

FOR IMMEDIATE RELEASE

Overseas Education Limited launches IPO of 125 million shares at Invitation Price of S\$0.48 per share

- *Wholly owned subsidiary, Overseas Family School, is one of the largest foreign system schools in Singapore¹*
- *Intends to pay dividends of at least 50.0% of net profit after tax for each financial year*

Singapore, 31 January 2013 – **Overseas Education Limited** (“OEL” or the “Group”), the holding company of Overseas Family School (“OFS”), today announced its initial public offering (“IPO” or the “Invitation”) of 125 million new shares (“New Shares”) priced at S\$0.48 each, in conjunction with its listing on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

United Overseas Bank Limited (“UOB”) is the Issue Manager of the IPO. Both UOB and **UOB Kay Hian Private Limited** (“UOBKH”) are the Joint Underwriters and the Joint Placement Agents of the Invitation.

The Invitation

The Invitation of 125 million New Shares comprises 3.75 million offer shares available to the public for subscription and 121.25 million placement shares. In connection with the Invitation, OEL has granted to the Joint Underwriters an over-allotment option to subscribe for up to an aggregate of 25 million additional shares (“Over-allotment Shares”), representing not more than 20.0% of the Invitation Shares. Assuming the over-allotment option is not exercised, the Invitation represents 32.0% of the Group’s enlarged share capital of 390,363,548 shares immediately post-IPO.

At S\$0.48 per share, the Invitation is priced at a price earnings ratio of 6.6 times based on the Group’s historical earnings per share of 7.3 Singapore cents for the financial year ended 31 December 2011 (“FY2011”) and pre-IPO share capital of 265,363,548 shares.

The IPO will open at 6.00 pm on 31 January 2013 and close at 12.00 noon on 5 February 2013. OEL’s shares are expected to commence trading on a “ready” basis on 7 February 2013.

¹ According to Frost & Sullivan which ranked OFS as the 3rd largest FSS based on the estimated revenues of top/leading FSSs in FY 2011

Dividend Policy

OEL's policy is to pay dividends of at least 50.0% of the Group's net profit after tax to Shareholders for each financial year.

OFS – One of the largest foreign system schools in Singapore²

OFS is one of the largest foreign system schools ("FSS") in Singapore³, with 3,753 students of around 70 nationalities and a staff strength of 501 of over 20 nationalities⁴.

Established in 1991, OFS offers the K-12⁵ International Baccalaureate ("IB") curriculum within a globalised multi-cultural environment to children aged between 3 and 18 years of expatriate parents who are senior executives and professionals working and living in Singapore.

As one of the top three FSSs in Singapore in terms of revenue, and with a market share of 10.3%⁶, OFS believes it is the first and currently one of five such FSSs in Singapore offering a straight-through IB curriculum in a single location. Further, OFS believes that by offering the full IB curriculum, it enables OFS to accept enrolment of students at any pre-tertiary education level.

Alongside the IB programmes, OFS also offers the Cambridge-based International General Certificate of Secondary Education ("IGCSE") and integrates Model United Nations ("MUN")⁷ into its core curriculum. OFS believes that it is a pioneer in integrating MUN into its curriculum, and the first and only FSS in Singapore to do so.

One of OFS' core strengths is its extensive IT resources, infrastructure and unique OFS integrated software application, which have enhanced the learning experience and interaction among its teachers, students, and their parents. The innovative use of IT has also increased its effectiveness and efficiency in running the school. Quality control is ensured through its school-wide, online assessment system that not only assesses the effectiveness of classes, but also supports and promotes student learning.

² According to Frost & Sullivan which ranked OFS as the 3rd largest FSS based on the estimated revenues of top/leading FSSs in FY 2011

³ According to Frost & Sullivan which ranked OFS as the 3rd largest FSS based on the estimated revenues of top/leading FSSs in FY 2011

⁴ As at Latest Practicable Date, 17 December 2012

⁵ K-12 Education, a designation for the sum of primary and secondary education, used in countries such as the USA, Canada, Australia and New Zealand, and an expression that is the abbreviation of kindergarten for students aged 4 to 6, to Grade 12 for students aged 16 to 19

⁶ According to an independent report dated 28 September 2012 by Frost & Sullivan (Singapore) Pte Ltd ("Frost & Sullivan's Report")

⁷ MUN is a vehicle through which students can develop skills in research, collaboration, negotiation and presentation and develop international-mindedness from a relatively young age

OEL is led by an experienced and professional management team, helmed by its Executive Chairman and CEO, Mr David Perry, and Executive Director, Ms Irene Wong 黄乐香, who have respectively over, 25 and 35 years of experience in FSSs. OFS's Academic Director and its four Principals of High School, Middle School, Elementary School and Kindergarten respectively have between them over 120 years of cumulative experience in the education field.

Since the inception of the school, OFS has separated the roles of management and administration from that of academia and teaching, with the administration of the school being managed entirely through its corporate office. OFS believes this allows its Principals, Curriculum Leadership and teachers to focus their efforts towards the students' education.

Elaborating on the investment merits of OEL, Mr Perry explains, "OFS will be the first private FSS to list in Singapore. We have built a well-recognised name in the private education industry in Singapore, which we believe is due to our long track record of providing K-12 education, ability to attract students from diverse nationalities, our strong curriculum, strong growth in our student population, our assessment system, as well as strong parent engagement which helps to propagate our school's name by word-of-mouth."

"We also believe OFS is an inextricable part of the social and economic infrastructure supporting foreign direct investments into Singapore, forming an important consideration for expatriates contemplating the relocation of their families and especially of their school-going children here. Our business model has proven to be a resilient one, as we witnessed growth in student enrolment even during the general downturn in 2008/2009. Our diversified student base also means we are not overly dependent on the influx of students from any particular country," added Mr Perry.

Prospects and future plans

Looking ahead, the prospects for OEL remain positive as economic growth in Singapore would lead to more foreign direct investments and in turn, the relocation of foreign expatriates and their families to Singapore. Favourable socio-economic factors such as Singapore's position as one of the most preferred expatriate destinations, coupled with the constant mobility and high disposable incomes of expatriate families, create a constant demand for quality FSS education.

For relocating expatriates, the need for minimal disruption to their children's educational needs and for a holistic and well-rounded education drives them to opt for quality private education. In addition, the increasing recognition and appeal of the IB curriculum bode well for OFS.

According to Frost & Sullivan's Report, the FSS industry in Singapore is forecasted to grow from approximately S\$866.1 million in Financial Year 2011 to about S\$1,430.2 million in Financial Year 2015, registering a compounded annual growth rate ("CAGR") of about 13.4% during this period.

In order to tap on immense opportunities in this industry, OEL plans to build a new school campus to increase its student capacity. Apart from this, the Group intends to leverage on its management expertise and extensive education industry experience to expand its business into overseas markets such as Hong Kong and/or the People's Republic of China. Finally, the Group may also pursue growth by exploring opportunities to collaborate with suitable partners through strategic alliances, joint-ventures, acquisitions and investments.

Use of Proceeds

With OFS running at almost full capacity at its present location, OEL plans to use all of the estimated net IPO proceeds of approximately S\$56.1 million for the building of a new school campus. As at the Latest Practicable Date, the Group has set aside S\$60.0 million from distributable profits to part finance the new school campus. In addition to that and the abovementioned net proceeds of the Invitation, OEL will require additional funding via bank borrowings and/or equity funding for the construction of the new school campus.

Financial Performance (Financial Year Ended 31 December)

OEL's revenue grew from S\$75.4 million in FY2009 to S\$89.3 million in FY2011, representing a CAGR of 8.8%, while its net profit for the same period rose at a higher CAGR of 22.5% from S\$13.0 million in FY2009 to S\$19.5 million in FY2011. For the half year ended 30 June 2012, OEL registered a revenue and net profit of S\$46.4 million and S\$9.4 million, respectively.

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A final prospectus had been lodged with and registered by the Monetary Authority of Singapore ("MAS") on 31 January 2013 in connection with the Invitation ("Prospectus").

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A copy of the Prospectus can be obtained from the website of the MAS.

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