 60 days and above | 111,537 | 131,090 |
| | 1,072,206 | 1,042,081 |

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement in allowance for expected credit losses of trade receivables computed based on lifetime expected credit losses are as follows:

| | Group | |
|--|----------------|-----------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Trade receivables | 258,547 | 547,144 |
| Less: Allowance for impairment | (258,547) | (547,144) |
| | – | – |
| <u>Expected credit losses</u> | | |
| Movements in allowance for impairment: | | |
| At beginning of the year | 547,144 | 308,647 |
| Charge for the year (Note 6) | 130,145 | 239,350 |
| Write-off during the year | (418,742) | (853) |
| At end of the year | 258,547 | 547,144 |

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

14. Other receivables and deposits

| | Group | | Company | |
|------------------------|----------------|---------|---------------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| | S\$ | S\$ | S\$ | S\$ |
| Staff housing deposits | 203,700 | 290,900 | 7,000 | 7,000 |
| Other debtors | 5,058 | 12,885 | 5,000 | 5,000 |
| | 208,758 | 303,785 | 12,000 | 12,000 |

15. Amount due from subsidiary

As at 31 December 2019, the amount due from subsidiary of S\$8,000,000 (2018: S\$129,178,611) was for the financial year 2019 interim dividend paid in financial year 2020.

In the previous year, included in the amount due from subsidiary of S\$129,178,611 was S\$117,750,000 of bond proceeds provided by the Company to the subsidiary which bore interest at the rate of 5.2% per annum, payable semi-annually in arrears on 17 October and 17 April each year. The amount due from subsidiary was fully received in April 2019.

16. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

| | Group | | Company | |
|-----------------------------|-------------------|------------|------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| | S\$ | S\$ | S\$ | S\$ |
| Cash at Bank | 45,831,619 | 41,966,880 | 5,592,870 | 5,864,143 |
| Less: Other long term asset | (333,500) | (333,500) | – | – |
| Cash and cash equivalents | 45,498,119 | 41,633,380 | 5,592,870 | 5,864,143 |

Included in Cash at bank is an amount of S\$333,500 (2018: S\$333,500) that was placed with a bank in prior years to secure a banker's guarantee issued to a government authority for a proposed road widening project beside the school campus. This amount is expected to be placed with the bank for a duration of more than one year.

Included in cash and cash equivalents are the following balances denominated in foreign currency:

| | Group | | Company | |
|-----------------------|-------|-------|---------|------|
| | 2019 | 2018 | 2019 | 2018 |
| | S\$ | S\$ | S\$ | S\$ |
| United States dollars | 7,712 | 8,094 | – | – |

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17. Other payables and liabilities

| | Group | | Company | |
|---------------------------------|------------------|---------|----------------|---------|
| | 2019 | 2018 | 2019 | 2018 |
| | S\$ | S\$ | S\$ | S\$ |
| Accrued staff and related costs | 172,962 | 184,410 | – | – |
| Other creditors | 1,238,680 | 576,600 | 120,163 | 81,831 |
| Other liabilities | – | – | – | 99,453 |
| | 1,411,642 | 761,010 | 120,163 | 181,284 |

Other payables are non-interest bearing.

18. Fees received in advance

Fees received in advance (current) refer to both the registration and tuition fees billed and received for the semester starting in January of the next financial year. Fees received in advance (non-current) refer to the registration fees received and to be recognised over the average student life in the school.

Information about fees received in advance is disclosed as follows:

| | Group | |
|---|-------------------|------------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Current – Tuition fee and registration fee | 30,503,618 | 28,454,190 |
| Non-current (1 to 3 years) – Registration fee | 711,326 | 636,836 |
| | 31,214,944 | 29,091,026 |

Fees received in advance are recognised as revenue as the Group fulfils its performance obligation under the contract. Significant changes in fees received in advance are explained as follows:

| | Group | |
|---|------------|------------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Revenue recognised that was included in the fees received in advance balance at the beginning of the year (1 January) | 28,454,190 | 29,321,652 |

19. Borrowings

Bank loan

| | Group | | Company | |
|---------------------------------|--------------------|------|---------|------|
| | 2019 | 2018 | 2019 | 2018 |
| | S\$ | S\$ | S\$ | S\$ |
| Current liabilities: | | | | |
| Borrowings | | – | – | – |
| – Bank loan | 6,160,000 | | | |
| – Interest payable | 801,652 | | | |
| Less: Facility fee | (117,750) | – | – | – |
| | 6,843,902 | – | – | – |
| Non-current liabilities: | | | | |
| Borrowings | | – | – | – |
| – Bank loan | 108,510,000 | | | |
| Less: Facility fee | (971,437) | – | – | – |
| | 107,538,563 | – | – | – |
| Total borrowings | 114,382,465 | – | – | – |
| Finance costs | | | | |
| Loan interest expense | 2,894,353 | – | | |

On 16 April 2019, the Group entered into a 10-year bank term loan agreement of S\$117,750,000 with maturity on 15 April 2029 to fully redeem the outstanding Company's bonds. The loan is unsecured, payable in quarterly instalments of S\$1,540,000, with a final payment of outstanding loan balance upon maturity. The loan bears interest at average quarterly rates ranging from 3.3% to 3.7% per annum during the year. Any amount of the loan outstanding at the end of the 10-year term is available for further refinancing. Loan interest expense is computed based on the effective interest method.

A reconciliation of liabilities arising from bank loan financing activities is as follows:

| | 2018 | Cash flows | Non-cash changes | | | 2019 |
|-----------------------------|------|-------------|------------------------|------------------------------|----------------------|--------------------|
| | | | Accretion of interests | Amortisation of facility fee | Accrued facility fee | |
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Borrowings – | | | | | | |
| Bank loan at amortised cost | – | 114,081,250 | – | 88,313 | (588,750) | 113,580,813 |
| Loan interest payable | – | (2,092,701) | 2,894,353 | – | – | 801,652 |
| | – | 111,988,549 | 2,894,353 | 88,313 | (588,750) | 114,382,465 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. Borrowings (cont'd)

Bonds

| | Group | | Company | |
|-----------------------------------|-----------|-------------|----------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| | S\$ | S\$ | S\$ | S\$ |
| Borrowings – Bonds | – | 117,750,000 | – | 117,750,000 |
| Bonds – Issuance expenses | | | | |
| Opening balance | 99,453 | 506,648 | 99,453 | 506,648 |
| Amortisation on bonds repurchased | – | (38,874) | – | (38,874) |
| Amortisation during the year | (99,453) | (368,321) | (99,453) | (368,321) |
| | – | 99,453 | – | 99,453 |
| Bonds at amortised cost | – | 117,650,547 | – | 117,650,547 |
| Bonds – Issuance expenses | | | | |
| Presented as: | | | | |
| Current portion | – | 99,453 | – | 99,453 |
| | – | 99,453 | – | 99,453 |
| Finance costs | | | | |
| Bond interest expense | 1,877,640 | 7,029,003 | | |

The Company issued S\$150 million bonds on 17 April 2014 with maturity on 17 April 2019 to finance the building of the new school by a subsidiary. The bonds were unsecured and bore interest from 17 April 2014 at a rate of 5.2% per annum, payable semi-annually in arrears on 17 October and 17 April each year. Bond interest expense was computed based on the effective interest method.

In previous year, the Company repurchased S\$17,250,000 of issued bonds. The total purchase cost was S\$17,638,757, which included interest expense accumulated up to date of purchase and related costs. The repurchased bonds have been cancelled during the financial year ended 31 December 2018.

During the year, the Company fully redeemed S\$117,750,000 of issued bonds, outstanding as at 17 April 2019. The total redemption cost was S\$120,803,113, which included interest expense accumulated up to date of redemption and related costs. The redeemed bonds were cancelled during the financial year.

19. Borrowings (cont'd)

A reconciliation of liabilities arising from bond financing activities is as follows:

| | 2018 | Cash flows | Non-cash changes | | | 2019 |
|--------------------------------------|-------------|---------------|------------------------|---|--------------------------------------|------|
| | | | Accretion of interests | Amortisation of bonds issuance expenses | Fair value loss on bonds repurchased | |
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Borrowings – Bonds at amortised cost | 117,650,547 | (117,750,000) | – | 99,453 | – | – |
| Bonds – Interest payable | 1,274,926 | (3,053,113) | 1,778,187 | – | – | – |
| | 118,925,473 | (120,803,113) | 1,778,187 | 99,453 | – | – |

| | 2017 | Cash flows | Non-cash changes | | | 2018 |
|--------------------------------------|-------------|--------------|------------------------|---|--------------------------------------|-------------|
| | | | Accretion of interests | Amortisation of bonds issuance expenses | Fair value loss on bonds repurchased | |
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Borrowings – Bonds at amortised cost | 134,493,352 | (17,638,757) | 296,257 | 407,195 | 92,500 | 117,650,547 |
| Bonds – Interest payable | 1,461,698 | (6,512,323) | 6,325,551 | – | – | 1,274,926 |
| | 135,955,050 | (24,151,080) | 6,621,808 | 407,195 | 92,500 | 118,925,473 |

20. Leases

Group as a lessee

The Group has lease contracts for housing apartments for employees. The Group is restricted from assigning and subleasing the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. Leases (cont'd)

(a) Carrying amounts of right-of-use assets

| | 2019 | |
|------------------------------|-------------|----------|
| | Group | Company |
| | S\$ | S\$ |
| At 1 January 2019 | 2,948,637 | 17,393 |
| Additions | 4,607,693 | 81,108 |
| De-recognition | (72,720) | – |
| Depreciation during the year | (3,387,263) | (41,050) |
| At 31 December 2019 | 4,096,347 | 57,451 |

(b) Carrying amounts of lease liabilities

| | 2019 | |
|-----------------------|-------------|----------|
| | Group | Company |
| | S\$ | S\$ |
| At 1 January 2019 | 2,948,637 | 17,393 |
| Additions | 4,607,693 | 81,108 |
| Accretion of interest | 119,194 | 1,564 |
| De-recognition | (78,347) | – |
| Payments | (3,445,716) | (42,000) |
| At 31 December 2019 | 4,151,461 | 58,065 |
| Current | 2,959,142 | 58,065 |
| Non-current | 1,192,319 | – |
| | 4,151,461 | 58,065 |

The maturing analysis of lease liabilities is disclosed in Note 27.

(c) Amounts recognised in profit or loss

| | 2019 | |
|---------------------------------------|-----------|---------|
| | Group | Company |
| | S\$ | S\$ |
| Depreciation of right-of-use assets | 3,387,263 | 41,050 |
| Interest expense on lease liabilities | 119,194 | 1,564 |
| | 3,506,457 | 42,614 |

(d) Total cash outflow

The Group had total cash outflow for leases of S\$3,445,716 in 2019.

21. Deferred tax liabilities

Deferred tax as at 31 December relates to the following:

| | Group | | | |
|---|----------------------------|-----------|--|----------|
| | Consolidated Balance sheet | | Consolidated statement of comprehensive income | |
| | 2019 | 2018 | 2019 | 2018 |
| | S\$ | S\$ | S\$ | S\$ |
| <i>Deferred tax assets</i> | | | | |
| Provisions, unabsorbed capital allowances, and unearned registration fees | (362,146) | (301,689) | (60,457) | 333,611 |
| <i>Deferred tax liabilities</i> | | | | |
| Differences in depreciation and amortisation for tax purposes | 8,311,898 | 8,223,628 | 88,270 | (67,348) |
| Deferred tax liabilities (net) | 7,949,752 | 7,921,939 | 27,813 | 266,263 |

Tax consequences of proposed dividends

There are no income tax consequences (2018: S\$nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 24).

22. Share capital

| | Group and Company | | | |
|----------------------------|-------------------|------------|------------------|------------|
| | Number of shares | 2019 | Number of shares | 2018 |
| | | S\$ | | S\$ |
| At 1 January & 31 December | 415,363,548 | 99,253,226 | 415,363,548 | 99,253,226 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. Other reserves

| | Group | |
|--------------------------------------|---------------------|--------------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Merger reserve | (26,170,566) | (26,170,566) |
| Foreign currency translation reserve | 1,091 | 1,097 |
| At 31 December | (26,169,475) | (26,169,469) |

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control during the year ended 31 December 2011, following the application of the pooling of interest method. This reserve will remain until the subsidiaries are disposed.

24. Dividends

| | 2019 | 2018 |
|--|-------------------|------------|
| | S\$ | S\$ |
| Declared and paid during the financial year: | | |
| – Final exempt (one-tier) dividend for 2018: S\$0.0275 (2017: S\$0.0275) per share | 11,422,498 | 11,422,498 |
| Proposed but not recognised as a liability as at 31 December: | | |
| Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting: | | |
| – Final exempt (one-tier) dividend for 2019: S\$0.0275 (2018: S\$0.0275) per share | 11,422,498 | 11,422,498 |

25. Related party transactions

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following are the significant related party transactions entered into between the Group and its related parties that took place at terms and conditions agreed between the parties during the financial year:

| | Group | |
|---|----------------|---------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Director-related company – MPPL | | |
| Provision of accounting services | (5,000) | (5,000) |
| Director-related company – CAML/IHOL | | |
| Purchase of goods | 2,159 | 4,242 |

25. Related party transactions (cont'd)

(a) Sale and purchase of goods and services

Director-related company

- Two directors of the Company have an aggregate 100% interest in Master Projects Pte Ltd (“MPPL”). During the year, OFSL provided accounting services to MPPL. At the end of the reporting period, there was no outstanding balance from MPPL (2018: S\$nil).
- During the financial year, the Group purchased goods amounting to S\$2,159 (2018: S\$4,242) from Centre for Advanced Medicine Limited (“CAML”) (2018: Integrated Health Options Limited (“IHOL”)), wholly owned subsidiary of MPPL. At the end of the reporting period, there was no outstanding balance from CAML (2018: IHOL – S\$nil).

(b) Compensation of key management personnel

| | Group | |
|--|------------------|------------------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Directors' fees | 440,000 | 440,000 |
| Directors' salaries and bonuses | 1,235,200 | 1,209,600 |
| Directors' Central Provident Fund contributions | 20,970 | 23,160 |
| Directors' short term benefits | 24,741 | 31,274 |
| Other key management personnel's and related parties' salaries and bonuses | 993,500 | 1,234,500 |
| Other key management personnel's and related parties' Central Provident Fund contributions | 30,220 | 36,460 |
| Other key management personnel's and related parties' short term benefits | 65,370 | 74,328 |
| | 2,810,001 | 3,049,322 |
| Comprise amounts paid to: | | |
| – Directors of the Company | 1,720,911 | 1,704,034 |
| – Other key management personnel and related parties* | 1,089,090 | 1,345,288 |
| | 2,810,001 | 3,049,322 |

* includes key management personnel and family members of directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26. Commitments

Operating lease commitments

At the end of the reporting period, the Group has the following commitments for future minimum lease payments under non-cancellable operating leases (principally for teaching staff accommodation) with a term of more than one year as follows:

| | Group | |
|---|-------|-----------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Not later than one year | – | 2,370,148 |
| Later than one year but not later than five years | – | 652,556 |
| | – | 3,022,704 |

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheets as at 31 December 2019, except for short-term and low-value leases.

Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

| | Group | | Company | |
|---|---------|---------|---------|------|
| | 2019 | 2018 | 2019 | 2018 |
| | S\$ | S\$ | S\$ | S\$ |
| Capital commitments in respect of construction of property, plant and equipment | 180,900 | 180,900 | – | – |

27. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments.

The Group's principal financial instruments comprise cash and cash equivalents and short term deposits. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and payables, which arise directly from its operations, and bonds.

It is, and has been throughout the financial year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken. The Group did not enter into any derivative financial instruments during the financial year and as at the end of the reporting period.

27. Financial risk management objectives and policies (cont'd)

The main risks arising from the Group's and the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate due to changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the Group's and Company's cash and bank deposits and its borrowings in bonds.

Since the Group's and the Company's deposits are usually placed on a short term basis, there is no significant exposure arising from interest rate fluctuation. As the interest rate on the bonds is fixed, there is no impact from interest rate fluctuation.

It is the Group's and the Company's policy to place surplus funds with reputable banks whose head office is regulated by Singapore authorities.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposure to liquidity risk arises in the general funding of the Group's operating activities. The Group and the Company manage its liquidity risk by maintaining cash and cash equivalent balances sufficient to meet operating expenses, capital expenditure and bond redemption upon maturity.

The table below summarises the maturity profiles of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

| | 1 year or less | 1 to 5 years | More than 5 years | Total |
|--|-------------------|-----------------|----------------------|-------|
| | S\$ | S\$ | S\$ | S\$ |

Group

2019

Financial assets

| | | | | |
|-------------------------------------|------------|-----------|---|------------|
| Deposits | – | 389,734 | – | 389,734 |
| Staff housing deposits | – | 313,750 | – | 313,750 |
| Other long term asset | – | 333,500 | – | 333,500 |
| Trade receivables | 1,091,140 | – | – | 1,091,140 |
| Other receivables and deposits | 208,758 | – | – | 208,758 |
| Cash and cash equivalents | 45,498,119 | – | – | 45,498,119 |
| Total undiscounted financial assets | 46,798,017 | 1,036,984 | – | 47,835,001 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

| | 1 year or less | 1 to 5 years | More than 5 years | Total |
|--|-------------------|-----------------|----------------------|--------------|
| | S\$ | S\$ | S\$ | S\$ |
| Group | | | | |
| 2019 | | | | |
| Financial liabilities | | | | |
| Trade payables | 270,245 | – | – | 270,245 |
| Other payables and liabilities (e) | 1,411,642 | – | – | 1,411,642 |
| Lease liabilities (a) | 3,041,579 | 1,203,436 | – | 4,245,015 |
| Bank loan – Interest payable (b) | 3,725,677 | 15,553,165 | 7,849,726 | 27,128,568 |
| Borrowings – Bank loan | 6,042,250 | 30,211,250 | 77,327,313 | 113,580,813 |
| Total undiscounted financial liabilities | 14,491,393 | 46,967,851 | 85,177,039 | 146,636,283 |
| Total net undiscounted financial assets/ (liabilities) | 32,306,624 | (45,930,867) | (85,177,039) | (98,801,282) |
| 2018 | | | | |
| Financial assets | | | | |
| Deposits | – | 296,060 | – | 296,060 |
| Staff housing deposits | – | 150,600 | – | 150,600 |
| Other long term asset | – | 333,500 | – | 333,500 |
| Trade receivables | 1,047,240 | – | – | 1,047,240 |
| Other receivables and deposits | 303,785 | – | – | 303,785 |
| Cash and cash equivalents | 41,633,380 | – | – | 41,633,380 |
| Total undiscounted financial assets | 42,984,405 | 780,160 | – | 43,764,565 |
| Financial liabilities | | | | |
| Trade payables | 318,083 | – | – | 318,083 |
| Other payables and liabilities (e) | 761,010 | – | – | 761,010 |
| Bonds – Interest payable (c) | 3,053,112 | – | – | 3,053,112 |
| Borrowings – Bonds (net of amortised issuance expenses) (d) | 117,650,547 | – | – | 117,650,547 |
| Total undiscounted financial liabilities | 121,782,752 | – | – | 121,782,752 |
| Total net undiscounted financial (liabilities)/ assets | (78,798,347) | 780,160 | – | (78,018,187) |

27. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

| | 1 year or less | 1 to 5 years | Total |
|---|-------------------|-----------------|-------------|
| | S\$ | S\$ | S\$ |
| Company | | | |
| 2019 | | | |
| Financial assets | | | |
| Amount due from subsidiary | 8,000,000 | – | 8,000,000 |
| Other receivables and deposits | 12,000 | – | 12,000 |
| Cash and cash equivalents | 5,592,870 | – | 5,592,870 |
| Total undiscounted financial assets | 13,604,870 | – | 13,604,870 |
| Financial liabilities | | | |
| Other payables and liabilities (e) | 120,163 | – | 120,163 |
| Lease liabilities (a) | 58,065 | – | 58,065 |
| Total undiscounted financial liabilities | 178,228 | – | 178,228 |
| Total net undiscounted financial assets | 13,426,642 | – | 13,426,642 |
| 2018 | | | |
| Financial assets | | | |
| Amount due from subsidiary | 130,956,797 | – | 130,956,797 |
| Other receivables and deposits | 12,000 | – | 12,000 |
| Cash and cash equivalents | 5,864,143 | – | 5,864,143 |
| Total undiscounted financial assets | 136,832,940 | – | 136,832,940 |
| Financial liabilities | | | |
| Other payables and liabilities (e) | 81,831 | – | 81,831 |
| Bonds - Interest payable (c) | 3,053,112 | – | 3,053,112 |
| Borrowings - Bonds (net of amortised issuance expenses) (d) | 117,650,547 | – | 117,650,547 |
| Total undiscounted financial liabilities | 120,785,490 | – | 120,785,490 |
| Total net undiscounted financial assets | 16,047,450 | – | 16,047,450 |

(a) relates to contractual obligation of lease commitments

(b) relates to contractual obligation of bank interest payable up to April 2029

(c) relates to contractual obligation of remaining bond interest payable up to April 2019

(d) refinanced by subsidiary subsequent to year end

(e) excludes other liabilities, which are not financial liabilities (Note 17)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. Financial risk management objectives and policies (cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's main exposure to credit risk arises primarily from trade and other receivables and cash and cash equivalents. The credit risk on such trade and other receivables is minimal as the Group collects the fees in advance of rendering services. For other financial assets including cash and cash equivalents, the Group minimises credit risk by placing the surplus funds with reputable banks.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, and when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

The Group considers available reasonable and supportive forwarding-looking information and significant changes in the payment status and behaviour of debtors.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtors
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on observable ageing buckets. The expected credit losses below also incorporate forward looking information such as unemployment rate of Singapore residents.

27. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Trade receivables (cont'd)

Summarised below are the information about the loss allowance provision and the credit risk exposure on the Group's trade receivables using provision matrix:

| 2019 | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|---------------------------|---------|----------------------------|----------------------------|----------------------------|-----------|
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| Expected credit loss rate | 0.48% | 1.40% | 11.91% | 72.32% | |
| Gross carrying amount | 868,323 | 111,529 | 24,252 | 345,583 | 1,349,687 |
| Loss allowance provision | (4,159) | (1,565) | (2,888) | (249,935) | (258,547) |

| 2018 | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|---------------------------|---------|----------------------------|----------------------------|----------------------------|-----------|
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| Expected credit loss rate | 0.24% | 0.81% | 11.52% | 83.89% | |
| Gross carrying amount | 835,180 | 80,971 | 33,855 | 644,378 | 1,594,384 |
| Loss allowance provision | (2,014) | (657) | (3,901) | (540,572) | (547,144) |

Information regarding loss allowance movement of trade receivables are disclosed in Note 13.

During the financial year, the Group wrote-off S\$418,742 (2018: S\$853) of trade receivables against allowance (Note 13) which are more than 90 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

28. Financial instruments

The carrying amounts of financial instruments in each of the following categories are as follows:

| | Group | |
|--|-------------------|-------------------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Financial assets measured at amortised cost | | |
| Deposits (non-current) | 389,734 | 296,060 |
| Staff housing deposits (non-current) | 313,750 | 150,600 |
| Other long term asset | 333,500 | 333,500 |
| Trade receivables | 1,091,140 | 1,047,240 |
| Other receivables and deposits | 208,758 | 303,785 |
| Cash and cash equivalents | 45,498,119 | 41,633,380 |
| | 47,835,001 | 43,764,565 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. Financial instruments (cont'd)

The carrying amounts of financial instruments in each of the following categories are as follows:

| | Group | |
|---|--------------------|--------------------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Financial liabilities measured at amortised cost | | |
| Trade payables | 270,245 | 318,083 |
| Other payables and liabilities | 1,411,642 | 761,010 |
| Lease liabilities | 4,151,461 | – |
| Bonds – Interest payable | – | 1,274,926 |
| Borrowings – Bonds (net of amortised issuance expenses) | – | 117,650,547 |
| Borrowings – Bank loan | 114,382,465 | – |
| | 120,215,813 | 120,004,566 |

| | Company | |
|---|-------------------|--------------------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Financial assets measured at amortised cost | | |
| Other receivables and deposits | 12,000 | 12,000 |
| Cash and cash equivalents | 5,592,870 | 5,864,143 |
| Amount due from subsidiary | 8,000,000 | 129,178,611 |
| | 13,604,870 | 135,054,754 |
| Financial liabilities measured at amortised cost | | |
| Other payables and liabilities | 120,163 | 81,831 |
| Lease liabilities | 58,065 | – |
| Borrowings – Bonds | – | 118,925,473 |
| | 178,228 | 119,007,304 |

29. Fair value of financial instruments

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

29. Fair value of financial instruments (cont'd)

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, and bank borrowings reasonably approximate their fair values because these are mostly short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The fair values of the non-current deposits, staff housing deposits and other long term asset approximate their carrying value and are estimated using the discounted estimated cash flow analysis. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending and borrowing arrangements.

30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

The Group will continue to be guided by prudent financial policies which are to finance the operations and repayment of borrowings mainly through cash generated from operating activities.

| | Group | |
|--|---------------------|--------------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Total gross debt [^] | 114,670,000 | 117,750,000 |
| Equity attributable to owners of the company | | |
| Share capital | 99,253,226 | 99,253,226 |
| Revenue reserve | 66,524,811 | 69,939,886 |
| Other reserves | (26,169,475) | (26,169,469) |
| | 139,608,562 | 143,023,643 |
| Gross debt equity ratio | 82.14% | 82.33% |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. Capital management (cont'd)

| | Group | |
|-------------------------------------|----------------------|---------------|
| | 2019 | 2018 |
| | S\$ | S\$ |
| Cash and cash equivalents | 45,498,119 | 41,633,380 |
| Less: Total gross debt [^] | (114,670,000) | (117,750,000) |
| Net borrowing position | (69,171,881) | (76,116,620) |

[^] Gross debt relates to principal amount of borrowings (2018: bonds).

31. Authorisation for issue of financial statements

The consolidated financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of directors on 19 March 2020.

SHAREHOLDINGS STATISTICS

AS AT 10 MARCH 2020

| Class of Equity Securities | Number of Equity Securities | Voting Rights |
|----------------------------|-----------------------------|--------------------|
| Ordinary Shares | 415,363,548 | One vote per share |
| Treasury Shares | Nil | Nil |
| Subsidiary holdings | Nil | Nil |

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 – 99 | 1 | 0.10 | 10 | 0.00 |
| 100 – 1,000 | 71 | 7.41 | 56,700 | 0.01 |
| 1,001 – 10,000 | 401 | 41.86 | 2,207,670 | 0.53 |
| 10,001 – 1,000,000 | 468 | 48.85 | 40,518,220 | 9.76 |
| 1,000,001 and above | 17 | 1.78 | 372,580,948 | 89.70 |
| TOTAL | 958 | 100.00 | 415,363,548 | 100.00 |

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

| | Direct Interest | % | Deemed Interest | % |
|------------------------------------|-----------------|-------|-----------------|-------|
| PDAC Private Limited | 131,878,138 | 31.75 | – | – |
| WLH Private Limited | 131,878,138 | 31.75 | – | – |
| Saray Developed Markets Value Fund | 34,091,900 | 8.21 | – | – |
| David Alan Perry ⁽¹⁾ | – | – | 136,915,110 | 32.96 |
| Wong Lok Hiong ⁽²⁾ | – | – | 131,878,138 | 31.75 |

Notes:

- (1) Mr David Alan Perry is deemed to be interested in the Shares held by PDAC Private Limited by virtue of Section 4 of the Securities and Futures Act as he is the sole shareholder of PDAC Private Limited and 5,036,972 ordinary shares held through Citibank Nominees Singapore Pte Ltd, holding on behalf of David Alan Perry.
- (2) Ms Wong Lok Hiong is deemed to be interested in the Shares held by WLH Private Limited by virtue of Section 4 of the Securities and Futures Act as she is the sole shareholder of WLH Private Limited.

SHAREHOLDINGS STATISTICS

AS AT 10 MARCH 2020

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 10 March 2020, approximately 26.84% of the Company's total number of issued shares is held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed at all times held in the hands of the public.

TWENTY LARGEST SHAREHOLDERS

| | NAME | NO. OF SHARES | % |
|----|--|--------------------|--------------|
| 1 | PDAC PRIVATE LIMITED | 131,878,138 | 31.75 |
| 2 | WLH PRIVATE LIMITED | 131,878,138 | 31.75 |
| 3 | CITIBANK NOMINEES SINGAPORE PTE LTD | 45,347,972 | 10.92 |
| 4 | RAFFLES NOMINEES (PTE) LIMITED | 18,374,200 | 4.42 |
| 5 | DBS NOMINEES PTE LTD | 12,120,400 | 2.92 |
| 6 | PHILLIP SECURITIES PTE LTD | 6,208,900 | 1.49 |
| 7 | BPSS NOMINEES SINGAPORE (PTE.) LTD. | 5,621,500 | 1.35 |
| 8 | MAYBANK KIM ENG SECURITIES PTE LTD | 4,020,900 | 0.97 |
| 9 | DBSN SERVICES PTE LTD | 3,766,000 | 0.91 |
| 10 | DB NOMINEES (SINGAPORE) PTE LTD | 2,531,300 | 0.61 |
| 11 | UOB KAY HIAN PTE LTD | 1,981,700 | 0.48 |
| 12 | D'OASIS PTE LTD | 1,904,900 | 0.46 |
| 13 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 1,883,300 | 0.45 |
| 14 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 1,610,000 | 0.39 |
| 15 | IWAN RUSLI @ LIE TJIN VAN | 1,400,000 | 0.34 |
| 16 | LEONG KAI CHUNG | 1,045,600 | 0.25 |
| 17 | ANG HAO YAO (HONG HAOYAO) | 1,008,000 | 0.24 |
| 18 | CHEE JINGYING JOYCE (XU JINGYING) | 1,000,000 | 0.24 |
| 19 | FU MUI KIM MRS. WOO TOONG LI | 1,000,000 | 0.24 |
| 20 | KGI SECURITIES (SINGAPORE) PTE. LTD. | 1,000,000 | 0.24 |
| | TOTAL | 375,580,948 | 90.42 |

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Overseas Education Limited

81 PASIR RIS HEIGHTS
SINGAPORE 519292



OVERSEAS EDUCATION INVESTMENT ZONE

FOR INVESTORS AND EDUCATIONAL INSTITUTIONS