



# INVESTING IN EDUCATION

ANNUAL REPORT 2015

**Overseas Education Limited**



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Our Master Policy

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

Corporate Profile

**Overseas Education Limited** ("OEL" and together with its subsidiaries, the "Group") is the holding company of Overseas Family School Limited ("OFSL") which operates Overseas Family School ("OFS" or the "School"), a leading private foreign system school ("FSS") in Singapore with an operating history of 25 years.

We offer a fully integrated inquiry-based programme comprising the International Primary Curriculum ("IPC") and the International Baccalaureate ("IB") curriculum within a globalised multi-cultural environment to children aged between 2 and 18 years of primarily expatriate parents, who are senior executives and professionals working and living in Singapore. We have around 3,000 students from more than 70 nationalities, supported by about 500 staff members from over 30 countries.

Apart from being the only school in Singapore offering both the IB Middle Years Programme ("MYP") and the International General Certificate of Secondary Education ("IGCSE"), we believe we are also the first and only FSS to integrate the Model United Nations ("MUN") initiative into our core curriculum. We also offer other programmes to supplement the curriculum.

Previously based at Paterson Road, July 2015 was a milestone for us with our move to a new campus in Pasir Ris, which features many new teaching facilities that have further improved our service offering.

We strive to maintain a happy, safe and effective school for overseas families living in Singapore, which prepares our students for their return to their respective national education systems or, for the more senior students, for entry into universities worldwide.



### Dear Shareholders

On behalf of the Overseas Education Limited (OEL) Board of Directors, I present this annual report for the financial year ended 31 December 2015.

OEL was listed on the Mainboard of the Singapore Exchange in February 2013, and construction of our new school campus was completed in May 2015, on time and within budget. We are grateful that the Group continues to attract consistent interest from investors, whether funds or individual shareholders, with an interest in Education. Many of our school staff are OEL shareholders, which continues to strengthen the family school concept. Continuing dedication and professional work by teachers and staff, and their commitment to the educational development of OFS students, provides the institutional foundation of the Company.

Investors who hear about our history, and understand the OFS approach to Education, indirectly support the learning of over 2,000 OFS families, from more than 70 countries, a significant contribution towards positive futures for these international students.

### 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 or any exclusive selection criteria.

**Open Exam Entry.** OFS encourages High School students to register for IGCSE and IB examinations. The objective is to lift students' achievement levels, often beyond the expectations of parents or school.

**Self-Discipline.** A multi-national and multi-cultural student profile, with no country or culture dominating the student community, encourages development of a natural respect between students. We can therefore operate with the minimum of rules and punishments, which makes for a happy school. A significant OFS policy holds that happy students learn better than highly disciplined students. Throughout the school, students begin to learn and understand the benefits of self-discipline, for learning and for life.

**No Tolerance for Violence.** Happy students learn better than disciplined students. 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. OFS contracts make it clear that any act of violence will lead to immediate termination. Students, Teachers, Principals, Management and Staff all work together to meet this standard.

**Intellectual Development.** The OFS educational model does everything possible to develop every students' intellect, encouraging greater breadth and depth of learning. We avoid assessing and branding students by ability, and from the beginnings of OFS we adopted as an objective, the development of students' intellectual capacity. Over the years, OFS has introduced a range of initiatives specifically designed for this objective. Our new campus provides the space and opportunity to do it more effectively.

Young students are tutored for advanced levels of: Chess, Computer Coding, their own Mother Tongue and an association between physical and intellectual development. Specialists stimulate young minds and establish learning systems designed for this purpose. Young students respond with bright-eyed enthusiasm, and because of these initiatives, OFS attracts widespread recognition for educational leadership.

**Efficient Allocation of Academic duties.** OFS employs the best of teaching ability from around the world, currently 320 Academic staff from over 35 countries. OFS teachers are organised into five, student age-related schools, each with a Principal and academic support team. Academic Principals and those with leadership roles were previously successful OFS teachers, and these academic teams focus on their students and their teaching roles, with no business administrative duties to distract them.

Great teaching produces successful students. Successful students are the foundation of a great school. A great school defines and enables a successful Education company.



**Administration duties.** OFS business and logistic administration is provided by a team of about 140 managers and support staff, mostly Singaporean, with an overriding brief to support the academic program. These unique school policies lead to a very focused teaching faculty, better support for OFS students, and a more effective and efficient administration.

#### **DIVIDENDS.**

We remain committed to the prospectus dividend policy: "At least 50% of our net profit after tax (NPAT) to our shareholders". No bonuses or share options based on financial performance are available for executives or employees, because the primary objective of the organisation is educational excellence for students.

A Special Dividend of 1.375 cents per share was paid in November 2015. If approved by shareholders at the Annual General Meeting, a further dividend of 1.375 cents per share will be paid on 17 May 2016, based on registered shareholdings as at 5.00 p.m. on 5 May 2016. This would mean that for the fourth straight year, the annual dividend would be 2.75 cents per share, which is 76.5% of FY2015 NPAT.

#### **FUTURE CHALLENGES AND OPPORTUNITIES.**

**Student Enrolment.** Government continues to promote foreign investment as a key policy for domestic growth in Singapore, but the current economic downturn is causing a softening of demand for places in Singapore's foreign system schools. After the 2015 move to our new campus, our senior school numbers increased slightly, but junior schools had a significant roll reduction. We now have approved capacity for another 2,000 students. The new facilities and exciting programs are attracting an increasing number of new student enrolments for next school year, commencing in August 2016.

**Capital Expenditure.** Building a new campus is a significant event in the history of any large school. Capital Expenditure policies at that time can determine whether a new facility will advance educational goals or create added financial stress. We will maintain conservative financial policies during this economic downturn.

#### **APPRECIATION.**

To our shareholders, bond holders, management and staff, our students, their families and the companies and embassies which employ them in Singapore:

Thank you for your confidence in the OEL / OFS organisation, and we look forward to building ever stronger relationships in the years ahead.

**David A Perry**

Executive Chairman and Chief Executive Officer



**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

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 39 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. Yang Eu Jin**

Executive Director and General Counsel

Mr. Yang was appointed to our Board on 12 August 2014. He assists the Executive Chairman and CEO in managing the corporate affairs of the Group and is responsible for overseeing all legal, regulatory and corporate governance matters of the Group. He sits on the Executive Board of our School and the board of directors of OFSL. Prior to joining our Group as General Counsel in December 2011, he was a senior executive at Master Projects Pte Ltd from June 2011 to November 2011. Mr. Yang was previously a lawyer in private practice and partner of a law firm in Singapore.



#### 5. Leow Wee Kia Clement

Independent Director

Mr. Leow was appointed to our Board on 26 December 2012. He is currently an independent director of Ellipsiz Ltd and Mann Seng Metal International Limited, companies listed on the Mainboard and the Catalist Board of the Singapore Exchange respectively.

Mr. Leow is also currently a partner and head of corporate finance at Partners Capital (Singapore) Pte Ltd, and has over 15 years of corporate finance experience primarily in initial public offerings, mergers & acquisitions as well as advisory transactions. Prior to this, Mr. Leow has held senior positions in corporate finance and banking in Singapore. Mr. Leow has also been appointed to the Institute of Banking and Finance, Corporate Finance Working Group, which provides guidance and sets the competency standards in the corporate finance industry in Singapore.

Mr. Leow graduated from Cornell University, United States, with a Bachelor of Science in Applied Economics in 1994. He was awarded a Master of Business Administration in 2011 from the University of Oxford, United Kingdom, and was also conferred a Postgraduate Diploma in Financial Strategy in 2009 by the University of Oxford, United Kingdom. He also completed the Governance as Leadership program at Harvard Kennedy School, United States, in 2010 and has served as a member of the Singapore Institute of Directors since April 2009. He also serves as an executive committee member and treasurer of the Singapore Tennis Association and has been awarded the Singapore Armed Forces Good Service Medal in 2007.

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


He has over 28 years of experience in legal practice. Mr. Tan 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 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 opportunities.

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 has been a member of the Global Board of Governors of the International Baccalaureate Organisation ("IBO") since April 2011 and prior to that, he was the Chairman of the Asia-Pacific Regional Council of the IBO from November 2000 to April 2011.



Mr. Yang graduated from the National University of Singapore with a Bachelor of Laws (Hons) in 1997 and is a member of the Singapore Academy of Law.

#### 4. Ho Yew 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 known as the Stock Exchange of Singapore) and also a 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).

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.



**Ho Hie Wu David**

Chief Financial Officer

Mr. Ho has overall responsibility 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 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.

**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 Parents 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 Academic Director 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 received his GCE O-Level Certificate in 1990, and was certified as a Fire Safety Manager by the Singapore Civil Defence Force in 2007.

**Keenan, Patrick William**

Academic Director

Mr. Keenan oversees all academic matters of our School. He joined our School in 1998 and has held various appointments. As Academic Director since 2007, Mr. Keenan chairs the Academic Board,



From Left to Right

- Lee Kwok-Tung Michael
- Lee Chwee Soon Jason
- Keenan, Patrick William
- Suppiah, Rani
- Bentin, Suzanne Magdalen
- Ngo, Da-Khue Hoang
- Matthew, Gregory Gerard
- Ho Hie Wu David



which develops and reviews internal policies and procedures on all academic matters for our School. He is also the Chairman of the Examination Board and the Head of our Independent Assessment Unit within OFS. Mr. Keenan sits on the Executive Board of our School and the board of directors of OFSL. Prior to joining our School, Mr. Keenan had worked in various schools in New Zealand and the New Zealand Education Department, as well as the International School Manila in the Philippines.

Mr. Keenan graduated from Waikato University, New Zealand with a Diploma in Teaching in 1971 and obtained a Bachelor of Education in 1972.

**Bentin, Suzanne Magdalen**  
High School Principal

Ms. Bentin provides academic leadership and oversees the administration and all academic matters of the High School, including school planning and coordination among the subject areas. She joined our School in August 1996 and has held various appointments before her current position in August 2006. She is a member of our Academic Board and a member of the Executive Board of our School. 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.

**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 positions 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.

**Matthew, Gregory Gerard**  
Elementary School Principal

Mr. Matthew oversees the overall management and administration of the Elementary School. He originally joined our School in August 1993. Since then, Mr. Matthew has worked in schools both in his home country of Australia, where he taught in a variety of rural, regional and inner-city schools and in our Elementary School, where he has held various teaching and administrative positions, before his current appointment as Elementary School Principal in August 2014. He is a member of our Academic Board and a member of the Executive Board of our School.

Mr. Matthew obtained a Diploma of Teaching from Royal Melbourne Institute of Technology University in 1989 and graduated from La Trobe University Melbourne with a Bachelor of Education in 1990. He obtained a Post-Graduate Bachelor of Educational Studies from The University of Melbourne in 1993 and a Master of Education, specialising in Educational Administration, from The University of Melbourne in 2000.

**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 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.

**Suppiah, Rani**  
Pre-Kindergarten Principal

Mrs. Suppiah has been appointed to spearhead the establishment of the new Pre-Kindergarten this academic year and currently oversees the overall management and administration of the Pre-Kindergarten. Prior to that, she was the Principal of the Kindergarten from January 2001 to July 2015. She joined our School in 1994 and held various appointments (Teacher, PYP Coordinator and Deputy Principal) before assuming the aforesaid positions. Mrs. Suppiah is a member of our Academic Board and a member of the Executive Board of our School. Prior to joining our School, she was a teacher at Parkhurst Infants School, London Borough of Haringey, UK, and had worked in private organisations and the Ministry of Health, Singapore, before entering the education field.

Mrs. Suppiah graduated from the National University of Singapore with a Bachelor of Arts (majoring in Social Work, Sociology and Social Administration) in 1974. She obtained a Post Graduate Certificate in Education in Multilingual Primary Education from the University of North London, UK, in 1991, and a Master of Educational Management from The University of Melbourne, Australia in 2008.



About  
OFS

# The OFS Experience







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.

We also firmly believe in engaging our Clients, namely the parents and guardians of our students, in the decisions relating to, and the progress of their child's education. 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.

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

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



**Other Programmes:**

Model United Nations ("MUN") Initiative, Study Preparation Programme and Foreign Language Programme, Mother Tongue Programme, Intellectual Development Programmes (Computer Coding and Chess), Enrichment Programmes, Extra-Curricular Activities and After-School Sports Programme, College Admission Counselling, Community Service







## The OFS Curriculum

### FULLY INTEGRATED INQUIRY-BASED CURRICULUM

Inquiry-based programmes form the foundation for the development of the curriculum in our School. The International Primary Curriculum is offered in Pre-Kindergarten, Kindergarten and Elementary School. The IB Middle Years Programme is offered in Middle School and the first 2 years of High School and the IB Diploma Programme in the final 2 years of High School. Having a Pre-K to Grade 12 curriculum enables us to accept enrolment of students at any pre-tertiary education level.

In addition to the International Primary Curriculum and IB programmes, we also offer the IGCSE examinations, administered by Cambridge International Examination Centre, UK, to our students in Grade 10. The IGCSE certificate is equivalent to the GCE O-Level certificate.

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 research, communication, independent learning, collaboration, negotiation and presentation and develop 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 conference, known as MUNOFS. We have been organising annual MUNOFS conferences for the past eight years. Every year, we organise three MUN conferences – MUNOFS for High School students, MY-MUNOFS for Middle School students and PY-MUN for Elementary School students. The recent concurrent MY-MUNOFS VII and PY-MUN III conferences held from 19







to 21 February 2016 had nearly 900 participants from 34 schools, hailing from 10 different countries.

### 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 six 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 percentages of DP students. In Academic Year 2014/2015, 44.4% of OFS DP candidates achieved 35+ points, compared with 26.7% of candidates world-wide.







## 1. PRE-KINDERGARTEN

- In 2015, the Pre-Kindergarten was established to run the Pre-K classes previously offered in Kindergarten and to open our doors to the youngest age group of children, the 2-year olds. The Pre-Kindergarten is currently led by our Pre-Kindergarten Principal and Executive Officer, Mrs. Rani Suppiah. Curriculum Leadership support comes from Kindergarten and Elementary School to ensure continuity in student learning.
- The Pre-Kindergarten programme is offered to students aged between 2 and 3. It is specially designed to provide a holistic development where learning will be a natural process through fun activities, allowing for exploration and discovery.
- The Pre-Kindergarten operates a full day schedule from 9.00 am to 3.30 pm for Pre-K2 classes. The Pre-K1 classes operate on either the above schedule or a half-day schedule from 9.00 am to 12.00 pm.

## 2. KINDERGARTEN

- Established in 1992, the Kindergarten is currently led by our Kindergarten Principal and Executive Officer, Ms. Da-Khue Ngo and Kindergarten Curriculum Leadership.
- The Kindergarten programme is offered to students aged between 4 and 5. It is specially designed to enrich and stimulate the minds of young children, and to provide the 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 K1 and K2 classes.





# Our Schools



## 3. ELEMENTARY

- Established in 1991, the Elementary School is currently led by our Elementary School Principal and Executive Officer, Mr. Gregory Matthew, 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.



## 4. MIDDLE SCHOOL

- Established in 1991, the Middle School is currently led by our Middle School Principal and Executive Officer, Mr. Michael Lee, two Deputy Principals 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.

## 5. HIGH SCHOOL

- Established in 1991, the High School is currently led by our High School Principal and Executive Officer, Ms. Suzanne Bentin, 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, accredited by Western Association for Schools and Colleges, USA. The OFS High School Diploma is evidence that a student has satisfactorily completed four years of high school at OFS.







## Our Unique Programmes

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

### STUDY PREPARATION PROGRAMME ("SPP") AND FOREIGN LANGUAGE PROGRAMME

English is the language in which our School conducts the teaching of our main curriculum and for students for whom English is not their first language, where necessary we offer them the specialised SPP, which has three levels:

- At Levels 1 and 2, the students undergo an intensive language acquisition programme, conducted by specialist teachers trained to teach English as a second or other language; and
- When basic proficiency is reached, our students are moved to Level 3, where they are able to participate in regular classes, with on-going support from SPP English language specialist teachers.



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 are French, German, Japanese, Mandarin and Spanish.

### MOTHER TONGUE PROGRAMME

The OFS Mother Tongue programme underwent a major expansion in August 2015 with our relocation to our new school. OFS now offers Mother Tongue classes in 14 different languages to Pre-K2 to Grade 5. As students move through the School, Mother Tongue classes will also be offered in Middle School and High School.

Languages currently offered are Danish, Dutch, Finnish, French, German, Hebrew, Italian, Japanese, Korean, Mandarin, Norwegian, Russian, Spanish and Swedish, all of which are integrated into the curriculum for students opting to study their mother tongue language.

The Mother Tongue programme aims to maintain and develop students' mother tongue within the school curriculum. Included are the four strands of Speaking, Listening, Reading and Writing.



### INTELLECTUAL DEVELOPMENT PROGRAMMES

In 2014, as part of OFS increased focus on differentiated learning, we embarked on an initiative to promote strategic thinking via the introduction of Strategic Games, namely Chess. The Chess programme is part of the core curriculum in our Kindergarten and Elementary School and supports all parts of our Junior Schools programme of study. It is offered in Middle School and High School as an extra-curricular activity.

In 2015, Coding was introduced as one of our Intellectual Development Programmes, and is offered to all grades in Elementary School and Middle School as part of their core curriculum.

### EXTRA-CURRICULAR ACTIVITIES AND AFTER-SCHOOL SPORTS PROGRAMME

In addition to the core curricular programme, OFS also conducts extra-curricular activities and after-school sports programme. Students can choose to join various clubs in areas such as science, art, music, dance, drama and chess, or sports activities, including basketball, badminton, soccer, swimming, touch rugby and volleyball. Students are also given the chance to engage in friendly competition with other teams including teams from other schools.

### ENRICHMENT 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 are provided by external service providers who have been carefully selected and range from various types of sports and games, to the arts (including music, dance and drama), the sciences and some popular languages. Some of the programmes, such as the language and Tai Chi courses, are also open for participation by the parents of our students.

### COLLEGE ADMISSION COUNSELLING

Our academic advisers counsel students planning to enroll in colleges and universities. We assist students by providing them with information on admission requirements to different colleges and universities and the degrees and courses available for tertiary education.

We schedule Grades 11 and 12 students to meet a number of representatives from colleges world-wide, to discuss their respective college requirements, application procedures and other prerequisites for admission into the colleges. In addition, we conduct Scholastic Aptitude Test ("SAT") and ACT workshops and assist students in their final college placement arrangements by providing one-to-one college admission counselling sessions for them.



# Financial Highlights

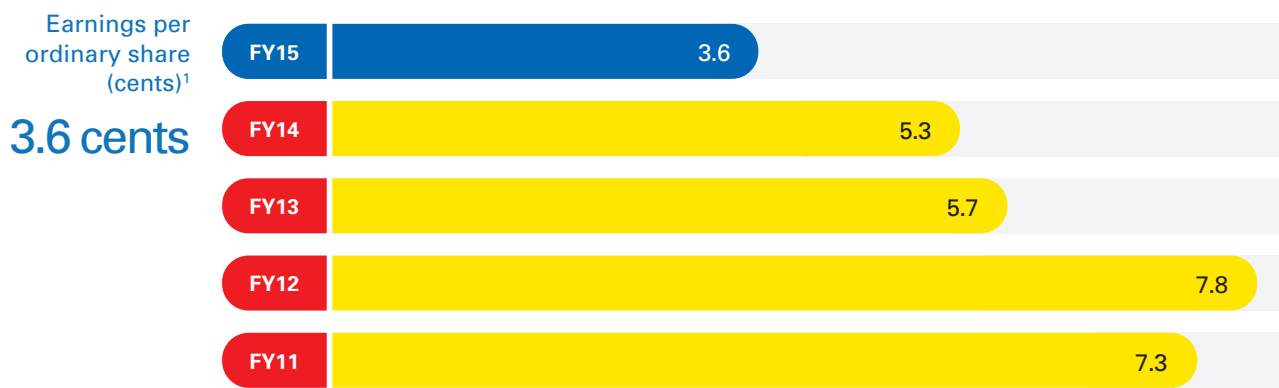
FINANCIAL YEAR  
ENDED 31 DECEMBER

## 5-Year Financial Summary

FINANCIAL HIGHLIGHTS (S\$'000)	FY2011	FY2012	FY2013	FY2014	FY2015
Total revenue	89,343	96,403	103,096	102,120	97,119
Profit before taxation	23,453	24,469	27,324	26,440	17,374
Profit for the year	19,465	20,656	22,610	21,984	14,936
Earnings per ordinary share (cents) <sup>1</sup>	7.3	7.8	5.7	5.3	3.6

BALANCE SHEET (S\$'000)	31-Dec-2011	31-Dec-2012	31-Dec-2013	31-Dec-2014	31-Dec-2015
Total assets	100,859	115,246	194,075	351,901	353,475
Total liabilities	46,083	47,814	47,421	194,685	198,457
Revenue reserve	9,726	22,382	33,570	44,132	81,935
Total equity	54,776	67,432	146,654	157,216	155,019
Net asset value per ordinary share (cents) <sup>2</sup>	20.6	25.4	35.3	37.9	37.3

CASH FLOW (S\$'000)	31-Dec-2011	31-Dec-2012	31-Dec-2013	31-Dec-2014	31-Dec-2015
Net cash generated from operating activities	27,960	25,565	27,228	21,386	26,588
Net cash used in investing activities	(3,351)	(2,738)	(53,593)	(156,971)	(74,611)
Net cash generated from/(used in) financing activities	(7,836)	(8,000)	56,612	136,397	(17,134)
Cash and cash equivalents at end of the year	79,629	94,456	124,703	125,515	60,359



**Notes:**

1. For comparative purposes, earnings per ordinary share of the Group for financial years ended 31 December 2011 and 2012 have been computed based on share capital of 265,363,548 shares, following the share split exercise on 28 June 2012. For the financial year ended 31 December 2013, earnings per ordinary share of the Group was computed based on weighted average number of ordinary shares of 397,760,808. For financial years ended 31 December 2014 and 2015, earnings per ordinary share of the Group was computed based on weighted average number of ordinary shares of 415,363,548.
2. For comparative purposes, net asset value per ordinary share for 31 December 2011 and 2012 have been computed based on share capital of 265,363,548 shares, following the share split exercise on 28 June 2012. For 31 December 2013 to 2015, net asset value per ordinary share was computed based on share capital of 415,363,548 shares.
3. Total revenue consists of tuition fees, registration fees, school bookshop sales, enrichment programme revenue, interest income and other revenue.

# Operations & Financial Review

## INCOME STATEMENT

### Total Revenue

The Group posted a total revenue of \$97.12 million for the financial year ended 31 December 2015 (FY2015). This is a decrease of 4.9% from \$102.12 million recorded in the previous financial year ended 31 December 2014 (FY2014). The reason for the decrease is due to the softening of student enrolment numbers, particularly in the junior schools. Details of revenue lines are as follows:

Tuition fees revenue decreased by 4.1%, from \$97.84 million in FY2014 to \$93.79 million in FY2015.

Revenue from registration fees decreased by 20.3% from \$1.78 million in FY2014 to \$1.42 million in FY2015.

Revenue from school bookshop sales was \$0.88 million in FY2015 compared to \$1.00 million in FY2014. Enrichment programme revenue decreased from \$0.77 million in FY2014 to \$0.56 million in FY2015.

Interest income was \$0.38 million in FY2015 compared to \$0.63 million in FY2014 as funds were utilised for the building of the new school campus at Pasir Ris. Other revenue was constant at \$0.09 million for FY2015 compared to \$0.11 million for FY2014.

### Operating Expenses

Total operating expenses increased by 5.4%, from \$75.68 million in FY2014 to \$79.75 million in FY2015. The increase was due to higher depreciation expenses, finance costs and utilities; offset by the absence of school lease rental after the move to the new school campus in July 2015 and lower upkeep and maintenance expenses.

Personnel expenses were maintained fairly constant at \$57.25 million for FY2015 compared to \$57.10 million for FY2014.

The increase in depreciation expenses was mainly due to the depreciation on leasehold land and school buildings of \$2.44 million and higher depreciation expense of \$0.89 million for other plant and equipment at the new school campus.

Cost of goods sold and enrichment programme cost were \$0.52 million and \$0.36 million respectively in FY2015. Both expenses were lower as compared to \$0.62 million and \$0.49 million respectively in FY2014. These decreases were in line with the lower revenue from school bookshop sales and enrichment programme revenue.

Utilities expenses increased from \$0.76 million in FY2014 to \$1.09 million in FY2015. Upkeep and maintenance expenses decreased from \$0.98 million in FY2014 to \$0.53 million in FY2015. Both fluctuations were mainly due to the initial phase of settling into the new school campus.

Finance costs of \$4.15 million were expensed in the second half of FY2015 as these costs were no longer capitalised as part of construction-in-progress upon completion of the new school campus and the commencement of the school operations from 1 July 2015.

Other operating expenses were lower by \$0.10 million, from \$5.22 million in FY2014 to \$5.12 million (excluding non-recurring expenses on relocation to Pasir Ris of \$0.32 million) in FY2015.

### Profitability

Profit before taxation decreased from \$26.44 million in FY2014 to \$17.37 million in FY2015; a decrease of \$9.07 million (34.3%).

Income tax expense for FY2015 comprised mainly of the accrual of current year's net deferred tax liabilities of \$2.38 million due to the recognition of capital allowances on new assets acquired for the new school campus. The income tax expense for FY2014 was mainly tax on chargeable income for FY2014. Consequently, the effective tax rate for FY2015 was 14.0% compared to 16.9% for FY2014.

Profit after taxation decreased from \$21.98 million in FY2014 to \$14.94 million in FY2015; a decrease of \$7.04 million (32.1%).

## BALANCE SHEET

School buildings, plant and equipment increased by \$71.82 million, from \$179.09 million (inclusive of construction-in-progress of \$174.80 million) as at 31 December 2014 to \$250.91 million as at 31 December 2015. This is due to capital expenditure incurred and the transfer of construction-in-progress to school buildings, plant and equipment following the completion of the new campus less the depreciation charge.

Inventories for uniforms, books and stationery supplies for sale at the school bookshop were \$0.59 million as at 31 December 2015 compared to \$0.52 million as at 31 December 2014.

Trade receivables balance as at 31 December 2015 was higher at \$1.33 million as compared to \$1.19 million as at 31 December 2014.

Other receivables and deposits reduced by \$2.18 million to \$0.25 million as at 31 December 2015, mainly due to the refund of the deposits from the Commissioner of Lands for the previous Paterson Road campus.

As at 31 December 2015, the Group's cash and cash equivalents were \$60.36







million compared to \$125.52 million as at 31 December 2014. This decrease of \$65.16 million was due to the capital expenditure incurred for the new school campus and two dividend payments during FY2015, offset by the cash generated from operations.

Trade and other payables and liabilities increased by \$6.31 million as at 31 December 2015, mainly due to accrual of the remaining retention sum due to the main contractor.

The fluctuation in fees received in advance of \$32.62 million as at 31 December 2015 compared to \$35.99 million as at 31 December 2014 was due to the timing of receipts of the fees received in advance.

Bonds - Interest payable was for the interest accrued on the \$150 million bonds at 5.20% p.a. for the period from 17 October to 31 December at the end of 2014 and 2015 respectively.

As at 31 December 2015, the GST payable of \$3.01 million was mainly related to the billing of Semester 2 tuition fees. The GST receivable of \$1.16 million as at 31 December 2014 was a result of the GST on the expenditure in relation to the construction of the new school campus.

The increase in deferred tax liabilities arose from the capital allowances computed on the new school assets, offset by

deferred tax asset. The deferred tax liabilities of \$4.03 million was recorded as at 31 December 2015 to account for the temporary differences between the net book value and the tax-written-down-value of qualifying assets less deferred tax asset of \$0.71 million arising from unabsorbed capital allowances.

### CASH FLOW STATEMENT

In FY2015, net cash generated from operating activities was \$26.59 million, which consisted of cash flows from operating activities before working capital changes of \$28.13 million, net working capital inflow of \$2.68 million, interest received of \$0.38 million and income tax paid of \$4.60 million.

The net working capital inflow of \$2.68 million arose mainly from the increase in the cash inflow from other receivables and deposits and prepayments of \$3.66 million, which was mainly from receipt of deposits of \$1.83 million and GST receivable of \$1.16 million in FY2015. This increase was set-off by the increase in cash outflow relating to non-current deposits of \$0.31 million and trade and other payables of \$0.46 million, which was in turn attributed to lower fees received in advance offset by the increase in GST payable.

The net cash outflow in investing activities of \$74.61 million in FY2015 was mainly due to the capital expenditure for the construction of the new school campus

and bond interest paid amounting to \$7.80 million.

The cash outflow in financing activities of \$17.13 million was attributable to the payment of the final dividend in respect of FY2014 in May 2015 and payment of FY2015 Special Dividend in November 2015

### SIGNIFICANT TRENDS AHEAD

The foreign system schools (“FSS”) in Singapore are to a large extent dependent on the ability of Singapore to continue to attract foreign direct investments.

With the completion of the new school campus at Pasir Ris and school operations having commenced on 1 July 2015 at the new premises, the Group is well placed in the FSS market to compete and to support any expansion of foreign investments into Singapore.

Depreciation expenses of the new school, and finance costs on bond borrowings have become the “new normal” expenses in the Group’s Statement of Comprehensive Income from 1 July 2015. The Group continues to take the concerted effort of tracking all cost and remaining prudent in its expenditure, especially after the initial phase of settling into the new school facility.

# 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 instill a sense of social responsibility among our students and teachers alike.

The 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. The teachers at OFS 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

When the School first learnt of its impending move to Pasir Ris, the School made a commitment that it will make a positive impact on its new neighbourhood and contribute pro-actively to the community within which it will soon be an indelible part of, whilst still continuing to maintain the long-standing community service partnerships that the School had diligently cultivated over the years.

### Pasir Ris Beach Clean Up

The School has in recent years sponsored several beach clean-ups at Pasir Ris Beach. OFS students work at cleaning an area of mangrove beach that is often polluted because trash gets caught in the root systems of the mangroves. Mangroves provide a unique habitat for the wild life in Singapore and make up an important ecosystem. Given that the School is now a five-minute walk to Pasir Ris Beach Park, it intends to organise more regular cleaning expeditions to this mangrove beach.

### Cerebral Palsy Alliance Singapore ("CPAS")

OFS students helped in various classrooms at the Early Intervention Programme for Infants and Children ("EIPIC") which operates under CPAS. Students helped the children at EIPIC with specific skills they are working on in the class. This provides a unique opportunity for EIPIC students to receive one-to-one help. It is also a great opportunity for students from OFS to meet and get to know students at the Cerebral Palsy Centre, which is conveniently located within walking distance from our school.

### Movement for the Intellectually Disabled of Singapore ("MINDS")

OFS has been volunteering at MINDS for 10 years. OFS students help out with Physical Education ("PE") and Art classes, assisting MINDS teachers to individualise these skill-intensive subjects. Often OFS students will be assigned to one or two MINDS students to help them with a specific skill such as throwing, catching or jumping. This is particularly helpful to the MINDS teachers during PE classes given that the students often have varying abilities. The MINDS students are always excited to see the OFS students and likewise, many OFS students have said that their MINDS experience has been one of their most meaningful service activities.

### World Down Syndrome Day Walk

On Saturday, 21 March 2015, OFS Middle School and High School students and teachers participated in the World Down Syndrome Day Walk. Some OFS students arrived early to help in the set-up and then later, acted as road marshals for the walk. More than 800 participants from local and international schools took part in this walk to help raise public awareness and advocate for the rights, inclusion and well-being of persons with Down Syndrome. This dovetailed nicely with the work OFS students do at the MINDS school where they work with students who have Down Syndrome.

### Riding for Disabled Association of Singapore ("RDA")

One of our longest-standing service partnerships with a non-profit organisation is with RDA Singapore. Our students visit the RDA Centre once a week to assist physically and intellectually





handicapped children to ride, promoting confidence and providing exercise for these children under the supervision of trained employees.

#### Causes for Animals Shelter Visit

The School sponsors Saturday visits to a local animal shelter called "Causes for Animals". During the service visits, OFS students wash the dogs and their kennels, feed and walk them. They also help to encourage and nurture the animals' ability to interact with humans. Many of the dogs at the shelter have been abandoned or have previously been abused. The shelter aims to rehabilitate the animals and then to find them permanent homes.

#### PARTNERSHIPS WITH LOCAL INSTITUTIONS

As with previous years, we continue to have 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 two to four weeks, to gain an understanding of the teaching philosophy and methodologies of OFS and the IB.

In recognition of OFS's contribution to the professional development of teachers in Singapore, in 2015, we were again the only international school to be awarded a certificate of appreciation by the Academy of Singapore Teachers, being the sixth consecutive year we have won this award. OFS has renewed its commitment to the Teacher Work Attachment programme with MOE for 2016, 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 an exchange programme with Bendemeer Secondary School ("BSS") where twenty OFS Grade 9 students experienced the environment in a local school. In this event, OFS student representatives were partnered with local BSS student 'buddies' to attend classes at BSS. Subsequently, OFS reciprocated by hosting 23 students from BSS to spend a day at OFS and experience life in an international school. The BSS students were also invited to the OFS Global Picnic held the next day, where they had the chance to watch multi-cultural performances by OFS students and to savour cuisine from nearly 40 countries prepared by the parents of OFS students. The exchange programme was a very rewarding experience for both OFS students and BSS students, not only in terms of having the opportunity to experience a different school and learning environment but also in fostering the development of new friendships across different cultures and backgrounds.





## BOARD OF DIRECTORS

**Perry, David Alan**

Executive Chairman and CEO

**Wong Lok Hiong Irene**

Executive Director

**Yang Eu Jin**

Executive Director and  
General Counsel

**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))

## 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:

**Teo Li Ling**

(with effect from financial year ended 2015)

# 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 2012 (the “**Code**”) 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 Company’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 Code and should be read as a whole, instead of being read separately under the different principles of the Code.

## BOARD MATTERS

### The Board’s Conduct of its Affairs

**Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.**

### Role of the Board

The Company is headed by an effective Board comprising 7 directors of whom 3 are executive directors and 4 are independent directors. Their combined wealth and diversity of skills, experience, gender and knowledge of the Company 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. It 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:

- Setting the Group’s values and standards, 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;
- 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 staff, including the review of their performances and remuneration packages;
- Reviewing and endorsing corporate policies in keeping with good corporate governance and business practice;
- Identifying the key stakeholder groups and recognising that their perceptions affect the Company’s reputation;



- Setting the Company'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.

## 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"), 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 will be reviewed by the Board committees on a regular basis to enhance the effectiveness of these Board committees. 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 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 2015, the Board held a total of 5 meetings. The Company's Constitution (the "Constitution") provide 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 Board also approves transactions through circular resolutions, which are circulated to the Board together with all relevant information relating to the proposed transaction.

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 schedule 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 2015 are disclosed in the table reflected below:

## Attendance Report of Directors

Names of Directors	Types of Meetings		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	No. of Meetings Held	No. of Meetings Attended
David Alan Perry	5	5	NA	NA	2	2	NA	NA	NA	NA
Wong Lok Hiong	5	5	NA	NA	NA	NA	NA	NA	NA	NA
Yang Eu Jin	5	5	NA	NA	NA	NA	NA	NA	NA	NA
Ho Yew Mun	5	5	4	4	2	2	2	2	2	2
Leow Wee Kia Clement	5	5	4	4	2	2	2	2	2	2
Tan Teng Muan	5	4	4	3	2	2	2	2	2	2
David Peter Walker*	5	3	4	2	2	1	2	2	2	1

\* David Peter Walker was appointed as a director of the Company on 1 July 2015. Subsequent to his appointment, he attended all of the Board and Board Committee meetings held (i.e. 13 August 2015, 19 October 2015 and 9 November 2015)

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 will conduct briefing and orientation programs for new directors to familiarise themselves with the Company's structure and organisation, businesses and governance policies. Upon appointment, the Company will provide each newly appointed director a formal letter and briefings by the Executive Chairman and Chief Executive Officer and/or senior Management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors. The aim of the orientation program is to give directors a better understanding of the Company's businesses 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. 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. The external auditors would update the AC and the Board on new and revised financial reporting standards 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 in accordance with the objectives, strategies and policies set by the Board.

### Board Composition and Guidance

**Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

As of the date of this report, the Board comprises the following directors:

#### Executive Directors

David Alan Perry  
Wong Lok Hiong  
Yang Eu Jin



### Independent Directors

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

The Board has adopted the 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(a), the independent directors of the Company make up half of the Board. The independence of each director is reviewed annually by the NC in accordance with the 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 Guideline 2.3 in the Code and the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee, requires each director to assess whether he considers himself independent despite 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 half of the Board comprises independent directors.

Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are based on collective decision without any individual or small group of individuals influencing or dominating the decision making process.

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 Company'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 to enable the Management to benefit from a diverse perspective of issues that are brought before the Board. Together, the directors as a group provide core competencies in business, investment, legal, audit and accounting, management experience and industry knowledge.

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 are encouraged to meet, without the presence of Management in order to facilitate a more effective check on Management.

The profiles of the Board are set out on pages 4 and 5 of the Annual Report. None of our directors has served on our 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 should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.**

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;
- 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.

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 more than half of the Board comprises 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.

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 provide feedback to the Chairman. 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.

### Board Membership

**Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.**

The Board established the NC which consists of 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, 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 10% shareholders or its officer and is not directly associated with 10% shareholders.

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 duties as a director; notwithstanding that the director has multiple board representations;
- Reviewing of board succession plans for directors, in particular, the Chairman and the CEO;
- Development of a process for evaluation of the performance of the Board, its board committees and directors;
- Reviewing of training and professional development programs 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 2 meetings during the financial year. Pursuant to the Company's Constitution, each director of the Company shall retire from office. Directors who retire are eligible to stand for re-election.

All directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Regulation 91 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 97 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 and last re-election 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 major appointments	Past directorships in other listed companies and other major appointments over the preceding three (3) years
David Alan Perry	28 October 2011/ 22 April 2015	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/ 22 April 2015	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

Name of Director	Date of first appointment/ Date of last re-appointment	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding three (3) years
Ho Yew Mun	1 August 2012/ 23 April 2014	Lead Independent Director  Chairman of Audit Committee, Member of Nominating and Remuneration Committees	NIL	Independent Director of PEC Ltd
Leow Wee Kia Clement	26 December 2012/ 22 April 2015	Independent Director  Chairman of Remuneration and Nominating Committees and Member of Audit Committee	Partner and Head of Corporate Finance at Partners Capital (Singapore) Pte. Ltd.  Independent Director of Ellipsiz Ltd and Mann Seng Metal International Limited	Independent Director of JB Foods Limited
Tan Teng Muan	28 October 2011/ 23 April 2014	Independent Director  Member of Audit, Nominating and Remuneration Committees	Commissioner for Oaths and Partner in the civil and commercial litigation practice of Mallal & Namazie	NIL
Yang Eu Jin	12 August 2014/ 22 April 2015	Executive Director and General Counsel	Legal Counsel and Director of Overseas Family School Limited	NIL
David Peter Walker	1 July 2015 / N.A.	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 Organisation	NIL

Please also refer to the "Board of Directors" section of the annual report for information relating to the Directors.

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 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 which 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.

The NC has recommended the re-election of David Alan Perry, Tan Teng Muan, and David Peter Walker, who are retiring at the coming AGM.

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 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.

### Board Performance

**Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.**

In line with the principles of good corporate governance, the Board has implemented a process to be carried out by the NC to evaluate the effectiveness of the Board as a whole and its Board Committees 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 leads to enhance 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. The NC has recommended that the members of the respective Board Committees complete the evaluation form adopted by the NC. The results of the Board and Board Committees assessments are reviewed and discussed by the NC and, any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken.

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 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 and has helped Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board.

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 attendance, preparedness, participation and contributions in the proceedings of the meetings.

### Access to Information

**Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

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 Company. 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. 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. 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 representatives attend all Board and Board committee meetings, and assist 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 decision to appoint or remove the Company Secretary is made by the Board as a whole.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

**Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

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 comprises 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.

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 for all directors and executive officers of the Company;

- Reviewing the service agreements of the executive directors and key management personnel of the Company;
- Performing an annual review of the remuneration of employees related to directors to ensure that their remuneration packages are in line with the Company'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 aligns with that of the shareholders. The review covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, share options, share-based incentives and awards and benefits-in-kind. In addition, the RC also reviews the remuneration of senior Management. 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 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 Company's relative performance and the performance of the individual Directors and key management personnel.

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

In reviewing the service agreements of the executive directors and key management personnel of the Company, the RC will review the Company'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.

### Level and Mix of Remuneration

**Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.**

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 as well as the Group's relative performance and the performance of each director.

The independent directors are paid directors' fees taking into account factors including but not limited to the effort and 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 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.



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 our 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 our executive director Yang Eu Jin has no fixed term and is terminable by either party with 3 months' prior notice.

The Company currently has no employee share option schemes or other long-term incentive scheme in place.

### Disclosure on Remuneration

**Principle 9:** Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

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 2015) are as follows:

#### Directors

Names	Salary (S\$)	Bonus (S\$)	Other Benefits (S\$)	Directors' Fees (S\$)	Total (S\$)
David Alan Perry	384,000	–	4,965	–	388,965
Wong Lok Hiong	384,000	–	15,837	–	399,837
Yang Eu Jin	576,000	–	22,481	–	598,481
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*	–	–	–	50,000	50,000

\* David Peter Walker was appointed a director of the Company on 1 July 2015.

#### Top 5 Key Management Personnel

Names	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
<b>S\$250,000 to S\$500,000</b>				
David Ho Hie Wu	95.7	–	4.3	100.0
Jason Lee Chwee Soon	69.7	–	30.3	100.0
Patrick William Keenan	69.8	–	30.2	100.0
Suzanne Magdalen Bentin	84.0	–	16.0	100.0
Michael Lee Kwok-Tung	79.8	–	20.2	100.0

The aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) for the year ended 31 December 2015 is approximately S\$1,912,224.

## Remuneration of Employee Related to Director

Remuneration of an employee who is the immediate family member of a director or the CEO, and whose remuneration exceeds \$50,000 for the year ended 31 December 2015:-

Name	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
<b>S\$150,000 to S\$200,000</b>				
Chee Jingying, Joyce (Daughter of Executive Director, Ms Wong Lok Hiong)	84.0	7.9	8.1	100.0

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

No termination, retirement and post-employment, share option, share-based incentives and rewards or other long-term incentives have been granted to the Directors or key management personnel during the financial year ended 31 December 2015.

## ACCOUNTABILITY AND AUDIT

### Accountability

**Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, full-year and quarterly results to its shareholders are to provide the shareholders with a balanced and understandable assessment and explanation of the Group's financial performance, position and prospects.

In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year review, the CEO and the CFO have provided assurance to the Board on the integrity of the Group's financial statements.

All the Directors and executive officers of the Company also signed undertakings letter pursuant to the amended Rule 720(1) of the Listing Manual of SGX-ST.

The Management provides the Board with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties. The Management understands its role to provide all members of the Board with appropriate management reports in a balanced and understandable assessment of the Group's performance, position and prospects.

### Risk Management and Internal Controls

**Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

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.

The Group had appointed Deloitte and Touche Enterprise Risk Services Pte Ltd as the independent internal auditors of the Group to review the effectiveness of the Group's internal controls in light of 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.

For FY2015, the Board has received assurances from the CEO and the CFO of the Company that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems are operating effectively.

Based on the various management controls put in place, 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 2015.

### Audit Committee

**Principle 12: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.**

The AC currently comprises of 4 directors, all of whom are independent. Ho Yew Mun is the AC Chairman. 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.

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 to discuss and review the following matters:

- Review with the external auditors the audit plan, their management letter, the Company's management's response, and their independence and objectivity of producing the results;
- Review with the internal auditors the internal audit plan and their evaluation of the adequacy of the Company'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' and internal auditors' recommendations with the concurrence of Management in relation to the adequacy of internal controls and accounting system addressing financial, operational, compliance and information technology controls;
- Review 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;
- Reviewing the adequacy of internal controls and procedures and ensure co-ordination between the external auditors and Management, reviewing 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 or dismissal of the 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;
- To 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 Group's 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 our Group's operating results and/or financial position.

The AC has reviewed all Interested Person Transactions for the financial year ended 31 December 2015 and is of the opinion that Chapter 9 of the Listing Manual of the SGX-ST has been complied with.

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. 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 auditor in their meetings with the AC. No former partner or director of the Company's existing auditing firm has acted as a member of 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 2015:-

Services	Amount S\$ '000
Audit service	161
Total	161

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 2015.

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, have confirmed that they are a Public Accounting Firm registered with Accounting & Corporate Regulatory Authority and provided a confirmation of their independence to the AC. Having assessed the external auditors based 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 auditors at the forthcoming AGM.

The Company has complied with Rule 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.

#### 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.

## Internal Audit

**Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**

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 of the internal audit function annually, review the internal audit program 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 AC met up with the internal auditors separately at least once a year without the presence of Management. The internal auditors are provided with unfettered access to the Group's properties, information and records for performing their internal audit review.

The AC and the Board recognise the need for a robust and effective system of internal controls. Based on the considerations of the size of the Group, the nature and complexity of its operations as well as cost-effectiveness, Deloitte and Touche Enterprise Risk Services Pte Ltd had in 2013 been appointed by the Board as the independent internal auditors of the Group and their primary line of reporting is to the AC.

The AC reviews 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 the independent internal auditors have unfettered access to all of the Group's documents, records, properties and personnel, including the AC.

The internal auditors have 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 weaknesses identified.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Shareholder Rights

**Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**

The Company firmly believes in high standards of transparent corporate disclosure, in line with the continuous obligations of the Company under the SGX-ST Listing Manual 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 will be 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.

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



### Communication with shareholders

**Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**

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

The Board also acknowledges its obligation to furnish timely information to shareholders and ensures that full disclosure of material information to comply with statutory requirements and the Listing Manual of the SGX-ST is made. Any price sensitive information will be publicly released on SGXNet first before being announced to any group of investors or analysts.

To keep all stakeholders of the Company updated on the latest announcements, press releases, and stock details of the Company, stakeholders have 24-hour access to the Company's website ([www.ofs.edu.sg](http://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 stakeholders through the Company's website. Stakeholders can also post their enquiries to the Company via email at [ir@ofs.edu.sg](mailto:ir@ofs.edu.sg).

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.

### Conduct of shareholder meetings

**Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

Our 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 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 our Board in addressing any relevant queries by our shareholders.

The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary<sup>1</sup> 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 (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 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/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.

The Board also notes that there should be separate resolutions on each substantially separate issue that may be tabled at the general meeting.

<sup>1</sup> 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.

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 are available to shareholders upon request.

To promote greater transparency and effective participation, the Company has conducted the voting of all its resolutions by poll at all its AGMs since Year 2015. The detailed voting results, including the total number of votes cast for or against each resolution tabled, were announced immediately at the AGMs and via SGXNET.

### 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. 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 when the need arises.

### 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 2015 or have been entered into since the end of the previous financial year.

### INTERESTED PERSON TRANSACTIONS

There were no interested party transactions except as disclosed above equal to or exceeding \$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 2015.

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 \$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 15 March 2016, 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:

<b>Net IPO Proceeds</b>	S\$68,033,985
<b>Amount of Proceeds utilised</b>	S\$59,623,970
<b>Balance Proceeds</b>	S\$8,410,015





## 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 2015.

### 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 2015 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  
Yang Eu Jin  
Ho Yew Mun  
Leow Wee Kia Clement  
Tan Teng Muan  
David Peter Walker (appointed on 1 July 2015)

### 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' Statement

### Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in ordinary shares of the Company 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 2016	At the beginning of financial year or date of appointment	At the end of financial year	As at 21 January 2016

### Ordinary shares of company

David Alan Perry	–	–	–	135,335,410 <sup>#</sup>	135,335,410 <sup>#</sup>	135,585,410 <sup>^</sup>
Wong Lok Hiong	–	–	–	130,028,138 <sup>*</sup>	130,028,138 <sup>*</sup>	130,278,138 <sup>**</sup>
Yang Eu Jin	200,000	200,000	200,000	–	–	–

<sup>#</sup> At the end of the financial year, 130,028,138 ordinary shares were held through PDAC Private Limited, an investment holding company wholly owned by David Alan Perry and the balance of 5,307,272 ordinary shares were held through Bank of Singapore Nominees Pte Ltd, holding on behalf of David Alan Perry.

<sup>^</sup> On 13 January 2016, 250,000 ordinary shares were purchased and held through PDAC Private Limited. As at 21 January 2016, 130,278,138 ordinary shares were held through PDAC Private Limited, and the balance of 5,307,272 ordinary shares were held through Bank of Singapore Nominees Pte Ltd, holding on behalf of David Alan Perry.

<sup>\*</sup> The ordinary shares were held through WLH Private Limited, an investment holding company wholly owned by Wong Lok Hiong.

<sup>\*\*</sup> On 13 January 2016, 250,000 ordinary shares were purchased and held through WLH Private Limited. As at 21 January 2016, 130,278,138 ordinary shares were held through WLH Private Limited.

Except as disclosed above, there was no other change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

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 of the financial year, or date of appointment if later, or at the end of the financial year.

### Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.



### Options

No options were issued by the Company or any of its subsidiaries during the financial year. As at 31 December 2015, there were no options on the unissued shares of the Company or any of its subsidiaries which were outstanding.

### Audit committee

The audit committee carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Corporate Governance Report.

Further details regarding the audit committee are disclosed in the Corporate Governance Report.

### Auditors

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

On behalf of the board of directors:


### David Alan Perry

Director

### Wong Lok Hiong

Director

Singapore  
15 March 2016



# Independent Auditor's Report

FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2015

TO THE MEMBERS OF OVERSEAS EDUCATION LIMITED

## Report on the financial statements

We have audited the accompanying financial statements of Overseas Education Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 47 to 86, which comprise the balance sheets of the Group and Company as at 31 December 2015, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

## 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 the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

### **Ernst & Young LLP**

Public Accountants and  
Chartered Accountants  
Singapore

15 March 2016

# Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2015

	Note	2015 S\$	2014 S\$
<b>Revenue</b>			
Tuition fees		93,790,986	97,838,618
Registration fees		1,420,562	1,782,244
School bookshop sales		877,836	998,555
Enrichment programme revenue		564,143	764,572
Interest income		375,622	625,863
Other revenue	4	89,671	109,934
<b>Total revenue</b>		<b>97,118,820</b>	<b>102,119,786</b>
<b>Less: Operating expenses</b>			
Personnel expenses	5	57,248,382	57,096,847
School lease rental	25	3,416,046	6,831,291
Depreciation expenses	9	6,305,185	2,975,768
Amortisation of intangible assets	10	678,562	709,393
Cost of goods sold		518,949	621,905
Enrichment programme cost		362,364	485,629
Utilities		1,085,040	757,045
Upkeep and maintenance		533,981	983,473
Finance costs	19	4,151,973	–
Other operating expenses	6	5,443,892	5,218,579
<b>Total operating expenses</b>		<b>79,744,374</b>	<b>75,679,930</b>
<b>Profit before taxation</b>		<b>17,374,446</b>	<b>26,439,856</b>
Income tax expense – current tax	7	(59,455)	(4,590,533)
– deferred tax	7	(2,378,740)	135,594
<b>Profit for the year attributable to owners of the Company</b>		<b>14,936,251</b>	<b>21,984,917</b>
<b>Other comprehensive income for the year, net of tax</b>			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		99	63
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>14,936,350</b>	<b>21,984,980</b>
<b>Earnings per share (cents)</b>			
- Basic and diluted	8	3.6	5.3

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



# Balance Sheets

AS AT  
31 DECEMBER 2015

	Note	Group		Company	
		2015	2014	2015	2014
		S\$	S\$	S\$	S\$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment					
- Leasehold land	9	34,008,334	35,245,000	-	-
- School buildings, plant and equipment	9	250,910,373	179,086,045	141,317	168,063
Intangible assets	10	2,626,461	2,911,461	-	-
Amount due from subsidiary	15	-	-	150,000,000	131,181,250
Investment in subsidiaries	11	-	-	101,219,141	66,219,141
Bonds – Issuance expenses	19	999,192	1,435,442	999,192	1,435,442
Deposits		234,595	119,500	-	-
Staff housing deposits		395,300	198,800	-	-
		<b>289,174,255</b>	<b>218,996,248</b>	<b>252,359,650</b>	<b>199,003,896</b>
<b>Current assets</b>					
Inventories	12	588,881	515,925	-	-
Trade receivables	13	1,328,591	1,185,356	-	-
Other receivables and deposits	14	250,648	2,429,506	12,000	15,331
Bonds – Issuance expenses	19	436,250	436,250	436,250	436,250
Prepayments		1,338,221	1,660,627	15,799	17,583
Goods and Services Tax receivable		-	1,161,830	-	-
Amount due from subsidiary	15	-	-	1,776,797	1,826,717
Cash and bank balances	16	60,358,643	125,515,044	11,997,183	70,447,276
		<b>64,301,234</b>	<b>132,904,538</b>	<b>14,238,029</b>	<b>72,743,157</b>
<b>TOTAL ASSETS</b>		<b>353,475,489</b>	<b>351,900,786</b>	<b>266,597,679</b>	<b>271,747,053</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables		244,629	289,230	-	-
Other payables and liabilities	17	7,059,652	710,660	520,741	513,231
Fees received in advance	18	32,614,550	35,985,661	-	-
Bonds – Interest payable		1,624,110	1,624,110	1,624,110	1,624,110
Goods and Services Tax payable		3,011,919	57,373	57,502	57,373
Central Provident Fund payable		503,320	457,115	5,090	10,206
Income tax payable		78,904	4,619,575	61,255	135,851
		<b>45,137,084</b>	<b>43,743,724</b>	<b>2,268,698</b>	<b>2,340,771</b>
<b>Net current assets</b>		<b>19,164,150</b>	<b>89,160,814</b>	<b>11,969,331</b>	<b>70,402,386</b>
<b>Non-current liabilities</b>					
Borrowings - Bonds	19	150,000,000	150,000,000	150,000,000	150,000,000
Other liabilities	17	-	-	999,192	1,435,442
Deferred tax liabilities	20	3,319,576	940,836	-	-
		<b>153,319,576</b>	<b>150,940,836</b>	<b>150,999,192</b>	<b>151,435,442</b>
<b>Net assets</b>		<b>155,018,829</b>	<b>157,216,226</b>	<b>113,329,789</b>	<b>117,970,840</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	21	99,253,226	99,253,226	99,253,226	99,253,226
Revenue reserve		81,935,021	44,132,517	14,076,563	18,717,614
Other reserves	22	(26,169,418)	13,830,483	-	-
<b>Total equity</b>		<b>155,018,829</b>	<b>157,216,226</b>	<b>113,329,789</b>	<b>117,970,840</b>

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 2015

	Attributable to owners of the Company							Total equity
	Note	Share capital (Note 21)	Revenue reserve	Other reserves, total (Note 22)	Foreign currency translation reserve	Merger reserve	Capital reserve	
		S\$	S\$	S\$	S\$	S\$	S\$	
<b>Group</b>								
<b>2015</b>								
Balance at 1 January 2015		99,253,226	44,132,517	13,830,483	1,049	(26,170,566)	40,000,000	157,216,226
Profit net of tax		–	14,936,251	–	–	–	–	14,936,251
Other comprehensive income for the year		–	–	99	99	–	–	99
Total comprehensive income for the year		–	14,936,251	99	99	–	–	14,936,350
Dividends								
– final for previous financial year	23	–	(11,422,498)	–	–	–	–	(11,422,498)
– special for FY2015	23	–	(5,711,249)	–	–	–	–	(5,711,249)
Contributions by and distributions to owners		–	(17,133,747)	–	–	–	–	(17,133,747)
Transfer from Capital reserve to Revenue reserve		–	40,000,000	(40,000,000)	–	–	(40,000,000)	–
Balance at 31 December 2015		99,253,226	81,935,021	(26,169,418)	1,148	(26,170,566)	–	155,018,829

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 2015

	Attributable to owners of the Company							Total Equity
	Note	Share capital (Note 21)	Revenue reserve	Other reserves, total (Note 22)	Foreign currency translation reserve	Merger reserve	Capital reserve	
		S\$	S\$	S\$	S\$	S\$	S\$	
<b>Group</b>								
<b>2014</b>								
Balance at 1 January 2014		99,253,226	33,570,098	13,830,420	986	(26,170,566)	40,000,000	146,653,744
Profit net of tax		–	21,984,917	–	–	–	–	21,984,917
Other comprehensive income for the year		–	–	63	63	–	–	63
Total comprehensive income for the year		–	21,984,917	63	63	–	–	21,984,980
Dividends	23	–	(11,422,498)	–	–	–	–	(11,422,498)
Contributions by and distributions to owners		–	(11,422,498)	–	–	–	–	(11,422,498)
Balance at 31 December 2014		99,253,226	44,132,517	13,830,483	1,049	(26,170,566)	40,000,000	157,216,226

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 21)		
		S\$	S\$	S\$

## Company

### 2015

Balance at 1 January 2015		99,253,226	18,717,614	117,970,840
Profit net of tax		–	12,492,696	12,492,696
Total comprehensive income for the year		–	12,492,696	12,492,696
Dividends – final for previous financial year	23	–	(11,422,498)	(11,422,498)
– special for FY2015	23	–	(5,711,249)	(5,711,249)
Contributions by and distributions to owners		–	(17,133,747)	(17,133,747)
Balance at 31 December 2015		99,253,226	14,076,563	113,329,789

### 2014

Balance at 1 January 2014		99,253,226	15,197,550	114,450,776
Profit net of tax		–	14,942,562	14,942,562
Total comprehensive income for the year		–	14,942,562	14,942,562
Dividends	23	–	(11,422,498)	(11,422,498)
Contributions by and distributions to owners		–	(11,422,498)	(11,422,498)
Balance at 31 December 2014		99,253,226	18,717,614	117,970,840

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 2015

	Note	2015 S\$	2014 S\$
<b>Cash flows from operating activities</b>			
Profit before taxation		17,374,446	26,439,856
Adjustments for:			
Depreciation expenses	9	6,305,185	2,975,768
Amortisation expenses	10	678,562	709,393
(Gain)/loss on disposal of property, plant and equipment	6	(18)	15,260
Interest income		(375,622)	(625,863)
Finance costs	19	4,151,973	–
<b>Operating profit before working capital changes</b>		<b>28,134,526</b>	<b>29,514,414</b>
(Increase)/decrease in inventories		(72,956)	80,010
Increase in trade receivables		(143,235)	(100,316)
Decrease/(increase) in other receivables, deposits and prepayments		3,663,194	(1,735,616)
(Increase)/decrease in non-current deposits		(311,595)	1,813,775
Decrease in trade payables and other payables and fees received in advance		(457,579)	(3,831,649)
<b>Cash generated from operations</b>		<b>30,812,355</b>	<b>25,740,618</b>
Interest received		375,622	631,746
Income tax paid		(4,600,126)	(4,985,541)
<b>Net cash generated from operating activities</b>		<b>26,587,851</b>	<b>21,386,823</b>
<b>Cash flows from investing activities</b>			
Additions of intangible assets	10	(393,562)	(396,306)
Acquisition of property, plant and equipment	9	(66,484,473)	(152,732,675)
Bond interest paid capitalised in construction-in-progress		(5,492,055)	(3,910,685)
Bond interest paid and expensed upon completion of the new school campus		(2,307,945)	–
Proceeds from disposal of property, plant and equipment		67,530	68,613
<b>Net cash used in investing activities</b>		<b>(74,610,505)</b>	<b>(156,971,053)</b>
<b>Cash flows from financing activities</b>			
Issuance of bond	19	–	150,000,000
Bond issuance expenses	19	–	(2,181,250)
Dividends paid	23	(17,133,747)	(11,422,498)
<b>Net cash (used in)/generated from financing activities</b>		<b>(17,133,747)</b>	<b>136,396,252</b>
Net (decrease)/increase in cash and cash equivalents		(65,156,401)	812,022
Cash and cash equivalents at beginning of the year		125,515,044	124,703,022
<b>Cash and cash equivalents at end of the year</b>	16	<b>60,358,643</b>	<b>125,515,044</b>

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 2015

## 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 set out in Note 11.

## 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 ("FRS").

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 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
Amendments to FRS 110 & FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.



# Notes to the Financial Statements

FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2015

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

### 2.3 Standards issued but not yet effective (cont'd)

#### FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

#### FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures its borrowings - bonds at cost. Under FRS 109, the Group will be required to measure the borrowings at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

### 2.4 Basis of consolidation and business combinations

#### *Basis of consolidation*

##### (a) *Entities under common control*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

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

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

#### (b) Other acquisitions

Apart from the above, subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

### 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 determined.

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  
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## 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 <sup>#</sup>
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

<sup>#</sup> 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 a 50-year useful lifespan. Depreciation begins 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.

Construction-in-progress was recorded when an expenditure was incurred and capitalised in relation to the building of the new school campus, and had been reclassified to school buildings and school plant and equipment upon completion of the new school campus. Construction-in-progress was not depreciated as the related assets were not yet available for use.

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 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

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## 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 indication that an asset may be impaired. If any such 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 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.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group classifies all its financial assets as loans and receivables.

#### *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.

### 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.

Cash and cash equivalents carried in the balance sheet are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

### 2.12 Trade and other receivables

Trade and other receivables, including amounts receivable from director-related company, are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.13.





# Notes to the Financial Statements

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

### 2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### (a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### (b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

### 2.14 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. Summary of significant accounting policies (cont'd)

### 2.15 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.

#### *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 30-90 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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

### 2.16 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.

### 2.17 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 accrue 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

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

### 2.18 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.

### 2.19 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.

### 2.20 Operating leases – as lessee

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.

### 2.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

#### (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 when the application is accepted by the school.

#### (b) Sale of goods

Revenue on shop sales is recognised upon the transfer of significant risks and rewards of ownership of goods to the customer which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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

### 2.21 Revenue recognition (cont'd)

(c) *Interest income*

Interest income is recognised using the effective interest method.

### 2.22 Income 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.

(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.





# Notes to the Financial Statements

FOR THE FINANCIAL YEAR  
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## 2. Summary of significant accounting policies (cont'd)

### 2.22 *Income taxes (cont'd)*

#### (b) *Deferred tax (cont'd)*

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.

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.

### 2.23 *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.

### 3. Significant accounting judgments 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 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.

(a) *Useful lives of property, plant and equipment and intangible assets*

Property, plant and equipment and intangible assets are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of property, plant and equipment (excluding leasehold land and buildings) to be generally within 3 to 25 years and intangible assets to be within 6 to 9 years.

These are common life expectancies applied in the industry in which the Group operates.

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. This school site was zoned exclusively for use by an educational institution and the buildings have also been purpose-built for use as a school only.

The tenure of the surrounding land around the school, and the parcels of land around the school are without exception on 99-year or 999-year leasehold tenures for residential purposes.

An independent eternal valuer opined that the substructure and the superstructure of the school buildings have over 50-year useful lifespan. In addition, the leasehold property is greenmark certified, in line with the Government's commitment towards environment sustainability of buildings in Singapore through the use of energy/water efficient and renewable energy technologies.

Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets; therefore future depreciation charges could be revised.

The carrying amount of the Group's property, plant and equipment (including leasehold land) as at 31 December 2015 was S\$284,918,707 (2014: S\$214,331,045). The carrying amount of the Group's intangible assets as at 31 December 2015 was S\$2,626,461 (2014: S\$2,911,461).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR  
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## 3. Significant accounting judgments and estimates (cont'd)

### 3.1 Key sources of estimation uncertainty (cont'd)

#### (b) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 27 to the financial statements.

## 4. Other revenue

	2015	2014
	S\$	S\$
Parking income	12,750	34,168
Other income	76,921	75,766
	<b>89,671</b>	109,934

## 5. Personnel expenses

	2015	2014
	S\$	S\$
Salaries and bonuses	46,565,529	46,966,153
Central Provident Fund contributions	1,898,003	1,758,411
Staff medical insurance	543,707	529,437
Other short term benefits	8,241,143	7,842,846
	<b>57,248,382</b>	57,096,847

## 6. Other operating expenses

The following items have been included in arriving at other operating expenses:

	2015	2014
	S\$	S\$
Audit fees paid to:		
- Auditors of the Company	156,600	150,000
- Other auditors	4,000	4,000
Non-audit fees paid to:		
- Other auditors	25,000	64,000
(Gain)/loss on disposal of property, plant and equipment	(18)	15,260
Foreign exchange (gain)/loss, net	(4,026)	6,841
Allowance for doubtful debts (Note 13)	63,170	90,322
Directors' fees	390,000	340,000
International Baccalaureate Organisation ("IBO") fees	29,955	64,270
Teaching materials	702,213	713,215
Insurance	218,039	223,653
Training expenses	196,372	343,746
Consulting fees	142,500	157,593
Transport services	409,788	162,365
Charitable donation	87,800	50,000
Write-off of inventories (Note 12)	6,919	108,938

Non-audit fees relate to internal audit fees paid to other auditors.

## 7. Income tax expense

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

	2015	2014
	S\$	S\$
<b>Statement of comprehensive income:</b>		
Current income tax:		
- Current year income taxation	59,455	4,614,795
- Over provision in respect of previous years	-	(24,262)
	59,455	4,590,533
Deferred income tax (Note 20):		
- Origination and reversal of temporary differences	2,378,740	(135,594)
Income tax expense recognised in the statement of comprehensive income	2,438,195	4,454,939



# Notes to the Financial Statements

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## 7. Income tax expense (cont'd)

### (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 was as follows:

	2015	2014
	S\$	S\$
Profit before tax	17,374,446	26,439,856
Taxation at statutory tax rate of 17%	2,953,656	4,494,775
<b>Adjustments:</b>		
Effect of partial tax exemption	(25,925)	(51,850)
Expenses not deductible for tax purposes	350,727	336,201
Tax benefits from tax reliefs*	(840,263)	(299,925)
Over provision in respect of previous years	–	(24,262)
	<b>2,438,195</b>	<b>4,454,939</b>

\* Tax benefits mainly arise from the Productivity and Innovation Credit ("PIC") scheme introduced by the Singapore government.

## 8. Earnings per share

The basic and diluted earnings per share are calculated by dividing 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:

	2015	2014
Profit for the year attributable to owners of the Company	<b>S\$14,936,251</b>	S\$21,984,917
Weighted average number of ordinary shares for basic and diluted earnings per share computation	<b>415,363,548</b>	415,363,548
Earnings per share (cents)		
- Basic and diluted	<b>3.6</b>	5.3

## 9. Property, plant and equipment

Group	School buildings, plant and equipment									
	Leasehold land	Construction-in-progress (CIP)	School buildings	School plant and equipment	Motor vehicles	Library books and media	School buildings, plant and equipment	Total		
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Cost</b>										
At 1 January 2014	37,100,000	16,068,033	-	21,880,067	1,233,367	2,788,652	47,227,342	84,327,342		
Additions*	-	157,495,921	-	174,080	419,765	223,630	158,578,706	158,578,706		
Disposals/write-off	-	-	-	(186,642)	(168,339)	(144,258)	(608,318)	(608,318)		
Transfer from leasehold land	-	1,236,667	-	-	-	-	1,236,667	1,236,667		
At 31 December 2014 and 1 January 2015	37,100,000	174,800,621	-	21,867,505	5,508,649	2,868,024	206,434,397	243,534,397		
Additions*	-	72,835,051	-	2,824,409	836,826	185,932	76,960,359	76,960,359		
Disposals/write-off	-	-	-	(20,136,399)	(27,192)	(297,300)	(20,620,673)	(20,620,673)		
Transfer from construction-in-progress	-	(248,254,005)	182,788,298	65,465,707	-	-	-	-		
Transfer from leasehold land	-	618,333	-	-	-	-	618,333	618,333		
At 31 December 2015	37,100,000	-	182,788,298	70,021,222	6,318,283	2,756,656	263,392,416	300,492,416		
<b>Accumulated depreciation</b>										
At 1 January 2014	618,333	-	-	19,161,229	3,324,480	2,056,096	24,897,029	25,515,362		
Charge for the year	-	-	-	1,854,514	669,432	243,786	2,975,768	2,975,768		
Charge transferred to construction-in-progress	1,236,667	-	-	-	-	-	-	1,236,667		
Disposals/write-off	-	-	-	(170,774)	(166,707)	(136,080)	(524,445)	(524,445)		
At 31 December 2014 and 1 January 2015	1,855,000	-	-	20,844,969	3,827,205	2,163,802	27,348,352	29,203,352		
Charge for the year	618,333	-	1,823,992	2,716,351	674,391	238,032	5,686,852	6,305,185		
Charge transferred to construction-in-progress	618,333	-	-	-	-	-	-	618,333		
Disposals/write-off	-	-	-	(20,133,119)	(25,110)	(284,424)	(20,553,161)	(20,553,161)		
At 31 December 2015	3,091,666	-	1,823,992	3,428,201	4,476,486	2,117,410	12,482,043	15,573,709		
<b>Net carrying values</b>										
At 31 December 2015	34,008,334	-	180,964,306	66,593,021	1,841,797	639,246	250,910,373	284,918,707		
At 31 December 2014	35,245,000	174,800,621	-	1,022,536	1,681,444	704,222	179,086,045	214,331,045		

\* Bond interest paid of S\$3,867,945 (2014: S\$3,910,685), interest payable of S\$nil (2014: S\$1,624,110) and amortised bond issuance expense of S\$216,331 (2014: S\$309,558) were capitalised in construction-in-progress during the year.  
The total cash outflow on acquisition of PPE amounted to S\$6,484,473 (2014: S\$152,732,675).

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

	Motor vehicles S\$	Total S\$
<b>Company</b>		
<b>Cost</b>		
At 1 January 2014	258,299	258,299
Additions	93,011	93,011
Disposals	(154,488)	(154,488)
At 31 December 2014 and 31 December 2015	196,822	196,822
<b>Accumulated depreciation</b>		
At 1 January 2014	40,317	40,317
Charge for the year	34,921	34,921
Disposals	(46,479)	(46,479)
At 31 December 2014 and 1 January 2015	28,759	28,759
Charge for the year	26,746	26,746
At 31 December 2015	55,505	55,505
<b>Net carrying values</b>		
At 31 December 2015	141,317	141,317
At 31 December 2014	168,063	168,063

**10. Intangible assets**

	Internally developed computer software	Internally developed computer software work-in-progress ("WIP")	Acquired computer software	Total
	S\$	S\$	S\$	S\$
<b>Group</b>				
<b>Cost</b>				
At 1 January 2014	9,577,150	71,174	188,631	9,836,955
Additions	86,793	288,943	20,570	396,306
Transfer of completed assets	146,412	(146,412)	–	–
At 31 December 2014 and 1 January 2015	9,810,355	213,705	209,201	10,233,261
Additions	106,219	283,343	4,000	393,562
Transfer of completed assets	440,685	(440,685)	–	–
At 31 December 2015	10,357,259	56,363	213,201	10,626,823
<b>Accumulated amortisation</b>				
At 1 January 2014	6,452,494	–	159,913	6,612,407
Amortisation recognised	696,705	–	12,688	709,393
At 31 December 2014 and 1 January 2015	7,149,199	–	172,601	7,321,800
Amortisation recognised	668,798	–	9,764	678,562
At 31 December 2015	7,817,997	–	182,365	8,000,362
<b>Net carrying values</b>				
At 31 December 2015	2,539,262	56,363	30,836	2,626,461
At 31 December 2014	2,661,156	213,705	36,600	2,911,461



# Notes to the Financial Statements

FOR THE FINANCIAL YEAR  
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## 11. Investment in subsidiaries

	Company	
	2015	2014
	S\$	S\$

Unquoted shares, at cost	<b>101,219,141</b>	66,219,141
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The subsidiaries of the Company are as follows:

Name	Country of incorporation	Principal activities	Cost		Proportion (%) of ownership interest	
			2015	2014	2015	2014
			S\$	S\$	%	%
Overseas Family School Limited *	Singapore	Operation of a foreign system school	<b>101,217,127</b>	66,217,127	<b>100</b>	100
Overseas Family School Limited (Hong Kong) #	Hong Kong	Dormant	<b>2,014</b>	2,014	<b>100</b>	100
			<b>101,219,141</b>	66,219,141		

\* Audited by Ernst & Young LLP, Singapore.

# Audited by Ernst & Young, Hong Kong.

## 12. Inventories

	Group	
	2015	2014
	S\$	S\$

School supplies and stationery	<b>588,881</b>	515,925
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During the financial year, the Group wrote-off S\$6,919 of inventories (2014: S\$108,938) (Note 6) which is recognised as an expense in other operating expenses in the statement of comprehensive income. The write-off was for school supplies which were no longer saleable.

**13. Trade receivables**

	Group	
	2015	2014
	S\$	S\$
Trade receivables	1,450,216	1,300,091
Less: Allowance for doubtful debts	(121,625)	(114,735)
	<b>1,328,591</b>	<b>1,185,356</b>

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\$1,321,933 (2014: S\$1,177,575) 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	
	2015	2014
	S\$	S\$
Trade receivables past due:		
Less than 60 days	1,149,780	1,085,763
60 days and above	172,153	91,812
	<b>1,321,933</b>	<b>1,177,575</b>

*Receivables that are impaired*

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2015	2014
	S\$	S\$
Trade receivables	121,625	114,735
Less: Allowance for impairment	(121,625)	(114,735)
	-	-

Movements in allowance for doubtful debts are as follows:

At beginning of the year	114,735	32,885
Charge for the year (Note 6)	63,170	90,322
Allowance utilised	(56,280)	(8,472)
	<b>121,625</b>	<b>114,735</b>

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## 14. Other receivables and deposits

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
Staff housing deposits	242,950	435,400	7,000	6,800
School rental deposits	–	1,808,165	–	–
Other debtors	7,698	185,941	5,000	8,531
	<b>250,648</b>	<b>2,429,506</b>	<b>12,000</b>	<b>15,331</b>

## 15. Amount due from subsidiary

As at 31 December 2015, the amount due from subsidiary (non-current) on loan account of S\$150,000,000 (2014: S\$131,181,250) was from the bond proceeds provided by the Company to the subsidiary and bears interest from 17 April 2014 at the rate of 5.2% per annum, payable semi-annually in arrears on 17 October and 17 April each year. The loan is not expected to be repaid within the next 12 months.

The amount owing from subsidiary under current assets was unsecured, non-trade in nature and was interest free.

## 16. Cash and bank balances

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

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
Cash and bank balances	60,358,643	125,515,044	11,997,183	70,447,276

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

Hong Kong dollars	1,355	1,500	–	–
United States dollars	8,094	7,564	–	–

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

**17. Other payables and liabilities**

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
<b>Current:</b>				
Accrued staff and related costs	248,451	181,682	-	-
Other creditors	419,591	528,978	84,491	76,981
Accrued construction costs	6,391,610	-	-	-
Other liabilities	-	-	436,250	436,250
	<b>7,059,652</b>	710,660	<b>520,741</b>	513,231
<b>Non-current:</b>				
Other liabilities	-	-	999,192	1,435,442
	-	-	<b>999,192</b>	1,435,442

**Company:**

Included in Company's other liabilities (current) and other liabilities (non-current) are S\$436,250 (2014: S\$436,250) and S\$999,192 (2014: S\$1,435,442) relating to the bond issuance expense (Note 19) recovered from the subsidiary. These expenses were incurred by the Company for the bond issuance to fund the intercompany loan (Note 15) for construction of the school. The amounts are recognised to the profit and loss over the term of the loan.

Other payables are non-interest bearing.

**18. Fees received in advance**

Fees received in advance refer to the fees billed and received for the semester starting in January of the next financial year.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR  
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## 19. Borrowings - Bonds

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
Borrowings – Bonds	150,000,000	150,000,000	150,000,000	150,000,000
<b>Bonds – Issuance expenses</b>				
Opening balance	1,871,692	–	1,871,692	–
Costs incurred during the year	–	2,181,250	–	2,181,250
Amortisation during the year	(436,250)	(309,558)	(436,250)	(309,558)
	1,435,442	1,871,692	1,435,442	1,871,692
Bonds at amortised cost	148,564,558	148,128,308	148,564,558	148,128,308
<b>Bonds – Issuance expenses</b>				
Presented as:				
Current portion	436,250	436,250	436,250	436,250
Non-current portion	999,192	1,435,442	999,192	1,435,442
	1,435,442	1,871,692	1,435,442	1,871,692
<b>Finance costs</b>				
Bond interest expense	4,151,973	–	–	–

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 are unsecured and bear 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 is computed based on the effective interest method. During the year, the Group capitalised S\$4,084,276 (2014: S\$5,844,353) of interest expense and bond issuance expense in relation to the construction of the new school campus.

## 20. Deferred tax liabilities

Deferred tax liabilities as at 31 December relates to the following:

	Group	
	2015	2014
	S\$	S\$
Excess of net book value over tax written down value of property, plant and equipment	4,032,303	940,836
Unabsorbed capital allowances	(712,727)	–
	3,319,576	940,836



**20. Deferred tax liabilities (cont'd)**

Deferred tax as at 31 December 2015 and 2014 relates to the following:

	Group			
	Balance sheets		Consolidated statement of comprehensive income	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
<b>Deferred tax assets</b>				
Unabsorbed capital allowances	(712,727)	–	(712,727)	–
<b>Deferred tax liabilities</b>				
Differences in depreciation and amortisation for tax purposes	4,032,303	940,836	3,091,467	(135,594)
Deferred tax liabilities (net)	3,319,576	940,836	2,378,740	(135,594)

**21. Share capital**

	Group and Company			
	Number of shares	Number of shares		2014
		2015	2014	
	S\$	S\$	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.

**22. Other reserves**

	Group	
	2015	2014
	S\$	S\$
Capital reserve	–	40,000,000
Merger reserve	(26,170,566)	(26,170,566)
Foreign currency translation reserve	1,148	1,049
At 31 December	(26,169,418)	13,830,483

The capital reserve was previously established as a reserve fund out of the revenue reserve for the purpose of building the new school. The new school has been completed during the year. This capital reserve is no longer necessary and was transferred back to revenue reserve upon completion of the new school.

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.

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## 23. Dividends

	2015	2014
	S\$	S\$

Declared and paid during the financial year:

- Final exempt (one-tier) dividend for 2014: S\$0.0275 (2013: S\$0.0275)	11,422,498	11,422,498
- Special exempt (one-tier) dividend for 2015: S\$0.01375 (2014: S\$nil)	5,711,249	-
	<b>17,133,747</b>	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 2015: S\$0.01375 (2014: S\$0.0275)	5,711,249	11,422,498
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## 24. 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	
	2015	2014
	S\$	S\$

#### Director-related company - CAML

Purchase of goods	-	12,552
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#### Director-related company - MN

Legal services	-	262
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#### Director-related company

- Two Directors of the Company have an aggregate 100% interest in Master Projects Pte Ltd ("MPPL").
- During the financial year, the Group did not purchase any goods (2014: S\$12,552) from Centre for Advanced Medicine Ltd ("CAML"), a wholly owned subsidiary of MPPL. At the end of the reporting period, there was no outstanding balance from CAML (2014: S\$nil).
- An independent Director of the Company is a partner of Mallal & Namazie ("MN"). MN did not render any legal service to the Group in the current year (2014: S\$262). No balance with MN was outstanding at the end of the reporting period (2014: S\$nil).

**24. Related party transactions (cont'd)**(b) *Compensation of related parties*

	Group	
	2015	2014
	S\$	S\$
Directors' fees	<b>390,000</b>	340,000
Directors' salaries and bonuses	<b>1,344,000</b>	1,255,742
Directors' Central Provident Fund contributions	<b>19,800</b>	19,275
Directors' short term benefits	<b>23,483</b>	23,115
Other key management personnel's and related parties' salaries and bonuses	<b>1,360,000</b>	1,526,000
Other key management personnel's and related parties' Central Provident Fund contributions	<b>49,125</b>	38,125
Other key management personnel's and related parties' short term benefits	<b>104,455</b>	109,869
Total compensation	<b>3,290,863</b>	3,312,126
Comprise amounts paid to:		
- Directors of the Company	<b>1,777,283</b>	1,638,132
- Other key management personnel and related parties *	<b>1,513,580</b>	1,673,994
Total	<b>3,290,863</b>	3,312,126

\* includes key management personnel and family members of directors

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## 25. 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 rental of school premises and teaching staff accommodation) with a term of more than one year as follows:

	Group	
	2015	2014
	S\$	S\$
Not later than one year	4,125,700	7,149,926
Later than one year but not later than five years	1,755,273	988,305
	<b>5,880,973</b>	<b>8,138,231</b>

Operating lease payments recognised in the statement of comprehensive income during the year amounted to S\$7,448,147 (2014: S\$10,938,039). S\$3,416,046 (2014: S\$6,831,291) is included in the line item, school lease rental, and S\$4,032,101 (2014: S\$4,106,748) is included in the line item, personnel expenses – other short term benefits (Note 5), in the statement of comprehensive income.

The Group is restricted from subleasing the School premises to third parties.

### *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	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
Capital commitments in respect of construction of property, plant and equipment	26,595	79,002,932	–	–

## 26. 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 bank balances 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.

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.

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 and capital expenditure.



# Notes to the Financial Statements

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

### Liquidity risk (cont'd)

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	Total
	S\$	S\$	S\$
<b>Group</b>			
<b>2015</b>			
<b>Financial assets</b>			
Deposits	–	234,595	234,595
Staff housing deposits	–	395,300	395,300
Trade receivables	1,328,591	–	1,328,591
Other receivables and deposits	250,648	–	250,648
Cash and bank balances	60,358,643	–	60,358,643
<b>Total undiscounted financial assets</b>	<b>61,937,882</b>	<b>629,895</b>	<b>62,567,777</b>
<b>Financial liabilities</b>			
Trade payables	244,629	–	244,629
Other payables and liabilities	7,059,652	–	7,059,652
Bonds – Interest payable**	9,424,110	17,865,205	27,289,315
Borrowings – Bonds (net of amortised issuance expenses)	–	148,564,558	148,564,558
<b>Total undiscounted financial liabilities</b>	<b>16,728,391</b>	<b>166,429,763</b>	<b>183,158,154</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>45,209,491</b>	<b>(165,799,868)</b>	<b>(120,590,377)</b>
<b>2014</b>			
<b>Financial assets</b>			
Deposits	–	119,500	119,500
Staff housing deposits	–	198,800	198,800
Trade receivables	1,185,356	–	1,185,356
Other receivables and deposits	2,429,506	–	2,429,506
Cash and bank balances	125,515,044	–	125,515,044
<b>Total undiscounted financial assets</b>	<b>129,129,906</b>	<b>318,300</b>	<b>129,448,206</b>
<b>Financial liabilities</b>			
Trade payables	289,230	–	289,230
Other payables and liabilities	710,660	–	710,660
Bonds – Interest payable**	9,424,110	25,665,205	35,089,315
Borrowings – Bonds (net of amortised issuance expenses)	–	148,128,308	148,128,308
<b>Total undiscounted financial liabilities</b>	<b>10,424,000</b>	<b>173,793,513</b>	<b>184,217,513</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>118,705,906</b>	<b>(173,475,213)</b>	<b>(54,769,307)</b>

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

### Liquidity risk (cont'd)

	1 year or less	1 to 5 years	Total
	S\$	S\$	S\$
<b>Company</b>			
<b>2015</b>			
<b>Financial assets</b>			
Amount due from subsidiary	1,776,797	150,000,000	151,776,797
Other receivables and deposits	12,000	–	12,000
Cash and bank balances	11,997,183	–	11,997,183
<b>Total undiscounted financial assets</b>	<b>13,785,980</b>	<b>150,000,000</b>	<b>163,785,980</b>
<b>Financial liabilities</b>			
Other payables and liabilities*	84,491	–	84,491
Bonds – Interest payable**	9,424,110	17,865,205	27,289,315
Borrowings – Bonds (net of amortised issuance expense)	–	148,564,558	148,564,558
<b>Total undiscounted financial liabilities</b>	<b>9,508,601</b>	<b>166,429,763</b>	<b>175,938,364</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>4,277,379</b>	<b>(16,429,763)</b>	<b>(12,152,384)</b>
<b>2014</b>			
<b>Financial assets</b>			
Amount due from subsidiary	1,826,717	131,181,250	133,007,967
Other receivables and deposits	15,331	–	15,331
Cash and bank balances	70,447,276	–	70,447,276
<b>Total undiscounted financial assets</b>	<b>72,289,324</b>	<b>131,181,250</b>	<b>203,470,574</b>
<b>Financial liabilities</b>			
Other payables and liabilities*	76,981	–	76,981
Bonds – Interest payable**	9,424,110	25,665,205	35,089,315
Borrowings – Bonds (net of amortised issuance expense)	–	148,128,308	148,128,308
<b>Total undiscounted financial liabilities</b>	<b>9,501,091</b>	<b>173,793,513</b>	<b>183,294,604</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>62,788,233</b>	<b>(42,612,263)</b>	<b>20,175,970</b>

\* excluding other liabilities, which are not financial liabilities (note 17)

\*\* relates to contractual obligation of remaining bond interest payable up to April 2019

### 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.

There are no significant concentrations of credit risk.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2015

## 27. Financial instruments

The carrying amounts of financial instruments in each of the following categories as defined in FRS 39 are as follows:

	Group	
	2015	2014
	S\$	S\$

### Loans and receivables

Deposits (non-current)	234,595	119,500
Staff housing deposits (non-current)	395,300	198,800
Trade receivables	1,328,591	1,185,356
Other receivables and deposits	250,648	2,429,506
Cash and bank balances	60,358,643	125,515,044
	<b>62,567,777</b>	<b>129,448,206</b>

### Financial liabilities measured at amortised cost

Trade payables	244,629	289,230
Other payables and liabilities	7,059,652	710,660
Bonds – Interest payable	1,624,110	1,624,110
Borrowings – Bonds (net of amortised issuance expense)	148,564,558	148,128,308
	<b>157,492,949</b>	<b>150,752,308</b>

	Company	
	2015	2014
	S\$	S\$

### Loans and receivables

Other receivables and deposits	12,000	15,331
Cash and bank balances	11,997,183	70,447,276
Amount due from subsidiary (non-current)	150,000,000	131,181,250
Amount due from subsidiary (current)	1,776,797	1,826,717
	<b>163,785,980</b>	<b>203,470,574</b>

### Financial liabilities measured at amortised cost

Other payables and liabilities*	84,491	76,981
Bonds – Interest payable	1,624,110	1,624,110
Borrowings – Bonds (net of amortised issuance expense)	148,564,558	148,128,308
	<b>150,273,159</b>	<b>149,829,399</b>

\* excluding other liabilities, which are not financial liabilities (note 17)

## 28. 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.

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables reasonably approximate their fair values because these are mostly short term nature.

The fair values of the non-current deposits and staff housing deposits 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.

The fair value of the bond is derived from significant observable inputs other than quoted prices (level 2).

	2015	2014
	S\$	S\$
Fair value of the bond	<u>154,200,000</u>	<u>156,000,000</u>

## 29. 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 business 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 2015 and 31 December 2014.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2015

## 29. Capital management (cont'd)

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

	Group	
	2015	2014
	S\$	S\$
Total gross debt <sup>^</sup>	<b>150,000,000</b>	150,000,000
Equity attributable to owners of the company		
Share capital	<b>99,253,226</b>	99,253,226
Revenue reserve	<b>81,935,021</b>	44,132,517
Other reserves	<b>(26,169,418)</b>	13,830,483
	<b>155,018,829</b>	157,216,226
Gross debt equity ratio	<b>96.76%</b>	95.41%
Cash and bank balances	<b>60,358,643</b>	125,515,044
Less: Total gross debt	<b>(150,000,000)</b>	(150,000,000)
Net borrowing position	<b>(89,641,357)</b>	(24,484,956)

<sup>^</sup> Gross debt relates to bond borrowings.

## 30. Usage of proceeds from the initial public offering ("IPO")

As at the date of this report, 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	<u>59,623,970</u>
Balance as at date of report	<u>8,410,015</u>

## 31. Authorisation for issue of financial statements

The consolidated financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 15 March 2016.



# Shareholdings Statistics

AS AT 10 MARCH 2016

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

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	62	7.89	53,600	0.02
1,001 – 10,000	420	53.43	2,162,070	0.52
10,001 – 1,000,000	292	37.15	20,943,400	5.04
1,000,001 and above	12	1.53	392,204,478	94.42
<b>TOTAL</b>	<b>786</b>	<b>100.00</b>	<b>415,363,548</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
PDAC Private Limited	130,278,138	31.36	–	–
WLH Private Limited	130,278,138	31.36	–	–
David Alan Perry <sup>(1)</sup>	–	–	135,585,410	32.64
Wong Lok Hiong <sup>(2)</sup>	–	–	130,278,138	31.36
Eastspring Investments (Singapore) Limited <sup>(3)</sup>	–	–	28,982,300	6.97757
Prudential Singapore Holdings Pte. Limited <sup>(4)</sup>	–	–	28,982,300	6.97757
Prudential Corporation Holdings Limited <sup>(5)</sup>	–	–	28,982,300	6.97757
Prudential Holdings Limited <sup>(5)</sup>	–	–	28,982,300	6.97757
Prudential Corporation Asia Limited <sup>(5)</sup>	–	–	28,982,300	6.97757
Prudential plc <sup>(5)</sup>	–	–	28,982,300	6.97757

### Notes:

- <sup>(1)</sup> 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 5,307,272 ordinary shares held by Bank of Singapore Nominees Pte. Ltd.
- <sup>(2)</sup> 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.
- <sup>(3)</sup> Eastspring Investments (Singapore) Limited has deemed interest in the shares as it has discretionary power in the disposal rights over the shares as fund manager.
- <sup>(4)</sup> Prudential Singapore Holdings Pte. Limited is a substantial shareholder by virtue of its deemed interest in the shares managed by its subsidiary as fund manager.
- <sup>(5)</sup> Each of Prudential plc, Prudential Corporation Asia Limited, Prudential Holdings Limited and Prudential Corporation Holdings Limited is a substantial shareholder by virtue of its deemed interest in the shares managed by its subsidiary as fund manager.

Prudential Corporation Holdings Limited is a wholly owned subsidiary of Prudential Holdings Limited which is a wholly owned subsidiary of Prudential Corporation Asia Limited. Prudential Corporation Asia Limited is ultimately owned by Prudential plc.

# Shareholdings Statistics

AS AT 10 MARCH 2016

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 10 March 2016, approximately 28.92% 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	130,278,138	31.36
2 WLH PRIVATE LIMITED	130,278,138	31.36
3 CITIBANK NOMINEES SINGAPORE PTE LTD	48,486,008	11.67
4 RAFFLES NOMINEES (PTE) LTD	19,011,300	4.58
5 DB NOMINEES (SINGAPORE) PTE LTD	18,165,700	4.37
6 DBS NOMINEES PTE LTD	17,390,292	4.19
7 HSBC (SINGAPORE) NOMINEES PTE LTD	9,182,800	2.21
8 BANK OF SINGAPORE NOMINEES PTE LTD	5,829,272	1.40
9 CIMB SECURITIES (SINGAPORE) PTE LTD	4,220,930	1.02
10 DBSN SERVICES PTE LTD	4,141,000	1.00
11 PHILLIP SECURITIES PTE LTD	3,465,400	0.84
12 UNITED OVERSEAS BANK NOMINEES PTE LTD	1,755,500	0.42
13 UOB KAY HIAN PTE LTD	936,200	0.22
14 LEONG KAI CHUNG	880,100	0.21
15 MAYBANK KIM ENG SECURITIES PTE LTD	694,300	0.17
16 TAN KENG SOON HOMER	580,000	0.14
17 WONG MAN ON	522,800	0.13
18 TANG WEE LOKE	505,000	0.12
19 GOH CHOK SIN	482,200	0.12
20 MONTEREY PTE LTD	447,800	0.11
<b>TOTAL</b>	<b>397,252,878</b>	<b>95.64</b>

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **OVERSEAS EDUCATION LIMITED** (the “Company”) will be held at 81 Pasir Ris Heights, Singapore 519292, on Thursday, 21 April 2016 at 4:00 p.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2015 together with the Auditor’s Report thereon. **(Resolution 1)**
2. To declare final dividend (tax exempt one-tier) of S\$0.01375 per ordinary share for the financial year ended 31 December 2015. **(Resolution 2)**
3. To approve and ratify the additional payment of Independent Director’s fee of S\$50,000 for the financial year ended 31 December 2015. **(Resolution 3)**

[See Explanatory Note (i)]

4. To approve the payment of Directors’ fees of S\$440,000 in advance for the financial year ending 31 December 2016. **(Resolution 4)**
5. To re-elect the following Directors of the Company retiring pursuant to Regulations 91 and 97 of the Constitution of the Company:

Mr David Alan Perry	(Retiring under Regulation 91)	<b>(Resolution 5)</b>
Mr Tan Teng Muan	(Retiring under Regulation 91)	<b>(Resolution 6)</b>
Mr David Peter Walker	(Retiring under Regulation 97)	<b>(Resolution 7)</b>

[See Explanatory Note (ii)]

6. To re-appoint Ernst & Young LLP, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and



## Notice of Annual General Meeting

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the “**Share Issue Mandate**”)

provided that:

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting (“**AGM**”) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. **(Resolution 9)**

[See Explanatory Note (iii)]

By Order of the Board

**Chew Kok Liang**  
Secretary

Singapore, 5 April 2016

**Explanatory Notes:**

- (i) The Company is seeking approval from the Shareholders to approve and ratify the payment of Director's fee of S\$50,000 to an Independent Director who was appointed during the financial year ended 31 December 2015.
- (ii) Mr David Perry will, upon re-election as a Director of the Company, remain as Executive Chairman and CEO of the Company and will be considered non-independent.

Mr Tan Teng Muan will, upon re-election as a Director of the Company, remain as a Member of the Nominating Committee, Remuneration Committee and Audit Committee. Mr Tan Teng Muan will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

Mr David Peter Walker will, upon re-election as a Director of the Company, remain as a Member of the Nominating Committee, Remuneration Committee and Audit Committee. Mr David Peter Walker will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

- (iii) The Ordinary Resolution 9 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

**Notes:**

1. A Member of the Company (other than a Relevant Intermediary\*) entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 81 Pasir Ris Heights, Singapore 519292 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

\* 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.





## Notice of Annual General Meeting

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

### NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of **OVERSEAS EDUCATION LIMITED** will be closed on **6 May 2016** for the purpose of determining shareholders' entitlements to the Dividend.

Duly completed and stamped registrable transfers in respect of shares not registered in the name of The Central Depository (Pte) Limited, together with all relevant documents of title thereto, received by the Company's Share Registrar, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, up to 5.00 p.m. on **5 May 2016** will be registered to determine shareholders' entitlement to the Dividend.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on **5 May 2016** will be entitled to the Dividend.

Payment of the Dividend (subject to shareholders' approval at the AGM) will be made on **17 May 2016**.

By Order of the Board

**Chew Kok Liang**  
Secretary

Singapore, 5 April 2016

# OVERSEAS EDUCATION LIMITED

Company Registration No. 201131905D  
(Incorporated in the Republic of Singapore)

## Proxy Form

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. 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 vote(s) at the Meeting in person. CPF Investors and SRS Investors (collectively "CPF and SRS Investors") who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)

of \_\_\_\_\_

being a member/members of **OVERSEAS EDUCATION LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 81 Pasir Ris Heights, Singapore 519292, on Thursday, 21 April 2016 at 4:00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	No. of votes 'For'*	No. of votes 'Against'*
1	Audited Financial Statements for the financial year ended 31 December 2015		
2	Payment of proposed final dividend of S\$0.01375 per ordinary share for the financial year ended 31 December 2015		
3	Approve and ratify the additional payment of Director's fee of S\$50,000 for the financial year ended 31 December 2015		
4	Approval of Directors' fees amounting to S\$440,000 in advance for the financial year ending 31 December 2016		
5	Re-election of Mr David Alan Perry as a Director		
6	Re-election of Mr Tan Teng Muan as a Director		
7	Re-election of Mr David Peter Walker as a Director		
8	Re-appointment of Ernst & Young LLP as Auditors		
9	Authority to issue shares pursuant to Section 161 of the Companies Act, Cap 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited		

\* If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or Common Seal of Corporate Shareholder

\* Delete where inapplicable

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary\*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary\*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary\* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 81 Pasir Ris Heights, Singapore 519292 not less than forty-eight (48) hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. 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 vote(s) at the Meeting in person. CPF Investors and SRS Investors (collectively "CPF and SRS Investors") who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the Meeting.

\* 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.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2016.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Overseas Education Limited**

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