Overseas Education Limited

INVESTING IN EDUCATION

ANNUAL REPORT 2018

CORPORATE INFORMATION

Board of Directors

PERRY, DAVID ALAN
Executive Chairman and CEO

WONG LOK HIONG IRENE
Executive Director

HO HIE WU DAVID
Executive Director and
Chief Financial Officer

HO YEW MUN
Lead Independent Director

LEOW WEE KIA CLEMENT
Independent Director

TAN TENG MUAN
Independent Director

WALKER, DAVID PETER
Independent Director

Nominating Committee

LEOW WEE KIA CLEMENT
(Chairman)

HO YEW MUN

TAN TENG MUAN

WALKER, DAVID PETER

PERRY, DAVID ALAN

Remuneration Committee

LEOW WEE KIA CLEMENT
(Chairman)

HO YEW MUN

TAN TENG MUAN

WALKER, DAVID PETER

Audit Committee

HO YEW MUN (Chairman)

LEOW WEE KIA CLEMENT

TAN TENG MUAN

WALKER, DAVID PETER

Company Secretary

CHEW KOK LIANG (LL.B. (Hons)

Registered Office

81 Pasir Ris Heights,
Singapore 519292

Telephone no. : (65) 6738 0211
Facsimile no. : (65) 6735 9734

Company Registration Number

201131905D

Share Registrar and Share Transfer Office

M & C SERVICES PRIVATE LIMITED
112 Robinson Road #05-01
Singapore 068902

Auditors

ERNST & YOUNG LLP
One Raffles Quay
Level 18 North Tower
Singapore 048583

Partner-in-charge:
HO SHYAN YAN
(with effect from financial year ended 31 December 2018)

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CORPORATE PROFILE

OUR MASTER POLICY

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

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 over 25 years.

We offer a fully integrated inquiry-based programme comprising the International Early Years Curriculum, the International Primary Curriculum 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 2,500 students from over 60 nationalities, supported by about 400 staff members from over 30 countries.

Apart from being one of the pioneering schools in Singapore offering both the IB Middle Years Programme and the International General Certificate of Secondary Education, we believe we are also the first and only FSS to integrate the Model United Nations initiative into our core curriculum. We also offer other programmes including Study Preparation Programme and Intellectual Development Programmes to supplement our curriculum.

Previously based at Paterson Road, we moved to our new Pasir Ris campus in June 2015. Our Pasir Ris campus has been called the 'school design of the future', with unique features and many teaching facilities designed to support advance student learning.

We stay true to our ***Master Policy: To maintain a happy, safe and effective school for overseas families living in Singapore,*** and prepare our students for their return to their respective national education systems or, for the more senior students, for entry into universities worldwide.

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Dear Shareholders

On behalf of the Board of Directors of Overseas Education Limited (OEL), I am pleased to present this annual report for the financial year ended 31 December 2018.

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. A number of shareholders who invested in OEL at listing time still remain shareholders today, and the structure of the shareholding has remained quite constant.

At listing time in 2013, we promised new shareholders that funds collected in the listing process would be allocated to the capital cost of a new school buildings and fittings. Despite a significant reduction in the number of foreign families living in Singapore, and a corresponding fall in the number of students enrolled in our school, I am able to repeat my annual confirmation that this promise has been fulfilled.

The new school premises are proving very suitable for our International School. Meticulous attention to detail by our building contractor, Woh Hup (Private) Limited, and their subcontractors, continues to be recognised as being of the highest standard. As a result, our school buildings attract favourable international recognition, and it remains an attractive work environment for our students, teachers, and staff.

The professional work of OFS teachers and staff continue to take full advantage of the opportunities presented by their new workplace. Similarly, OFS students continue to act with remarkable maturity. We consider this an important benefit from such a "state of the art" school facility.

Every day, we continue to be grateful for the excellent work of the team of consultants, the main contractor, Woh Hup (Private) Limited, and all of their sub-contractors. They completed this very significant project in record time, and to a very high standard. The somewhat unique project management systems and standards implemented by the OEL parent company, contributed significantly to this outcome.

For the past three years, new Government policies have reduced the number of foreign families seeking schooling in Singapore, and the licensing of further new schools has increased the number of places available in Singapore's Foreign System Schools. The number of new enrolments is currently less than graduating or departing families, and therefore our overall student rolls have declined. In this challenging market, teacher and staff numbers have declined by a similar proportion, and individual salaries have remained unchanged for the past three years.

EDUCATIONAL PHILOSOPHY

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

Open Entry - OFS enrols foreign students of all abilities, without entry tests. We do not accept that students can be labelled according to their previous academic performance. We prefer to base our programs on the belief that all youngsters have learning potential. The OFS Intellectual Development programs are designed accordingly. Enthusiasm for learning helps every student perform in school beyond expectation.

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

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

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

No Tolerance for Violence. Happy students learn better than highly disciplined students. However for a happy school, it is essential that no student or staff member feels threatened by violent or aggressive behaviour from another member of the school community. We continue to make it clear that any act of violence will lead to immediate termination. Students, Teachers, Principals, Management and Staff work together to meet this rarely applied standard.

Intellectual Development. The OFS education model does everything possible to develop each student's intellect. We avoid branding students by ability, and consistently adopt the development of each student's intellectual capacity, as an OFS objective.

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

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

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

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

Academic teams teaching students within OFS schools are allocated a bare minimum of administration, so they can focus on teaching. Organisational duties traditionally performed by teachers, are at OFS covered by its management team of mainly Singaporeans, under the leadership of OFSL Chief Executive, Irene Wong.

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

DIVIDENDS TO OEL SHAREHOLDERS

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

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

Revenue reserve available for future dividends was S$70 million as at 1 January 2019.

APPRECIATION

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

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

David A Perry
Executive Chairman and
Chief Executive Officer
Overseas Education Limited

BOARD OF DIRECTORS

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

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

3 HO HIE WU DAVID
Executive Director and Chief Financial Officer

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

Mr. Ho was previously a Director of Audit and Business Advisory at PricewaterhouseCoopers Singapore, with 20 years of audit and advisory experience in the firm.

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

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

4 HO 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 the listings manager of the SGX-ST during the period between June 1993 and December 2000. From August 1988 to March 1993, Mr. Ho was a financial management consultant with The Treasury (New Zealand).

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

5 LEOW WEE KIA CLEMENT
Independent Director

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

Mr. Leow is currently Executive Director and Chief Executive Officer of Allied Technologies Limited, a company listed on the Catalist Board of the Singapore Exchange. Prior to this, Mr. Leow was Chief Executive Officer and the head of corporate finance at Crowe Horwath Capital Pte Ltd. He has over 18 years of corporate finance experience primarily in initial public offerings, mergers and acquisitions as well as advisory transactions. Mr Leow has also held senior positions in corporate finance and banking in Singapore. Mr Leow has also been appointed to the Institute of Banking and Finance, Capital Markets and Financial Markets Work Group, which provides guidance and sets the competency standards in the financial and capital markets industries 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 the 2nd Vice President 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 also an independent director of United Global Limited, a company listed on the Catalist Board of the Singapore Exchange.

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

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

7 WALKER, DAVID PETER
Independent Director

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

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

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

EXECUTIVE OFFICERS

From Left to Right

Lee Kwok-Tung Michael
Lee Chwee Soon Jason
Bentin, Suzanne Magdalen
Ngo, Da-Khue Hoang
Wong Hok Hoe Patrick
Horchner, Ian Alexander

LEE CHWEE SOON JASON
General Manager

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

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

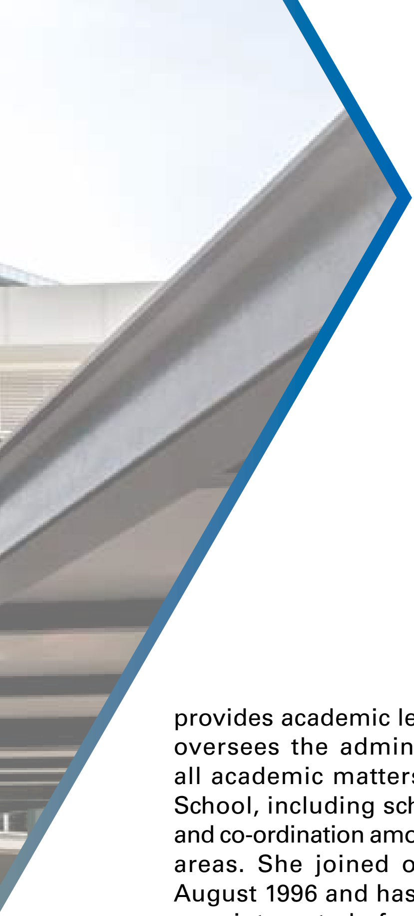
WONG HOK HOE PATRICK
Head of Security

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

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

BENTIN, SUZANNE MAGDALEN
Head of School/High School Principal

Ms. Bentin oversees all academic matters of our School. She also



provides academic leadership and oversees the administration and all academic matters of our High School, including school planning and co-ordination 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, a member of the Executive Board and Chairman of the Examination 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 appointments before he was appointed to his current position in August 2013. He is a member of our Academic Board and a member of the Executive Board of our School. Prior to joining our School, Mr. Lee taught at several schools in United Kingdom (UK) and was Head of Science in his last post there.

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

HORCHNER, IAN ALEXANDER

Elementary School Principal

Mr. Horchner provides academic leadership and oversees the administration and all academic matters of the Elementary School. He first joined our School in August 2000 as an Elementary School teacher and was subsequently appointed as the Elementary School's information technology co-ordinator. He returned to his home country of Australia in July 2004, where he went on to hold several teaching and academic positions, including being appointed as Deputy Head of Middle School and later, as Dean of Students at Trinity Lutheran College, Gold Coast. He re-joined our School in August 2010 as our Elementary School Deputy Principal and was appointed to his current position as Elementary School Principal in September 2017. He is a member of our Academic Board and a member of the Executive Board of our School.

Mr. Horchner graduated from Queensland University of Technology, Brisbane, with a Bachelor of Teaching (Primary) in 1993. He obtained a Post-Graduate Bachelor of Educational Studies from University of Southern Queensland, Toowoomba 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 IB PYP Coordinator from August 2005 to July 2012, before her current appointment in August 2015. She is a member of our Academic Board and a member of the Executive Board of our School. Prior to joining our School, Ms. Ngo taught in the Brisbane Catholic Education system in Queensland, Australia.

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

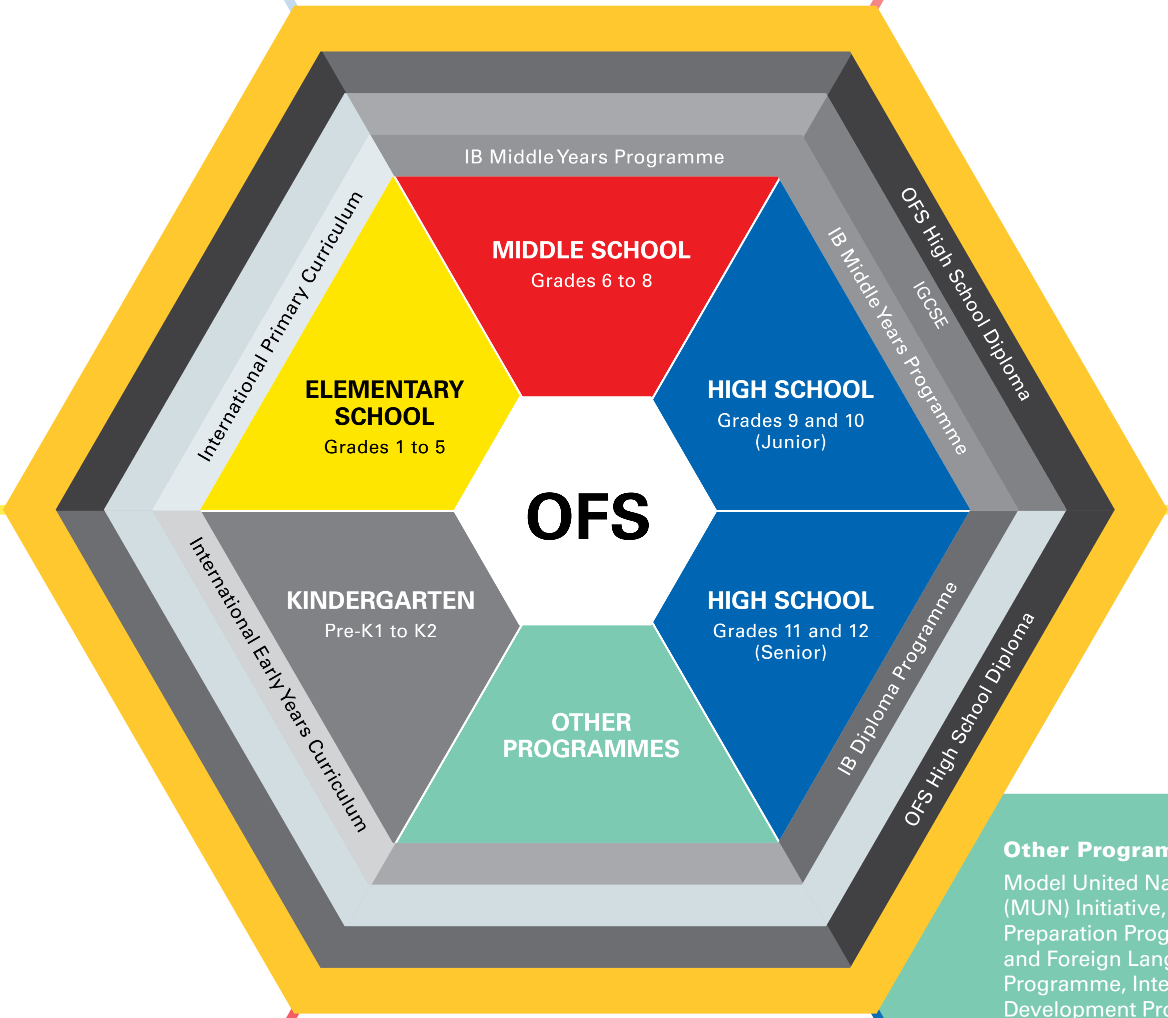
ABOUT OFS

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.

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



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

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

We have a fully integrated inquiry-based curriculum based on the International Early Years Curriculum, International Primary Curriculum, International Baccalaureate and the International General Certificate of Secondary Education, with the Model United Nations Initiative integrated into our core curriculum.

THE OFS CURRICULUM

FULLY INTEGRATED INQUIRY-BASED CURRICULUM

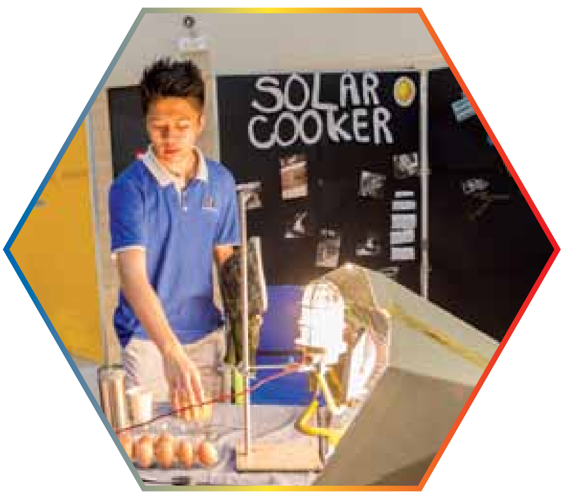
Inquiry-based programmes form the foundation for the development of the curriculum in our School.

International Early Years Curriculum

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

International Primary Curriculum

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



International Baccalaureate (IB) Middle Years Programme and Diploma Programme

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

International General Certificate of Secondary Education (IGCSE)

In addition to the IB Middle Years programme, we also offer the IGCSE examinations, administered by Cambridge Assessment International Education, UK, to our students in Grade 10. The IGCSE certificate is equivalent to the GCE O-Level certificate and is examination-based and externally assessed.

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

OPEN ENTRY POLICY

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

MODEL UNITED NATIONS

Designed to raise student awareness of prevailing global issues, the Model United Nations (MUN) initiative introduces MUN-advocated skills, mindsets and practices to students of all ages. In 2009, OFS integrated the MUN initiative into our curriculum, and was the first and only FSS in Singapore to do so. The MUN initiative seeks to develop students' skills in communication, research, collaboration, negotiation and presentation and to promote international-mindedness from a relatively young age.

In 2011, The Hague International Model United Nations (THIMUN) approved the affiliation status for our School's MUN programme, known as MUNOFS. We have been organising annual MUNOFS conferences for more than ten years.

Every year, we organise three MUN conferences – MUNOFS for High School students, MY-MUNOFS for Middle School students and PY-MUNOFS for Elementary School students. The MUNOFS conference incorporates student-led Youth Leadership Workshops (YLWs). The last MUNOFS XI conference and workshops held from 2 to 4 November 2018 had over 600 participants from 19 schools, featuring over 100 workshops delivered by mostly students presenters.

The recent concurrent MY-MUNOFS X and PY-MUNOFS VI conferences held from 22 to 24 February 2019 had over 800 participants from 30 schools, hailing from 7 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 five academic years, the percentage of our High School students who obtained 35+ points (which would generally require the students to have obtained a majority of at least six 'A-' grades and above), was consistently above the world-wide percentages of IB DP students. In Academic Year 2017/2018, 37.9% of OFS DP candidates achieved 35+ points, compared with 25.8% of candidates worldwide. Two OFS students achieved the maximum possible score of 45 points, placing them in the top 0.31% of all IB Diploma candidates worldwide.

ABOUT OFS

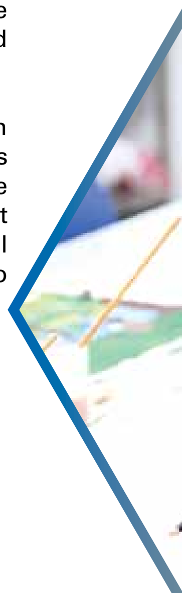
OUR SCHOOLS

KINDERGARTEN

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

ELEMENTARY SCHOOL

- Established in 1991, the Elementary School is led by our Elementary School Principal and Executive Officer, Mr. Ian Horchner, 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.



MIDDLE SCHOOL

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

HIGH SCHOOL

- Established in 1991, the High School is led by our High School Principal and Executive Officer, 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. The OFS High School Diploma is evidence that a student has satisfactorily completed four years of high school at OFS.

ABOUT 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. For students for whom English is not their first language, where necessary we offer them the specialised SPP. SPP classes teach students the academic English required for their subjects and are conducted by qualified language teachers. It is a high intensity programme which is also intended to develop strong study habits and learning skills in students. The programme has three levels:

- At Levels 1 and 2, the students undergo an intensive language acquisition programme, conducted by specialist teachers trained to teach English for speakers of other languages; and
- When basic proficiency is reached, our students are moved to Level 3, where they may participate in some 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 six foreign languages currently offered at OFS are French, German, Hindi, Japanese, Mandarin and Spanish.

INTELLECTUAL DEVELOPMENT PROGRAMMES

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

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

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

Young students for whom English is a second language, receive regular lessons to strengthen and advance their own Mother Tongue. Their teachers are native speaking teachers of that Mother Tongue. To date OFS has regular classes in fourteen Mother Tongues. Research shows that maintaining a student's Mother Tongue while changing the language of instruction at school is extremely positive for their intellectual development.

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

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

ENRICHMENT AND AFTER-SCHOOL PROGRAMMES

In addition to the school curriculum, OFS currently offers more than 30 optional enrichment programmes that students from K1 to Grade 12 may enrol in. These enrichment programmes range from physical sports activities such as badminton, inline skating, swimming, basketball, soccer, gymnastics, tennis, hip hop and modern jazz dancing, to classroom activities such as clay modelling, Lego engineers, Lego Mindstorms and EV3 Robotics. In addition, students can also choose to do a third language taught by native teaching professionals. These programmes are provided by external service providers who have been carefully screened and selected by the OFS Enrichment Programme team. Language programmes are also open for participation by the parents of our students. Extra fees are payable for these enrichment programme activities.

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

COLLEGE ADMISSION COUNSELLING

Our academic advisers counsel students planning to 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 Grade 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 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

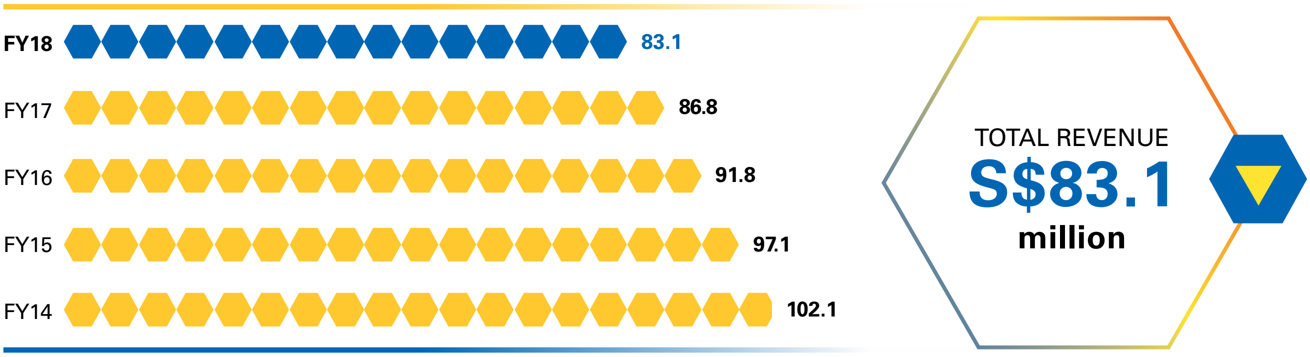
FINANCIAL HIGHLIGHTS (S$'000)	FY2014	FY2015	FY2016	FY2017	**FY2018**
Total revenue[1]	102,120	97,119	91,846	86,837*	**83,078**
Profit before taxation	26,440	17,374	7,500	8,439*	**9,351**
Net profit for the year	21,984	14,936	5,263	6,238*	**6,907**
Earnings per ordinary share (cents)	5.3	3.6	1.3	1.5	**1.7**

BALANCE SHEET (S$'000)	31-Dec-2014	31-Dec-2015	31-Dec-2016	31-Dec-2017	**31-Dec-2018**
Total assets	351,901	353,475	336,792	326,526	**305,281**
Total liabilities	194,685	198,457	185,077	178,986*	**162,257**
Revenue reserve	44,132	81,935	78,631	74,456*	**69,940**
Total equity	157,216	155,019	151,715	147,540*	**143,024**
Net asset value per ordinary share (cents)	37.9	37.3	36.5	35.5*	**34.4**

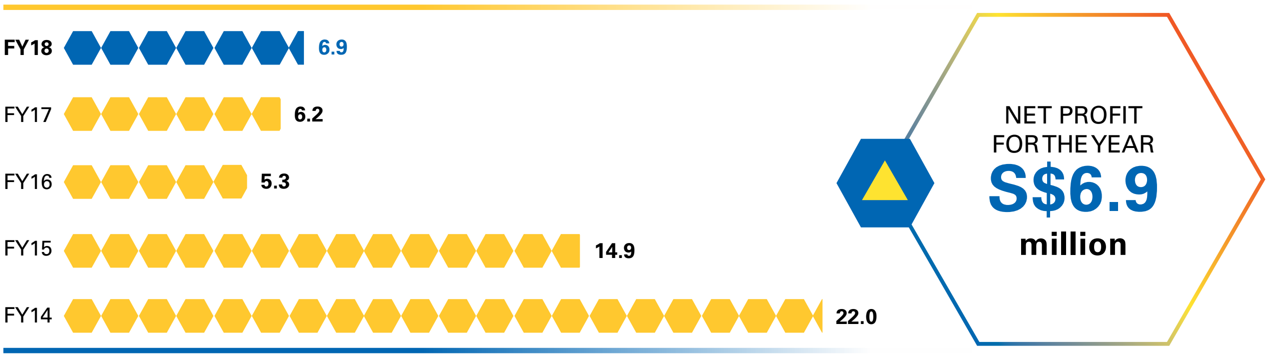
CASH FLOW (S$'000)	31-Dec-2014	31-Dec-2015	31-Dec-2016	31-Dec-2017	**31-Dec-2018**
Net cash generated from operating activities	21,386	26,588	18,098	24,691	**25,088**
Net cash used in investing activities	(156,971)	(72,302)	(1,075)	(1,085)	**(1,465)**
Net cash generated from/(used in) financing activities	136,397	(19,442)	(23,474)	(23,929)	**(35,574)**
Cash and cash equivalents at the end of the year	125,515	60,359	53,908	53,584	**41,633**

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

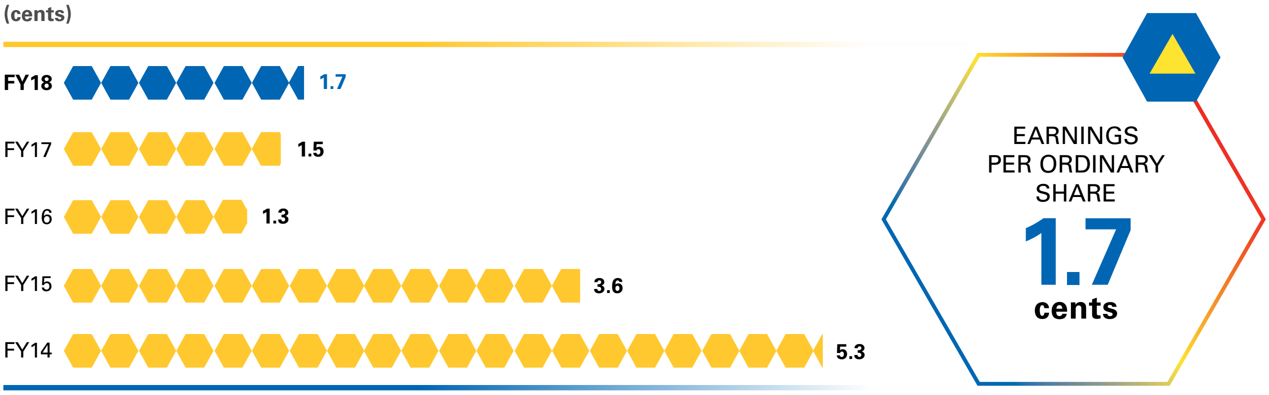
Total Revenue
(S$'million)[1]



Net Profit for the Year
(S$'million)



Earnings Per Ordinary Share
(cents)



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

OPERATIONS & FINANCIAL REVIEW

INCOME STATEMENT

Total Revenue
The Group posted total revenue of $83.08 million for the financial year ended 31 December 2018 (FY 2018) compared to $86.84 million for the last financial year (FY 2017). The decrease in total revenue was due to weaker student enrolments in the current financial year being reported on. Details of revenue lines are as follows:

Revenue from tuition fees was lower at $80.34 million in FY 2018 compared to $84.02 million in FY 2017.

Revenue from registration fees was $1.19 million in FY 2018 compared to $1.34 million in FY 2017.

School shop revenue was $0.58 million in FY 2018 compared to $0.61 million in FY 2017.

Enrichment programme revenue was $0.55 million in FY 2018 comparable to $0.54 million in FY 2017.

Interest income was $0.39 million in FY 2018 compared to $0.28 million in FY 2017. Other revenue was $0.03 million in FY 2018 compared to $0.04 million in FY 2017.

Operating Expenses
Total expenses before depreciation and amortisation was lower at $63.64 million in FY 2018 compared to $68.04 million in FY 2017. The Group benefitted mainly from lower personnel expenses and savings on interest cost from the repurchase of the Company's Bonds as explained below.

Personnel expenses decreased to $47.35 million in FY 2018 from $51.17 million in FY 2017. Current level of personnel expenses has become the 'new normal' due to rightsizing measures undertaken in the past couple of years to reduce personnel expenses in line with weaker student enrolments.

School shop costs were $0.36 million in FY 2018 comparable to $0.37 million in FY 2017.

Enrichment programme costs were comparable at $0.38 million in FY 2018 and $0.37 million in FY 2017.

Utilities expenses were higher at $0.95 million in FY 2018 compared to $0.81 million in FY 2017 due to trending up of the wholesale electricity tariffs.

Upkeep and maintenance expenses were lower at $1.48 million in FY 2018 compared to $1.80 million in FY 2017.

Finance costs on Bonds were reduced to $7.03 million in FY 2018 from $7.61 million in FY 2017. The decrease was due to savings on interest cost from the repurchase of the Company's Bonds. Information on the repurchase of the Company's Bonds is disclosed in note 19 to the financial statements.

Other operating expenses were $6.10 million in FY 2018 compared to $5.91 million in FY 2017.

Depreciation and amortisation expenses were lower at $10.08 million in FY 2018 compared to $10.36 million in FY 2017.

Profitability
Profit before taxation ended higher at $9.35 million in FY 2018 compared to $8.44 million in FY 2017, an increase of 10.8% over the last financial year.

Income tax expense was $2.44 million in FY 2018 compared to $2.20 million in FY 2017. The FY 2018 income tax expense comprised of provision for current tax of $2.18 million and accrual of net deferred tax liabilities of $0.27 million. The income tax expense in FY 2017 comprised of mainly accrual of net deferred tax liabilities of $2.15 million. The net deferred tax liabilities arose due to the recognition of the tax effect on temporary differences between the net book value and the tax-written-down value of qualifying assets.

Net profit after taxation for FY 2018 ended higher at $6.91 million compared to $6.24 million for FY 2017, an improvement of 10.7% over the last financial year.

BALANCE SHEET

Total property, plant and equipment at 31 December 2018 amounted to $258.12 million compared to $266.63 million at 31 December 2017. The decrease of $8.51 million was due mainly to the depreciation charge for the reporting period, offset by the additions made in 2018.

Inventories of school uniforms, books and stationery supplies for sale at the school shop were $0.41 million at 31 December 2018 compared to $0.43 million at 31 December 2017.

Trade receivables comprised amounts attributable to tuition fees, registration fees, school shop revenue and other revenue. Trade receivables balance at 31 December 2018 was lower at $1.05 million as compared to $1.17 million at 31 December 2017, due mainly to the timing of collection of the receivables for the reporting period.

Total Deposits, Staff housing deposits and Other receivables and deposits were lower at $0.75 million as at 31 December 2018, compared to $0.80 million as at 31 December 2017.

The Group's cash and bank balances amounted to $41.63 million at 31 December 2018 and $53.58 million at 31 December 2017.

Trade and other payables and liabilities were lower at $1.08 million at 31 December 2018 compared to $1.78 million at 31 December 2017, due mainly to timing of payments of operating expenses.

Total fees received in advance (current and non-current) was $29.09 million at 31 December 2018 and $29.97

million at 31 December 2017. The total fees received in advance comprised registration fees and tuition fees collected for the next semester which commenced in January 2019.

Borrowing - Bonds of $117.75 million due on 17 April 2019 was reclassified as current liabilities. The Company announced on 31 January 2019 that the Group has obtained a long-term bank loan facility to fully redeem the remaining outstanding Bonds. Please refer to note 30 to the financial statements and the Company's announcement to SGX-ST on 31 January 2019 for further details.

Bonds - Interest payable at 31 December 2018 was for the interest accrued on the remaining balance of $117.75 million Bonds at 5.20% p.a. for the period from 17 October to 31 December 2018. Bonds - Interest payable at 31 December 2017 was for the interest accrued on $135 million Bonds for the same comparative period last year. Information on the repurchase of the Bonds is disclosed in note 19 to the financial statements.

Goods and Services Tax payable of $2.55 million and $2.66 million at 31 December 2018 and 31 December 2017 respectively arose mainly from the billing of next semester's tuition fees.

Deferred tax liabilities amounted to $7.92 million at 31 December 2018 compared to $7.66 million at 31 December 2017. The net deferred tax liabilities arose from the tax effect on temporary differences between the net book value and the tax-written-down-value of qualifying assets.

CASH FLOW STATEMENT

The net cash generated from operating activities in FY 2018 was $25.09 million, which consisted of cash inflow from operating profit before working capital changes of $26.21 million, net working capital outflow of $1.46 million, interest received of $0.39 million and income tax paid of $0.05 million.

The above-mentioned net working capital outflow of $1.46 million arose mainly from cash outflow relating to the decrease in trade payables, other payables and liabilities, and fees received in advance of $1.69 million, offset by the cash inflow from the decrease in inventories, trade receivables, other receivables, deposits and prepayments and non-current deposits.

The net cash used in investing activities of $1.46 million in FY 2018 was mainly due to additions of property, plant and equipment of $1.18 million.

The net cash outflow in financing activities of $35.57 million was for the payment of bond interest ($6.51 million), the payment of the final dividend in respect of FY 2017 in May 2018 ($11.42 million) and the repurchase of Bonds ($17.64 million).

SIGNIFICANT TRENDS AHEAD

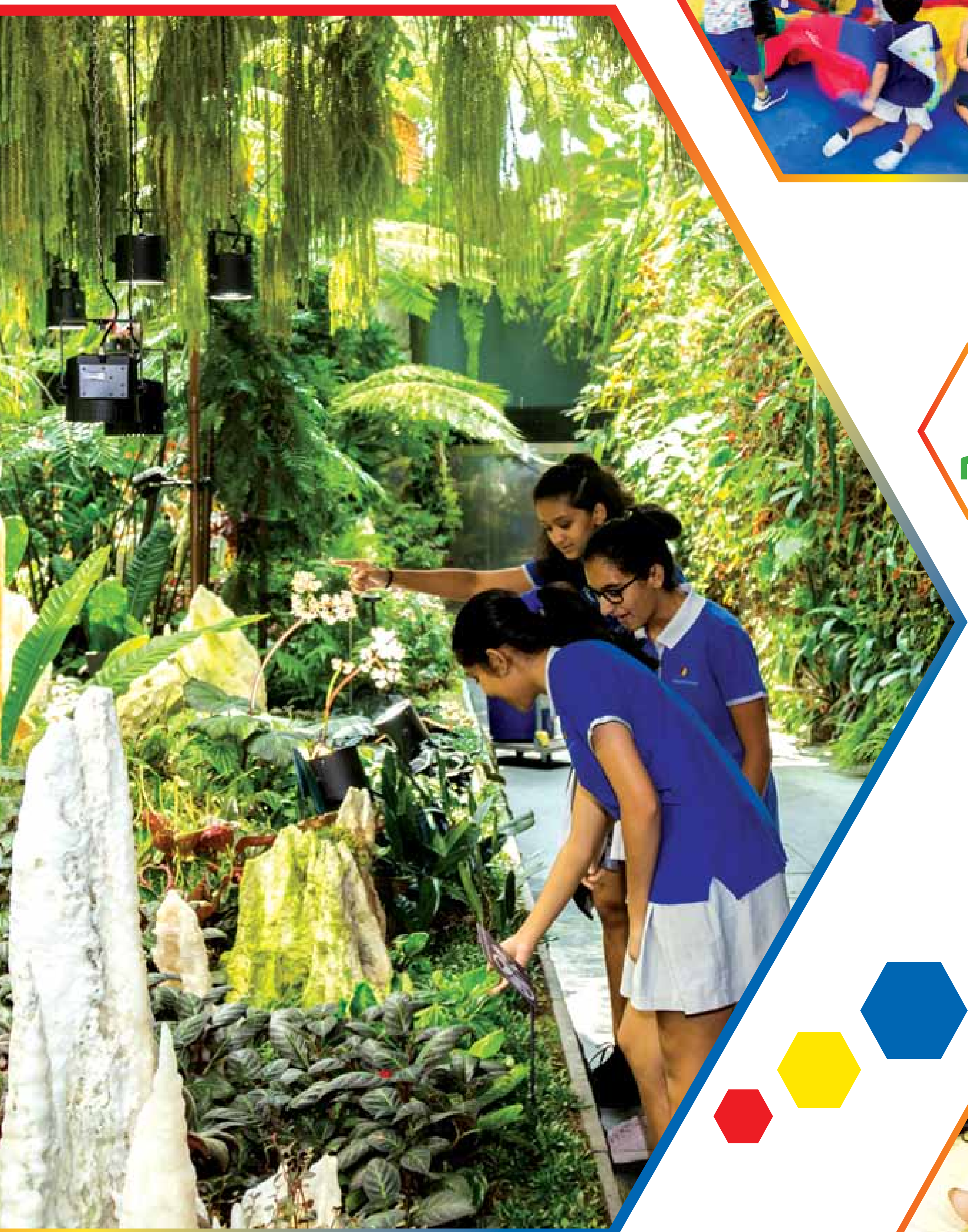
The Company announced on 31 January 2019 that the Group has obtained a long-term bank loan facility to fully redeem the remaining outstanding Bonds maturing on 17 April 2019. Please refer to note 30 to the financial statements and the Company's announcement to SGX-ST on 31 January 2019 for further details.

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

The Group continues to focus on delivering quality school programmes, and has increased our student recruitment efforts and developed more channels to attract student enrolments. The Group continues to maintain a conservative stance on expenditure.

FSS in Singapore are to a large extent dependent upon the ability of Singapore to continue to attract foreign direct investments, and the Group is well placed in the FSS market to compete and to support any expansion of foreign investments into Singapore.

SUSTAINABILITY REPORT



ABOUT THIS REPORT

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

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

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

Our annual sustainability report focused on our performance from 1 January 2018 to 31 December 2018, which is congruous with the financial year of the Group.

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

BOARD STATEMENT

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

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

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

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

Our Board and Management are committed to manage our School in an ethical, socially and environmentally sustainable manner. We also recognise the importance of a safe school environment for our students, parents, teachers and OFS community. We embrace cultural and social diversity, and promote inclusiveness and equal opportunities among our people. Our teachers and staff are well trained and remunerated, and are expected to maintain the highest standard of professionalism, integrity and trust.

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

SUSTAINABILITY REPORT

ENGAGING WITH OUR STAKEHOLDERS

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

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

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

Stakeholder groups	Engagement platforms	Frequency
Parents and OFS Parent Association	• All New Parents' Coffee Morning with Directors • Parents' Coffee Morning • School newsletters • School Yearbook • Global Picnic • Parents-Teacher conferences • OFS website, notice boards and announcements • Parents' meetings and feedback	• Start of new school year • Monthly • Monthly • Annually • Annually • Scheduled • Throughout the year • Scheduled
Shareholders, investors and analysts	• Results announcements • Release of Annual Reports • Annual General Meetings • Extraordinary General Meetings • Analysts meetings • Investors roadshow	• Quarterly • Annually • Annually • As needed • Scheduled • As needed
Teachers and staff	• Chairman's lunch • Academic Board meetings • Global Picnic • Staff meetings and feedback	• Annually • Scheduled • Annually • Scheduled
Government agencies and regulators	• Meetings • Electronic communications	• Scheduled • Quarterly
Business partners, contractors and suppliers	• Meetings and feedback	• Scheduled
Local community and corporate social responsibility	• Various school programmes and community outreach	• pp. 26-27

ASSESSMENT OF MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE AREAS

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

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

Material ESG areas	GRI topics	Read more in our:
Economic Sustainability Our financial performance, economic value generated and distributed.	• Economic Performance	Chairman's Message (pp. 4-5) Financial Highlights (pp. 18-19) Operations & Financial Review (pp. 20-21) Financial Statements (pp. 62-121)
Corporate Governance Our corporate governance structure, ethics, accountability and audit, shareholders rights and responsibilities.	• Anti-corruption	Corporate Governance Report (pp. 32-60)
The OFS Experience and OFS Community Our values, principles and norms of behaviour.	• Non-discrimination	p. 26
Community Engagement and Corporate Social Responsibility Our local community engagement and school programmes on sustainability.	• Local Communities	pp. 26-27
Our Teachers and Staff Investing in our teachers and staff.	• Employment • Training and Education • Diversity and Equal Opportunity • Non-discrimination	p. 28
Green Spaces and Energy Management Our OFS campus at Pasir Ris.	• Energy	p. 29
Waste Minimisation and Recycling The 3Rs (Reduce, Reuse, Recycle) suffused through every level of student learning.	• Effluents and Waste	p. 29
Security, Health, Food Hygiene and Safety Happy and safe learning environment.	• Security practices	p. 29

SUSTAINABILITY REPORT

THE OFS EXPERIENCE AND OFS COMMUNITY

OFS is unique in our philosophy of education and in our beliefs for our School. We promote a truly international outlook and there is no one dominant nationality within our student population or amongst our staff.

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

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

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

COMMUNITY ENGAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

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

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

COMMUNITY SERVICE

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

Beach Clean Up at Pasir Ris Beach

As part of our effort to support our local neighbourhood community, our students have organised several beach clean ups at the nearby Pasir Ris Park to help keep the beach clean, providing clean waters for marine life and plants that are important to our ecosystem. During the clean ups, students collected and organised data on the amount and type of trash collected. The students that organised the clean ups are also promoting a campaign to reduce the amount of plastic purchased as well as reduce the use of straws, both of which are huge sources of marine trash.

MINDS - Movement for the Intellectually Disabled of Singapore

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

RDA - Riding for the Disabled Association

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

SOCIAL RESPONSIBILITY

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

Animal Welfare
Our students at the Animal Welfare Club help to educate their peers about the plight of many endangered animals and increase the awareness of animal issues that are both global and local. They work on projects that involve global issues such as loss of habitat and animal extinction, to local issues such as the problem of abandoned dogs and cats. The club sponsored a "The Birds of OFS" campaign where students studied birds found on our vast campus and created a laminated bird guide for the school. The club also sponsored an "Animal Cafe" where students donated newspapers and towels in exchange for baked goods. The newspapers and towels were donated to "Causes for Animals", a local dog shelter where some of our students volunteer. Through these efforts, OFS hopes to help our students make changes to their own attitudes and lifestyles to make the world a more animal friendly place.

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

Earth Club
Our Earth Club sponsors several projects throughout the year. During April of 2018, we raised awareness about Earth Week where students are challenged to change their habits to consume less, recycle more, and work towards a more environmentally friendly lifestyle. During the Earth Week, the club sponsored a "Skip the Straw" campaign that encouraged students to reduce or stop their use of plastic straws as plastic waste is one of the main polluters of our oceans.

Plant Project
Our students in the plant project tend to a nursery. Healthy plants from their "garden" are loaned to staff and classrooms for a week, and are replaced weekly with other plants. Plants returned to the garden are nourished again by the students before they are sent out again. These students help make our campus a greener place, while improving our learning environment with oxygen producing plants in our classrooms.

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

PARTNERSHIPS WITH LOCAL INSTITUTIONS

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

MOE Teacher Work Attachment Programme
Since 2005, we have worked closely with MOE under its "Teacher Work Attachment" programme to provide professional development for MOE teachers. Under this programme, MOE assigns their teachers to work under attachment with teachers at our School for a period of two to four weeks, to gain an understanding of the teaching philosophy and methodologies of OFS and the international programmes we run.

In recognition of OFS's contribution to the professional development of teachers in Singapore, our School was awarded a certificate of appreciation by the Academy of Singapore Teachers in 2010 and subsequent years. We have renewed our commitment to the Teacher Work Attachment programme with MOE for 2019, and will continue to participate in this partnership on a sustained basis to provide attachment places to MOE teachers.

Exchanges with Local Schools
In April last year, OFS held its annual exchange programme with Bendemeer Secondary School (BSS), where 20 Grade 9 OFS students experienced the environment of a local school. In this programme, OFS student representatives were partnered with BSS student 'buddies' to attend classes there. OFS reciprocated by hosting 20 students from BSS to spend a day with us and experience life in an international school. The BSS students were also invited to the OFS Global Picnic held on 14 April 2018, where they had the chance to watch multi-cultural performances by OFS students and savour cuisine from nearly 40 countries specially prepared by the parents of OFS students.

SUSTAINABILITY REPORT

OUR TEACHERS AND STAFF

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

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

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

We have about full-time 400 staff members. Gender diversity remained stable during the year at 67% (2017: 67%) female staff and 33% (2017: 33%) male staff.

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

AGE	FEMALE	MALE	TOTAL
20-30	3%	1%	4%
31-40	17%	7%	24%
41-50	22%	13%	35%
51-60	15%	7%	22%
61-70	9%	4%	13%
71-80	1%	1%	2%
Total	67%	33%	100%

STATUS	FEMALE	MALE	TOTAL
Singaporeans	28%	14%	42%
Singapore PRs	12%	4%	16%
Pass Holders	27%	15%	42%
Total	67%	33%	100%

GREEN SPACES AND ENERGY MANAGEMENT

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

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

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

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

WASTE MINIMISATION AND RECYCLING

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

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

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

SECURITY, HEALTH, FOOD HYGIENE AND SAFETY

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

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

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

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

We adopt National Environment Agency guidelines (please refer to NEA website) to monitor Haze conditions. Evacuation drills are also conducted every semester to familiarise the school community with evacuation routes and assembly points, should emergency evacuation be activated.

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

We have a medical centre with qualified full-time school nurses to render first-aid help, as well as regular health checks for our students.

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

SUSTAINABILITY REPORT

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CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") and Management of Overseas Education Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") place great importance in a high standard of corporate conduct to uphold good corporate governance. This commitment and continuous support of the Code of Corporate Governance 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 Group's assets.

The revised Code of Corporate Governance was recently issued on 6 August 2018 (the "2018 Code") with the aim to enhance board quality by strengthening board independence and diversity and encourage better engagement between companies and all stakeholders. The 2018 Code is effective for annual reports covering financial years commencing from 1 January 2019. In this regard, the Company will endeavour to comply with the 2018 Code once it is effective.

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 Group enables them to contribute effectively to the strategic growth and governance of the Group. The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for shareholders. The Board supervises the management of the business and affairs of the Group, provides corporate direction, monitors managerial performance and reviews financial results of the Group.

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

- Providing entrepreneurial leadership and setting the overall strategy and direction of the Group, taking into account environmental and social factors as part of its strategic formulation;
- Overseeing the management of the Group's business affairs, financial controls, performances and resource allocation;
- Approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- Establishing a framework of prudent and effective controls and overseeing the processes of risk management, financial reporting and compliance, evaluating the adequacy of internal controls and safeguarding the shareholders' interests and the Group's assets;

- Approving the release of the Group's quarterly and full-year financial results, related party transactions of material nature and submission of the relevant checklists to the Singapore Exchange Securities Trading Limited ("SGX-ST");

- Appointing directors and key management personnel, including the review of their performances and remuneration packages;

- Reviewing and endorsing corporate policies in keeping with good corporate governance and business practices;

- Identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and

- Setting the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met.

All directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

Board Processes

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

The Company has since its official listing on the SGX-ST on 7 February 2013, held its Board meetings on a quarterly basis. During the financial year ended 31 December 2018, the Board held a total of 4 meetings. The minutes of all Board and Board Committees meetings, which provide a fair and accurate record of the discussion and key deliberations and decisions taken during the meetings, are circulated to the Board and Board committees. The Board is free to seek clarification and information from the Management on all matters within their purview. Ad-hoc meetings are convened at such other times as may be necessary to address any specific significant matters that may arise. The Board also approves important matters pertaining to the Group through written resolutions, which are circulated to the Board together with all relevant information relating to the proposed matters. The Company's Constitution (the "Constitution") provides for the meetings of the directors to be held by means of telephonic conference or other methods of simultaneous communication be it electronic or telegraphic means when necessary.

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

The frequency of meetings and the attendance of each director at every Board and Board Committee meeting for the financial year ended 31 December 2018 are disclosed in the table reflected below:

Attendance Report of Directors

Types of Meetings / Names of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
David Alan Perry	4	4	NA	NA	1	1	NA	NA
Wong Lok Hiong	4	4	NA	NA	NA	NA	NA	NA
Yang Eu Jin*	4	2	NA	NA	NA	NA	NA	NA
Ho Hie Wu#	4	2	NA	NA	NA	NA	NA	NA
Ho Yew Mun	4	4	4	4	1	1	1	1
Leow Wee Kia Clement	4	4	4	4	1	1	1	1
Tan Teng Muan	4	4	4	4	1	1	1	1
David Peter Walker	4	4	4	4	1	1	1	1

* Resigned as Executive Director and General Counsel on 31 August 2018
\# Appointed as Executive Director with effect from 1 September 2018

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

Director Orientation and Training

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

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

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

Matters Requiring Board Approval

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

- Approval of quarterly and full year results announcements for release to the SGX-ST;
- Approval of annual reports and audited financial statements;
- Convening of shareholders' meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets;
- Approval of major investment and funding decisions;
- Issuance of shares or declaration of dividends; and
- Approval of announcements or press release concerning the Group for release to the SGX-ST.

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

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
Ho Hie Wu

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 more than 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 the independent directors are independent of the Company's management as contemplated by the Code.

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 Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees. The composition of the Board is reviewed at least annually by the NC to ensure that there is an appropriate mix of expertise and experience 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 meet at least once a year 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 6 and 7 of the Annual Report. None of the directors has served on the Board beyond nine years from the date of his/her appointment.

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

Chairman and Chief Executive Officer

Principle 3: **There 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 facilitate a two-way flow of information between shareholders, Chairman and the Board. Hence, he will contribute to a balance of viewpoints on the Board. He is the principal liaison on Board issues between the independent directors and the Chairman of the Board. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman and CEO, Executive Directors or Chief Financial Officer ("CFO") has failed to resolve or for which such contact is inappropriate.

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

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 programmes for the Board;
- Reviewing and approval of new employment of persons related to the directors, CEO and controlling shareholders and the proposed terms of their employment; and
- Appointment and re-appointment of directors (including alternate directors, if applicable).

The NC held 1 meeting during the financial year. Pursuant to the 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 96 of the Company's Constitution requires one-third of the Board to retire and submit themselves for re-election by shareholders at each Annual General Meeting ("AGM"). In addition, Regulation 102 of the Company's Constitution provides that every new director must retire and submit themselves for re-election at the next AGM of the Company following his/her appointment during the year.

The dates of initial appointment 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/ 21 April 2016	Executive Chairman and CEO Member of Nominating Committee	Chairman of Overseas Family School Limited Director of Overseas Family School Limited (Hong Kong) Director of Master Projects Pte Ltd, Centre for Advanced Medicine Limited and Feedback Research Limited Director of PDAC Private Limited	NIL
Wong Lok Hiong	28 October 2011/ 26 April 2017	Executive Director	Chief Executive of Overseas Family School Limited Director of Overseas Family School Limited (Hong Kong) Director of Master Projects Pte Ltd, Centre for Advanced Medicine Limited and Feedback Research Limited Director of WLH Private Limited	NIL

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 Hie Wu	1 September 2018	Executive Director and Chief Financial Officer	Director of Overseas Family School Limited	NIL
Ho Yew Mun	1 August 2012/ 26 April 2017	Lead Independent Director Chairman of Audit Committee, Member of Nominating and Remuneration Committees	NIL	Independent Director of PEC Ltd
Leow Wee Kia Clement	26 December 2012/ 25 April 2018	Independent Director Chairman of Remuneration and Nominating Committees and Member of Audit Committee	Executive Director and Chief Executive Officer of Allied Technologies Limited Independent Director of Ellipsiz Ltd, MSM International Limited and Lum Chang Holdings Limited Non-Executive Director of Grand Team Technologies Limited	Executive Director, Chief Executive Officer and Head of Corporate Finance at Crowe Horwath Capital Pte Ltd Independent Director of JB Foods Limited
Tan Teng Muan	28 October 2011/ 21 April 2016	Independent Director Member of Audit, Nominating and Remuneration Committees	Commissioner for Oaths and Partner in the civil and commercial litigation practice of Mallal & Namazie Independent Director of United Global Limited	NIL
David Peter Walker	1 July 2015/ 25 April 2018	Independent Director Member of Audit, Nominating and Remuneration Committees	Managing Director of Kauri Capital Pte Ltd Member of Global Board of Governors of International Baccalaureate	NIL

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

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 any director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit. Currently, the Company does not have any alternate director and all independent directors have not served on the Board for more than 9 years.

The NC has recommended to the Board that David Alan Perry and Tan Teng Muan be nominated for re-election pursuant to Regulation 96 of the Company's constitution, and Ho Hie Wu be nominated for re-election pursuant to Regulation 102 of the Company's constitution at the forthcoming AGM and the Board had accepted the NC's recommendation. Details of the Directors seeking re-election are found in Table A set out on page 54 to page 60 of this Annual Report.

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

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

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

The NC, in considering the re-nomination of any director, had considered factors including their performance in the Board as a whole, its Board Committees and individual performance including his 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 the Group. For matters that require the Board's decision, relevant members of the management staff are invited to attend and present at a specific allocated time during the Board and Board committee meetings. Periodic financial reports, budgets, forecasts, material variance reports, disclosure documents are also provided to the directors, where appropriate, prior to the Board and Board committee meetings. In respect of budgets, any material variance between the projections and actual results would be disclosed and explained during the meeting. Directors are also informed of any significant developments or events relating to the Group. In addition, the directors are entitled to request from Management such additional information as needed to make informed decisions. Management ensures that any additional information requested for is provided to the directors in a timely manner.

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

The directors have separate and independent access to the Company Secretary, who provides the directors with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST. The Company Secretary or his representatives attend all Board and Board committee meetings, and assists the Chairman of the Board and Board committees in ensuring that the relevant procedures are followed and reviewed such that the Board and Board committees function effectively. The 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 Group;

- Performing an annual review of the remuneration of employees related to directors to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scope and level of responsibility; and

- Reviewing and approving the bonuses, pay increases and/or promotions of employees related to directors.

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

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

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 Group, the RC will review the Group's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance.

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

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

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 2018) are as follows:

Directors

Names	Salary (S$)	Bonus (S$)	Other Benefits (S$)	Directors' Fees (S$)	Total (S$)
David Alan Perry	332,800	–	5,400	–	338,200
Wong Lok Hiong	332,800	–	19,817	–	352,617
Yang Eu Jin (resigned on 31 August 2018)	384,000	–	22,306	–	406,306
Ho Hie Wu (appointed on 1 September 2018)	160,000	–	6,911	–	166,911
Ho Yew Mun	–	–	–	120,000	120,000
Leow Wee Kia Clement	–	–	–	120,000	120,000
Tan Teng Muan	–	–	–	100,000	100,000
David Peter Walker	–	–	–	100,000	100,000

Top 5 Key Management Personnel

Names	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
S$250,000 to S$500,000				
Ho Hie Wu	95.9	–	4.1	100.0
Jason Lee Chwee Soon	93.5	–	6.5	100.0
Wong Hok Hoe	94.8	–	5.2	100.0
Suzanne Magdalen Bentin	83.4	–	16.6	100.0
Michael Lee Kwok–Tung	92.8	–	7.2	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 2018 is approximately S$1,481,869.

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 2018:

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

Save as disclosed above, no other employee whose remuneration exceeded S$50,000 during the year is an immediate family member of any of the members of the Board.

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

Shareholders' approval will be sought at the forthcoming AGM of the Company on 24 April 2019 for the payment of directors' fees proposed in advance for the financial year ending 31 December 2019 amounting to an aggregate of S$440,000.

No termination, retirement and post-employment or other long-term incentives have been granted to the directors or key management personnel during the financial year ended 31 December 2018.

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.

The Board has also taken steps to ensure compliance with legislative and regulatory requirements. In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. 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 undertaking letters pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

To enable effective monitoring and decision making by the Board, Management provides the Board with a continual flow of relevant information on a timely basis as well as quarterly management accounts of the Group. 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 Group'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 taking into consideration the size and complexity of the Group's operations. Relying on the reports from the independent internal auditors, management letter issued by the external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements) and the representation letters from the Management, the AC will carry out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the independent internal auditors and external auditors to further improve the internal controls will be reported to the AC. The AC will follow up on the actions taken by the Management and on the recommendations made by both the independent internal auditors and external auditors.

For FY 2018, 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 in addressing financial, operational and compliance risks are operating effectively.

Based on the various management controls put in place, work performed by the internal and external auditors, representation letter from the Management and periodic reviews by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management procedures in addressing financial, operational, compliance, information technology controls and risk management systems maintained by the Group during the year are adequate and effective as at 31 December 2018.

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 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. None of the AC members were previous partners or directors of the existing auditing firm within the previous 12 months and/or hold any financial interest in the auditing firm.

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

The AC shall meet periodically on the following matters:

- Review with the external auditors the audit plan, their management letter, the 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 Group's internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report, if applicable;

- Monitor and review the implementation of the external auditors' management letter and internal auditors' recommendations in relation to the adequacy of internal controls and accounting system addressing financial, operational, compliance and information technology controls with the concurrence of Management;

- 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;

- Review the adequacy of internal controls and procedures and ensure co-ordination between the external auditors and Management, review the assistance given by Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters with the auditors;

- Review together with external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

- Consider the appointment or re-appointment of the external and internal auditors and matters relating to resignation 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;

- Undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time; and

- Review the Company's procedures for whistle-blowing policy endorsed by the AC by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters.

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

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

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

The AC has reviewed all Interested Person Transactions for the financial year ended 31 December 2018 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.

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

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

KAM – Ability to renew the land lease and estimated useful life of the school buildings

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

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 2018:

Services	Amount
	S$'000
Audit service	164
Total	164

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 2018.

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

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

The Company has complied with 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 programme and ensure co-ordination between internal 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 meets 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, the AC and the Board agreed to the appointment of independent internal auditors for a term of three (3) years, with their primary line of reporting to the AC.

In FY 2016, the Company conducted a Request for Proposal for the provision of independent internal audit services. The AC undertook an evaluation based on the experience, scope, processes, objectivity of the internal auditors. The AC recommended to the Board the re-appointment of Deloitte & Touche Enterprise Risk Services Pte Ltd as the independent internal auditors of the Group for another term of three (3) years.

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

The independent 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 the case of shareholders who are corporate/institutional nominees or custodians, multiple proxies may be appointed to attend and vote at the AGM.

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.

Although the Company has not adopted a formal investor relations policy to regularly convey pertinent information to the shareholders, the Board acknowledges its obligation to furnish timely information to shareholders and ensures that full disclosure of material information 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). 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.

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.**

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 the Board in addressing any relevant queries by the shareholders.

CORPORATE GOVERNANCE REPORT

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[1] 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.

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 electronic polling 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. Currently the AC is overseeing the function of risk management and the Company will consider the need to establish a risk management committee to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies should circumstances change.

MATERIAL CONTRACTS

Save for the service and employment agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interest of any other directors or controlling shareholders subsisting as at the financial year ended 31 December 2018 or have been entered into since the end of the previous financial year.

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

INTERESTED PERSON TRANSACTIONS

There were no interested party transactions except as disclosed above equal to or exceeding S$100,000 in aggregate between the Company and any of its interested persons (namely, directors, executive officers or controlling shareholders of the Group or the associates of such directors, executive officers or controlling shareholders) subsisting for the year ended 31 December 2018.

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

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

DEALINGS IN SECURITIES

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

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

UPDATE ON USE OF IPO PROCEEDS

As at the date of the financial statements 20 March 2019, the Company announced updates on the use of proceeds raised from the initial public offering ("IPO Proceeds") amounting to S$68,033,985 (after deducting IPO expenses of S$3,966,015) as follows:

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

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

TABLE A

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

Name of Director	David Alan Perry	Tan Teng Muan	Ho Hie Wu
Date of appointment	28 October 2011	28 October 2011	1 September 2018
Date of last election	21 April 2016	21 April 2016	N/A
Age	78	57	56
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Perry's performance as an Executive Chairman and CEO of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Tan's performance as an Independent Director of the Company. The Board considers Mr Tan to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Ho's performance as an Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. One of the founders of our School and responsible for the overall business development and strategic planning of the Group.	Non-Executive.	Executive. Assisting the Chief Executive Officer in managing the corporate affairs of the Group. As Chief Financial Officer, Mr Ho is also responsible for all financial and accounting matters, financial reporting requirements, financial planning, tax, treasury and internal control functions of the Group.
Job Title	Executive Chairman and CEO	Independent Director	Executive Director and Chief Financial Officer

Name of Director	David Alan Perry	Tan Teng Muan	Ho Hie Wu
Professional qualifications	Certificate of Entrance Qualification from the University of New Zealand	Bachelor of Laws (Hons) from the National University of Singapore A member of the Law Society of Singapore and the Singapore Academy of Law	Bachelor of Business (Accounting) from the Western Australian Institute of Technology A Chartered Accountant (Australia) with the Chartered Accountants Australia and New Zealand and a Fellow of the Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	October 2011 to Present – Executive Chairman and CEO of the Company	Since 1987 to Present – A Commissioner for Oaths and a partner in the civil and commercial litigation practice of Mallal & Namazie	September 2015 to Present - Chief Financial Officer of the Group July 2013 to August 2015 – Director of Finance and Planning, Overseas Family School Limited January 2009 to July 2011 - Executive Director, Vanden Advisory Services Pte Ltd July 2001 to April 2006 – Director, Audit and Business Advisory, PriceWaterhouseCoopers Singapore
Shareholding interest in the listed issuer and its subsidiaries	Mr Perry is deemed to be interested in the Shares held by PDAC Private Limited by virtue of Section 4 of the Securities and Futures Act as he is the sole shareholder of PDAC Private Limited, and 5,036,972 ordinary shares held through Citibank Nominees Singapore Pte. Ltd.	None	None

Name of Director	David Alan Perry	Tan Teng Muan	Ho Hie Wu
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships	Past (for the last 5 years) N/A Present 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	Past (for the last 5 years) N/A Present Commissioner for Oaths and Partner in the civil and commercial litigation practice of Mallal & Namazie Independent Director of United Global Limited	Past (for the last 5 years) N/A Present Overseas Family School Limited

The general statutory disclosures of the Directors are as follows:-

	Question	David Alan Perry	Tan Teng Muan	Ho Hie Wu
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

	Question	David Alan Perry	Tan Teng Muan	Ho Hie Wu
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

	Question		David Alan Perry	Tan Teng Muan	Ho Hie Wu
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—		No	No	No
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
	(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
	(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?				
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		No	Yes[1]	No

	Question	David Alan Perry	Tan Teng Muan	Ho Hie Wu
	Disclosure applicable to the appointment of Director only.			
	Any prior experience as a director of an issuer listed on the Exchange?	No	No	No
	If yes, please provide details of prior experience.	N/A	N/A	N/A
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Has attended SID training	Has attended SID training	Has attended SID training

Note:

1 Mr Tan has had six (6) complaints lodged against him with the Law Society of Singapore ("**Law Society**") in the course of his legal practice spanning 31 years. These complaints arose from acrimonious litigation matters and for three (3) of them in the context of contested discovery of documents. In 1992, a complaint was lodged against Mr Tan alleging that he was rude towards a director of the opposing party during the inspection of documents pursuant to a discovery order. The complaint did not proceed after investigations by the Inquiry Committee of the Law Society ("**Inquiry Committee**"). In 1994, a complaint was lodged against Mr Tan alleging that he had disclosed privileged information. The complaint was dismissed after investigations by the Inquiry Committee. In 2004, two (2) complaints were lodged against Mr Tan in the same suit relating to the alleged irregular attestation of an affidavit for discovery and purported breach of an alleged undertaking for a discovered tape recording. The complaints were dismissed after investigations by the Inquiry Committee. In August 2011, a complaint was lodged against Mr Tan for not applying for Grant of Probate relating to an estate matter (a matter upon which Mr Tan had no instruction from client to act) and not giving any reply to the complainant or his son (both of whom were not clients of Mr Tan). The complaint was dismissed after investigations by the Inquiry Committee. In April 2015, a fellow solicitor complained that Mr Tan had filed an affidavit on behalf of his client in an injunction application to restrain that solicitor and his firm from further acting in the matter without first allowing that solicitor or his firm to respond. The complaint was dismissed after investigations by the Inquiry Committee.

FINANCIAL STATEMENTS

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 2018.

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 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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, Chapter 50, an interest in ordinary shares of the Company as stated below:

	Direct interest			Deemed interest		
Name of director	At the beginning of financial year or date of appointment	At the end of financial year	As at 21 January 2019	At the beginning of financial year or date of appointment	At the end of financial year	As at 21 January 2019
Ordinary shares of the Company						
David Alan Perry	–	–	–	136,915,110#	136,915,110#	136,915,110#
Wong Lok Hiong	–	–	–	131,878,138*	131,878,138*	131,878,138*

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

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

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

Options

No options were issued by the Company or any of its subsidiaries during the financial year. As at 31 December 2018, 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, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

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

DIRECTORS' STATEMENT

Auditor

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

On behalf of the board of directors:

David Alan Perry
Director

Wong Lok Hiong
Director

Singapore
20 March 2019

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2018

To the members of Overseas Education Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Overseas Education Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, statements of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

Ability to renew the land lease and estimated useful life of the school buildings

The school buildings represent a significant proportion of the Group's assets. As at 31 December 2018, the net carrying value of the school buildings of S$169,993,117 was 66% of the Group's total property, plant and equipment, and 56% of the Group's total assets. The Group depreciates the school buildings over an estimated useful life of 50 years.

The current land lease of the school site is for 30 years and expires on 13 June 2043. The successful renewal of the land lease is dependent on the government's land use plan in relation to the school site, and subject to the Group meeting the conditions imposed by the relevant authorities. In assessing the Group's ability to renew the land lease, Management received confirmation from a government authority to support the Group's application for the renewal of the lease when it is due for renewal subject to certain conditions. Based on correspondence with the government authority and Management's assessment on its ability to meet the conditions at the next renewal, Management assessed that it is highly probable that the application for renewal of lease would be successful. In estimating the useful life of the school buildings, Management previously engaged an independent valuer who estimated the useful life of the school buildings' superstructure and substructure to be 50 years.

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

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

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
20 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	2018 S$	2017 S$
Revenue			
Tuition fees		**80,342,415**	84,023,919
Registration fees		**1,193,173**	1,342,524
School shop revenue		**576,505**	611,077
Enrichment programme revenue		**551,285**	539,057
Interest income		**385,397**	277,071
Other income		**28,949**	43,586
Total revenue	4	**83,077,724**	86,837,234
Operating Expenses			
Personnel expenses	5	**47,354,266**	51,168,659
School shop costs		**355,295**	367,501
Enrichment programme costs		**377,643**	371,946
Utilities		**947,458**	806,333
Upkeep and maintenance		**1,477,601**	1,800,825
Finance costs – Bonds	19	**7,029,003**	7,613,795
Other operating expenses	6	**6,100,393**	5,907,520
Operating expenses before depreciation and amortisation		**63,641,659**	68,036,579
Profit before depreciation and amortisation		**19,436,065**	18,800,655
Depreciation expenses	9	**9,574,762**	9,755,517
Amortisation of intangible assets	10	**510,237**	605,894
		10,084,999	10,361,411
Profit before taxation		**9,351,066**	8,439,244
Income tax expense – current tax	7	**(2,178,299)**	(52,663)
– deferred tax	7	**(266,263)**	(2,148,727)
		(2,444,562)	(2,201,390)
Net profit for the year attributable to owners of the Company		**6,906,504**	6,237,854
Other comprehensive income for the year, net of tax			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		**16**	(84)
Total comprehensive income for the year attributable to owners of the Company		**6,906,520**	6,237,770
Earnings per share (cents)			
– Basic and diluted	8	**1.7**	1.5

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

BALANCE SHEETS

As at 31 December 2018

		Group			Company		
	Note	**31 December 2018**	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
		S$	S$	S$	**S$**	S$	S$
ASSETS							
Non-current assets							
Property, plant and equipment							
– Leasehold land	9	**30,298,333**	31,535,000	32,771,667	**–**	–	–
– School buildings, plant and equipment	9	**227,818,669**	235,092,756	242,940,422	**27,199**	89,014	116,040
Intangible assets	10	**1,931,119**	2,077,624	2,270,461	**–**	–	–
Investment in subsidiaries	11	**–**	–	–	**101,219,141**	101,219,141	101,219,141
Amount due from subsidiary	15	**–**	–	–	**–**	135,000,000	143,000,000
Bonds – Issuance expenses	19	**–**	114,023	536,671	**–**	114,023	536,671
Deposits		**296,060**	279,520	249,400	**–**	–	–
Staff housing deposits		**150,600**	245,300	255,200	**–**	–	–
Other long term asset	16	**333,500**	333,500	333,500	**–**	–	–
		260,828,281	269,677,723	279,357,321	**101,246,340**	236,422,178	244,871,852
Current assets							
Inventories	12	**413,341**	434,098	472,256	**–**	–	–
Trade receivables	13	**1,047,240**	1,167,156	1,206,896	**–**	–	–
Other receivables and deposits	14	**303,785**	270,580	379,419	**12,000**	12,000	12,000
Bonds – Issuance expenses	19	**99,453**	392,625	415,892	**99,453**	392,625	415,892
Prepayments		**955,222**	999,525	1,052,393	**12,375**	16,205	16,201
Amount due from subsidiary	15	**–**	–	–	**129,178,611**	–	1,701,005
Cash and cash equivalents	16	**41,633,380**	53,584,356	53,907,591	**5,864,143**	3,566,029	9,760,078
		44,452,421	56,848,340	57,434,447	**135,166,582**	3,986,859	11,905,176
TOTAL ASSETS		**305,280,702**	326,526,063	336,791,768	**236,412,922**	240,409,037	256,777,028

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

	Note	Group 31 December 2018	31 December 2017	1 January 2017	Company 31 December 2018	31 December 2017	1 January 2017
		S$	S$	S$	**S$**	S$	S$
EQUITY AND LIABILITIES							
Current liabilities							
Trade payables		**318,083**	735,476	294,854	**–**	–	–
Other payables and liabilities	17	**761,010**	1,046,013	1,138,682	**181,284**	479,237	493,295
Fees received in advance	18	**28,454,190**	29,321,652	31,854,925	**–**	–	–
Borrowings – Bonds	19	**117,750,000**	–	–	**117,750,000**	–	–
Bonds – Interest payable		**1,274,926**	1,461,698	1,548,318	**1,274,926**	1,461,698	1,548,318
Amount due to subsidiary	15	**–**	–	–	**–**	384,617	–
Goods and Services Tax payable		**2,547,530**	2,657,143	2,362,058	**60,414**	52,549	56,882
Central Provident Fund payable		**409,246**	403,012	419,366	**3,351**	5,585	6,245
Income tax payable		**2,183,299**	56,083	53,964	**111,129**	56,083	51,852
		153,698,284	35,681,077	37,672,167	**119,381,104**	2,439,769	2,156,592
NET CURRENT (LIABILITIES)/ASSETS		**(109,245,863)**	21,167,263	19,762,280	**15,785,478**	1,547,090	9,748,584
Non-current liabilities							
Borrowings – Bonds	19	**–**	135,000,000	143,000,000	**–**	135,000,000	143,000,000
Fees received in advance	18	**636,836**	649,689	743,926	**–**	–	–
Other liabilities	17	**–**	–	–	**–**	114,023	536,671
Deferred tax liabilities	20	**7,921,939**	7,655,676	5,506,949	**–**	–	–
		8,558,775	143,305,365	149,250,875	**–**	135,114,023	143,536,671
NET ASSETS		**143,023,643**	147,539,621	149,868,726	**117,031,818**	102,855,245	111,083,765
Equity attributable to owners of the Company							
Share capital	21	**99,253,226**	99,253,226	99,253,226	**99,253,226**	99,253,226	99,253,226
Revenue reserve		**69,939,886**	74,455,880	76,784,901	**17,778,592**	3,602,019	11,830,539
Other reserves	22	**(26,169,469)**	(26,169,485)	(26,169,401)	**–**	–	–
TOTAL EQUITY		**143,023,643**	147,539,621	149,868,726	**117,031,818**	102,855,245	111,083,765

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 2018

	Note	Share capital (Note 21)	Revenue reserve	Other reserves, total (Note 22)	Attributable to owners of the Company Foreign currency translation reserve (Note 22)	Attributable to owners of the Company Merger reserve (Note 22)	Total equity
		S$	S$	S$	S$	S$	S$
Group							
2018							
Balance at 1 January 2018 (FRS framework)	2.2	99,253,226	76,066,629	(26,169,485)	1,081	(26,170,566)	149,150,370
Cumulative effects of adopting SFRS(I)		–	(1,610,749)	–	–	–	(1,610,749)
Opening balance at 1 January 2018 (SFRS(I) framework)		99,253,226	74,455,880	(26,169,485)	1,081	(26,170,566)	147,539,621
Net profit after tax		–	6,906,504	–	–	–	6,906,504
Other comprehensive income for the year		–	–	16	16	–	16
Total comprehensive income for the year		–	6,906,504	16	16	–	6,906,520
Dividends – final for previous financial year	23	–	(11,422,498)	–	–	–	(11,422,498)
Contributions by and distributions to owners		–	(11,422,498)	–	–	–	(11,422,498)
Balance at 31 December 2018		99,253,226	69,939,886	(26,169,469)	1,097	(26,170,566)	143,023,643

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

					Attributable to owners of the Company		
	Note	Share capital (Note 21)	Revenue reserve	Other reserves, total (Note 22)	Foreign currency translation reserve (Note 22)	Merger reserve (Note 22)	Total equity
		S$	S$	S$	S$	S$	S$
Group							
2017							
Balance at 1 January 2017 (FRS framework)	2.2	99,253,226	78,630,697	(26,169,401)	1,165	(26,170,566)	151,714,522
Cumulative effects of adopting SFRS(I)		–	(1,845,796)	–	–	–	(1,845,796)
Opening balance at 1 January 2017 (SFRS(I) framework)		99,253,226	76,784,901	(26,169,401)	1,165	(26,170,566)	149,868,726
Net profit after tax		–	6,237,854	–	–	–	6,237,854
Other comprehensive income for the year		–	–	(84)	(84)	–	(84)
Total comprehensive income for the year		–	6,237,854	(84)	(84)	–	6,237,770
Dividends – final for previous financial year	23	–	(8,566,875)	–	–	–	(8,566,875)
Contributions by and distributions to owners		–	(8,566,875)	–	–	–	(8,566,875)
Balance at 31 December 2017		99,253,226	74,455,880	(26,169,485)	1,081	(26,170,566)	147,539,621

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 2018

	Note	Attributable to owners of the Company		
		Share capital (Note 21)	Revenue reserve	Total equity
		S$	S$	S$
Company				
2018				
Balance at 1 January 2018		99,253,226	3,602,019	102,855,245
Net profit after tax		–	25,599,071	25,599,071
Total comprehensive income for the year		–	25,599,071	25,599,071
Dividends – final for previous financial year	23	–	(11,422,498)	(11,422,498)
Contributions by and distributions to owners		–	(11,422,498)	(11,422,498)
Balance at 31 December 2018		99,253,226	17,778,592	117,031,818
2017				
Balance at 1 January 2017		99,253,226	11,830,539	111,083,765
Net profit after tax		–	338,355	338,355
Total comprehensive income for the year		–	338,355	338,355
Dividends – final for previous financial year	23	–	(8,566,875)	(8,566,875)
Contributions by and distributions to owners		–	(8,566,875)	(8,566,875)
Balance at 31 December 2017		99,253,226	3,602,019	102,855,245

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 2018

	Note	2018 S$	2017 S$
Cash flows from operating activities			
Profit before taxation		**9,351,066**	8,439,244
Adjustments for:			
Depreciation expenses	9	**9,574,762**	9,755,517
Amortisation expenses	10	**510,237**	605,894
Loss on disposal of property, plant and equipment	6	**37,641**	577
Interest income		**(385,397)**	(277,071)
Fair value loss on bonds repurchased	6	**92,500**	107,750
Finance costs	19	**7,029,003**	7,613,795
Operating profit before working capital changes		**26,209,812**	26,245,706
Decrease in inventories		**20,757**	38,158
Decrease in trade receivables		**119,916**	39,740
Decrease in other receivables, deposits and prepayments		**11,114**	161,622
Decrease/(increase) in non-current deposits		**78,160**	(20,220)
Decrease in trade payables, other payables and liabilities, and fees received in advance		**(1,686,090)**	(2,000,826)
Cash generated from operations		**24,753,669**	24,464,180
Interest received		**385,397**	277,071
Income tax paid		**(51,083)**	(50,544)
Net cash generated from operating activities		**25,087,983**	24,690,707
Cash flows from investing activities			
Additions of intangible assets	10	**(363,732)**	(413,057)
Acquisition of property, plant and equipment	9	**(1,179,146)**	(736,687)
Proceeds from disposal of property, plant and equipment		**77,497**	64,926
Net cash used in investing activities		**(1,465,381)**	(1,084,818)
Cash flows from financing activities			
Bond interest paid	19	**(6,512,323)**	(7,227,431)
Bonds repurchased	19	**(17,638,757)**	(8,134,818)
Dividends paid	23	**(11,422,498)**	(8,566,875)
Net cash used in financing activities		**(35,573,578)**	(23,929,124)
Net decrease in cash and cash equivalents		**(11,950,976)**	(323,235)
Cash and cash equivalents at beginning of the year		**53,584,356**	53,907,591
Cash and cash equivalents at end of the year	16	**41,633,380**	53,584,356

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

1. Corporate information

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

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

2.2 First-time adoption of (SFRS(I)) (cont'd)

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the adoption of SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018. The Group applied SFRS(I) 15 using a full retrospective approach.

The key impact of adopting SFRS(I) 15 is detailed as follows:

Registration fees

The Group previously recorded registration fee at the date when the student's application is accepted by the school. Under SFRS(I) 15, registration fee is recognised over the estimated average student life in the school.

Upon adoption of SFRS(I) 15, the Group recognised an adjustment to increase fees received in advance of S$1,845,796 in the balance sheet (S$1,101,870 was classified as fees received in advance – current and S$743,926 as fees received in advance – non-current liabilities) as at 1 January 2017. A corresponding adjustment to retained earnings of S$1,845,796 was also made as at 1 January 2017.

The Group's balance sheet as at 31 December 2017 was restated, resulting in an increase in Fees received in advance of S$1,610,749 and a corresponding adjustment to retained earnings of S$1,610,749. S$961,060 was classified as fees received in advance – current liabilities and S$649,689 as fees received in advance – non-current liabilities. The profit or loss for the year ended 31 December 2017 was also restated, resulting in an increase in registration fees revenue of S$235,047.

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

2.2 First-time adoption of (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the balance sheet of the Group.

	Group		
	1 January 2017 (FRS)	SFRS(I) 15 adjustments	1 January 2017 (SFRS(I))
	S$	S$	S$
Non-current assets			
Leasehold land	32,771,667	–	32,771,667
School buildings, plant and equipment	242,940,422	–	242,940,422
Intangible assets	2,270,461	–	2,270,461
Bonds – Issuance expenses	536,671	–	536,671
Deposits	249,400	–	249,400
Staff housing deposits	255,200	–	255,200
Other long term assets	333,500	–	333,500
	279,357,321	–	279,357,321
Current assets			
Inventories	472,256	–	472,256
Trade receivables	1,206,896	–	1,206,896
Other receivables and deposits	379,419	–	379,419
Bonds – Issuance expenses	415,892	–	415,892
Prepayments	1,052,393	–	1,052,393
Cash and cash equivalents	53,907,591	–	53,907,591
	57,434,447	–	57,434,447
Current liabilities			
Trade payables	294,854	–	294,854
Other payables and liabilities	1,138,682	–	1,138,682
Fees received in advance	30,753,055	1,101,870	31,854,925
Bonds – Interest payable	1,548,318	–	1,548,318
Goods and Services Tax payable	2,362,058	–	2,362,058
Central Provident Fund payable	419,366	–	419,366
Income tax payable	53,964	–	53,964
	36,570,297	1,101,870	37,672,167
Non-current liabilities			
Borrowings – Bonds	143,000,000	–	143,000,000
Fees received in advance	–	743,926	743,926
Deferred tax liabilities	5,506,949	–	5,506,949
	148,506,949	743,926	149,250,875
NET ASSETS	151,714,522	(1,845,796)	149,868,726

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

2.2 First-time adoption of (SFRS(I)) (cont'd)

	Group		
	1 January 2017 (FRS)	SFRS(I) 15 adjustments	1 January 2017 (SFRS(I))
	S$	S$	S$
Equity attributable to owners of the Company			
Share capital	99,253,226	–	99,253,226
Revenue reserve	78,630,697	(1,845,796)	76,784,901
Other reserves	(26,169,401)	–	(26,169,401)
TOTAL EQUITY	151,714,522	(1,845,796)	149,868,726

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 to the balance sheet of the Group.

	Group		
	31 December 2017 (FRS)	SFRS(I) 15 adjustments	31 December 2017 (SFRS(I))
	S$	S$	S$
Non-current assets			
Leasehold land	31,535,000	–	31,535,000
School buildings, plant and equipment	235,092,756	–	235,092,756
Intangible assets	2,077,624	–	2,077,624
Bonds – Issuance expenses	114,023	–	114,023
Deposits	279,520	–	279,520
Staff housing deposits	245,300	–	245,300
Other long term assets	333,500	–	333,500
	269,677,723	–	269,677,723
Current assets			
Inventories	434,098	–	434,098
Trade receivables	1,167,156	–	1,167,156
Other receivables and deposits	270,580	–	270,580
Bonds – Issuance expenses	392,625	–	392,625
Prepayments	999,525	–	999,525
Cash and cash equivalents	53,584,356	–	53,584,356
	56,848,340	–	56,848,340

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

2.2 First-time adoption of (SFRS(I)) (cont'd)

	Group		
	31 December 2017 (FRS)	SFRS(I) 15 adjustments	31 December 2017 (SFRS(I))
	S$	S$	S$
Current liabilities			
Trade payables	735,476	–	735,476
Other payables and liabilities	1,046,013	–	1,046,013
Fees received in advance	28,360,592	961,060	29,321,652
Bonds – Interest payable	1,461,698	–	1,461,698
Goods and Services Tax payable	2,657,143	–	2,657,143
Central Provident Fund payable	403,012	–	403,012
Income tax payable	56,083	–	56,083
	34,720,017	961,060	35,681,077
Non-current liabilities			
Borrowings – Bonds	135,000,000	–	135,000,000
Fees received in advance	–	649,689	649,689
Deferred tax liabilities	7,655,676	–	7,655,676
	142,655,676	649,689	143,305,365
NET ASSETS	149,150,370	(1,610,749)	147,539,621
Equity attributable to owners of the Company			
Share capital	99,253,226	–	99,253,226
Revenue reserve	76,066,629	(1,610,749)	74,455,880
Other reserves	(26,169,485)	–	(26,169,485)
TOTAL EQUITY	149,150,370	(1,610,749)	147,539,621

The adoption of SFRS(I) does not have any significant impact to the balance sheet of the Company as at 31 December 2017 and 1 January 2017.

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

2.2 First-time adoption of (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the comprehensive income the Group for the year ended 31 December 2017.

	31 December 2017 FRS	SFRS(I) 15 adjustments	31 December 2017 (SFRS(I))
	S$		S$
Revenue			
Tuition fees	84,023,919	–	84,023,919
Registration fees	1,107,477	235,047	1,342,524
School shop revenue	611,077	–	611,077
Enrichment programme revenue	539,057	–	539,057
Interest income	277,071	–	277,071
Other revenue	43,586	–	43,586
Total revenue	86,602,187	235,047	86,837,234
Operating Expenses			
Personnel expenses	51,168,659	–	51,168,659
School shop costs	367,501	–	367,501
Enrichment programme costs	371,946	–	371,946
Utilities	806,333	–	806,333
Upkeep and maintenance	1,800,825	–	1,800,825
Finance costs – Bonds	7,613,795	–	7,613,795
Other operating expenses	5,907,520	–	5,907,520
Operating expenses before depreciation and amortisation	68,036,579	–	68,036,579
Profit before depreciation and amortisation	18,565,608	235,047	18,800,655
Depreciation expenses	9,755,517	–	9,755,517
Amortisation of intangible assets	605,894	–	605,894
	10,361,411	–	10,361,411
Profit before taxation	8,204,197	235,047	8,439,244
Income tax expense – current tax	(52,663)	–	(52,663)
– deferred tax	(2,148,727)	–	(2,148,727)
	(2,201,390)	–	(2,201,390)
Net profit for the year attributable to owners of the Company	6,002,807	235,047	6,237,854
Other comprehensive income for the year, net of tax			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation	(84)	–	(84)
Total comprehensive income for the year attributable to owners of the Company	6,002,723	235,047	6,237,770
Earnings per share (cents)			
– Basic and diluted	1.5	–	1.5

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

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

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

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of approximately S$3,000,000 and lease liabilities of approximately S$3,000,000 for its leases previously classified as operating leases. There is no significant impact in the opening retained earnings and its related tax impact as of 1 January 2019 from the adoption of SFRS(I) 16 retrospectively.

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.

(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.

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

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

Basis of consolidation (cont'd)

(b) Other acquisitions (cont'd)

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 measured.

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

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

2.5 Foreign currency (cont'd)

(b) Consolidated financial statements

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

2.6 Property, plant and equipment

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

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

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

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

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

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

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

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

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

2.6 Property, plant and equipment (cont'd)

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

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

2.7 Intangible assets

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

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

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

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

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

(a) Computer software

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

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

2.7 Intangible assets (cont'd)

(b) Software development costs

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

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

2.8 Impairment of non-financial assets

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

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

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

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

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

Subsequent measurement

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

<u>Amortised cost</u>

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

The Group classifies all its financial assets at amortised cost.

De-recognition

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

2.11 Cash and cash equivalents

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

2.12 Impairment of financial assets

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

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

2.12 Impairment of financial assets (cont'd)

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

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

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

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

2.13 Inventories

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

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

2.14 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.

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

2.14 Financial liabilities (cont'd)

Subsequent measurement

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

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

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

Financial liabilities include trade payables, which are normally settled on 30-90 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.

2.15 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.

2.16 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

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

2.17 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.

2.18 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.

2.19 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.

2.20 Revenue recognition

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

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

(a) Rendering of services

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

Enrichment programme revenue is recognised when services are rendered.

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

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

2.20 Revenue recognition (cont'd)

(b) Sale of goods

Revenue from sales of supplies at the school shop 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.

(c) Interest income

Interest income is recognised using the effective interest method.

2.21 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.

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

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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. Summary of significant accounting policies (cont'd)

2.22 Share capital and share issuance expenses

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

2.23 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

ii. The amount of obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

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

3.1 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.

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

3.1 Key sources of estimation uncertainty (cont'd)

(a) Useful lives of property, plant and equipment and intangible assets (cont'd)

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

The tenure of the surrounding land around the school, and the parcels of land around the school are on 99-year or 999-year leasehold tenures for residential purposes.

An independent external valuer opined in prior years 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 utilisation rate and technological developments could impact the economic useful lives of these assets; consequently, future depreciation charges could be revised.

The carrying amount of the Group's property, plant and equipment (including leasehold land) as at 31 December 2018 was S$258,117,002 (31 December 2017: S$266,627,756, 1 January 2017: S$275,712,089). The carrying amount of the Group's intangible assets as at 31 December 2018 was S$1,931,119 (31 December 2017: S$2,077,624, 1 January 2017: S$2,270,461).

(b) Provision for expected credit losses of trade receivables

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

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

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

The carrying amount of trade receivables as at 31 December 2018 is S$1,047,240. (31 December 2017: S$1,167,156, 1 January 2017: S$1,206,896)

4. Revenue

(a) Disaggregation of revenue

	Tuition fees		Registration fees		School shop, Enrichment programme, Interest income and Other income		Total revenue	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	S$	S$	**S$**	S$	**S$**	S$	**S$**	S$
Timing of transfer of goods or services								
At a point in time	**–**	–	**–**	–	**1,542,136**	1,470,791	**1,542,136**	1,470,791
Over time	**80,342,415**	84,023,919	**1,193,173**	1,342,524	**–**	–	**81,535,588**	85,366,443
	80,342,415	84,023,919	**1,193,173**	1,342,524	**1,542,136**	1,470,791	**83,077,724**	86,837,234

(b) Judgement and methods used in estimating revenue

Estimating average student life for registration fees recognition

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

5. Personnel expenses

	2018	2017
	S$	S$
Salaries and bonuses	**38,000,741**	40,998,635
Central Provident Fund contributions	**1,974,296**	1,986,149
Staff medical insurance	**452,778**	432,875
Other short term benefits	**6,926,451**	7,751,000
	47,354,266	51,168,659

6. Other operating expenses

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

	2018 S$	2017 S$
Audit fees paid to:		
– Auditors of the Company	**163,531**	163,531
– Other auditors	**4,030**	4,062
Non-audit fees paid to:		
– Other auditors	**30,000**	34,000
Loss on disposal of property, plant and equipment	**37,641**	577
Foreign exchange loss, net	**–**	17
Allowance for doubtful debts (Note 13)	**239,350**	150,028
Directors' fees	**440,000**	440,000
International Baccalaureate Organisation ("IBO") fees	**38,364**	31,509
Teaching materials	**472,648**	466,999
Insurance	**174,202**	189,567
Training expenses	**108,892**	87,535
Transport services	**784,355**	800,480
Charitable donation	**50,000**	50,000
Write-off of inventories (Note 12)	**4,023**	–
Fair value loss on bonds repurchased	**92,500**	107,750

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:

	2018 S$	2017 S$
Statement of comprehensive income:		
Current income tax:		
– Current year income taxation	**2,183,299**	56,083
– Over-provision in respect of previous years	**(5,000)**	(3,420)
	2,178,299	52,663
Deferred income tax (Note 20):		
– Origination and reversal of temporary differences	**266,263**	2,148,727
Income tax expense recognised in the statement of comprehensive income	**2,444,562**	2,201,390

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 is as follows:

	2018 S$	2017 S$
Profit before tax	**9,351,066**	8,439,244
Taxation at statutory tax rate of 17%	**1,589,681**	1,434,671
Adjustments:		
Effect of partial tax exemption	**(51,850)**	(25,925)
Expenses not deductible for tax purposes	**952,981**	859,251
Tax benefits from tax reliefs	**(41,250)**	(63,187)
Over-provision in respect of previous years	**(5,000)**	(3,420)
	2,444,562	2,201,390

8. Earnings per share

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

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

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

	2018	2017
Net profit for the year attributable to owners of the Company	**S$6,906,504**	S$6,237,854
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**415,363,548**	415,363,548
Earnings per share (cents) – Basic and diluted	**1.7**	1.5

9. Property, plant and equipment

	Leasehold land	School buildings	School plant and equipment	Computers	Motor vehicles	Library books and media	Total for school buildings, plant and equipment	Total
	S$	S$	S$	S$	S$	S$	S$	S$
Group								
Cost								
At 1 January 2017	37,100,000	182,788,298	69,937,113	4,863,116	1,447,944	2,811,652	261,848,123	298,948,123
Additions	–	–	154,335	369,131	118,300	94,921	736,687	736,687
Disposals/write-off	–	–	(43,010)	(2,784)	(226,533)	(50,103)	(322,430)	(322,430)
At 31 December 2017 and 1 January 2018	37,100,000	182,788,298	70,048,438	5,229,463	1,339,711	2,856,470	262,262,380	299,362,380
Additions	–	–	192,977	665,525	228,717	91,927	1,179,146	1,179,146
Disposals/write-off	–	–	(185,476)	(361,755)	(884,579)	(74,335)	(1,506,145)	(1,506,145)
At 31 December 2018	37,100,000	182,788,298	70,055,939	5,533,233	683,849	2,874,062	261,935,381	299,035,381
Accumulated depreciation								
At 1 January 2017	4,328,333	5,483,649	6,908,709	3,395,734	860,774	2,258,835	18,907,701	23,236,034
Charge for the year	1,236,667	3,655,766	3,947,432	486,351	236,736	192,565	8,518,850	9,755,517
Disposals/write-off	–	–	(39,515)	(1,796)	(166,345)	(49,271)	(256,927)	(256,927)
At 31 December 2017 and 1 January 2018	5,565,000	9,139,415	10,816,626	3,880,289	931,165	2,402,129	27,169,624	32,734,624
Charge for the year	1,236,667	3,655,766	3,954,354	418,759	142,203	167,013	8,338,095	9,574,762
Disposals/write-off	–	–	(179,198)	(361,055)	(776,771)	(73,983)	(1,391,007)	(1,391,007)
At 31 December 2018	6,801,667	12,795,181	14,591,782	3,937,993	296,597	2,495,159	34,116,712	40,918,379
Net carrying values								
At 31 December 2018	30,298,333	169,993,117	55,464,157	1,595,240	387,252	378,903	227,818,669	258,117,002
At 31 December 2017	31,535,000	173,648,883	59,231,812	1,349,174	408,546	454,341	235,092,756	266,627,756

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

	Motor vehicles	Computers	Total
	S$	S$	S$
Company			
Cost			
At 1 January 2017, 31 December 2017 and 1 January 2018	196,822	1,679	198,501
Disposal	(103,811)	–	(103,811)
At 31 December 2018	93,011	1,679	94,690
Accumulated depreciation			
At 1 January 2017	82,251	210	82,461
Charge for the year	26,746	280	27,026
At 31 December 2017 and 1 January 2018	108,997	490	109,487
Charge for the year	23,511	279	23,790
Disposal	(65,786)	–	(65,786)
At 31 December 2018	66,722	769	67,491
Net carrying values			
At 31 December 2018	26,289	910	27,199
At 31 December 2017	87,825	1,189	89,014

10. Intangible assets

	Internally developed computer software	Internally developed computer software work-in-progress ("WIP")	Acquired computer software	Total
	S$	S$	S$	S$
Group				
Cost				
At 1 January 2017	10,623,915	107,901	213,201	10,945,017
Additions	91,498	321,559	–	413,057
Transfer of completed assets	329,889	(329,889)	–	–
At 31 December 2017 and 1 January 2018	11,045,302	99,571	213,201	11,358,074
Additions	122,498	241,234	–	363,732
Transfer of completed assets	119,068	(119,068)	–	–
At 31 December 2018	11,286,868	221,737	213,201	11,721,806
Accumulated amortisation				
At 1 January 2017	8,483,487	–	191,069	8,674,556
Amortisation recognised	597,502	–	8,392	605,894
At 31 December 2017 and 1 January 2018	9,080,989	–	199,461	9,280,450
Amortisation recognised	503,720	–	6,517	510,237
At 31 December 2018	9,584,709	–	205,978	9,790,687
Net carrying values				
At 31 December 2018	1,702,159	221,737	7,223	1,931,119
At 31 December 2017	1,964,313	99,571	13,740	2,077,624

11. Investment in subsidiaries

	Company		
	31 December 2018	31 December 2017	1 January 2017
	S$	S$	S$
Unquoted shares, at cost	**101,219,141**	101,219,141	101,219,141

The subsidiaries of the Company are as follows:

Name	Country of incorporation	Principal activities	Cost			Proportion (%) of ownership interest		
			31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
			S$	S$	S$	**%**	%	%
Overseas Family School Limited ("OFSL")*	Singapore	Operating a foreign system school	**101,217,127**	101,217,127	101,217,127	**100**	100	100
Overseas Family School Limited (Hong Kong) ("OFS HK")#	Hong Kong	Dormant	**2,014**	2,014	2,014	**100**	100	100
			101,219,141	101,219,141	101,219,141			

* Audited by Ernst & Young LLP, Singapore.

\# Audited by Ernst & Young, Hong Kong.

12. Inventories

	Group		
	31 December 2018	31 January 2017	1 January 2017
	S$	S$	S$
School supplies and stationery	**413,341**	434,098	472,256

During the financial year, the Group wrote-off inventories of S$4,023 (2017: S$nil) (Note 6). The write-off was for school supplies which were no longer saleable and was recognised as an expense in the statement of comprehensive income.

13. Trade receivables

	Group		
	31 December 2018	31 January 2017	1 January 2017
	S$	S$	S$
Trade receivables	**1,594,384**	1,475,803	1,470,019
Less: Allowance for doubtful debts	**(547,144)**	(308,647)	(263,123)
	1,047,240	1,167,156	1,206,896

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$1,042,081 (31 December 2017: S$1,160,367, 1 January 2017: S$1,201,286) 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		
	31 December 2018	31 January 2017	1 January 2017
	S$	S$	S$
Trade receivables past due:			
Less than 60 days	**910,991**	971,016	1,048,630
60 days and above	**131,090**	189,351	152,656
	1,042,081	1,160,367	1,201,286

13. Trade receivables (cont'd)

Receivables that are impaired

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

	Group		
	31 December 2018	31 January 2017	1 January 2017
	S$	S$	S$
Trade receivables	**547,144**	308,647	263,123
Less: Allowance for impairment	**(547,144)**	(308,647)	(263,123)
	–	–	–
Expected credit losses			
Movements in allowance for doubtful debts:			
At beginning of the year	**308,647**	263,123	121,625
Charge for the year (Note 6)	**239,350**	150,028	141,498
Allowance utilised	**(853)**	(104,504)	–
At end of the year	**547,144**	308,647	263,123

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

14. Other receivables and deposits

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	S$	S$	S$	**S$**	S$	S$
Staff housing deposits	**290,900**	261,900	370,900	**7,000**	7,000	7,000
Other debtors	**12,885**	8,680	8,519	**5,000**	5,000	5,000
	303,785	270,580	379,419	**12,000**	12,000	12,000

15. Amount due from/to subsidiary

As at 31 December 2018, the amount due from subsidiary (current) on loan account of S$117,750,000 (non-current – 31 December 2017: S$135,000,000, 1 January 2017: S$143,000,000) 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 expected to be repaid in April 2019. During the year, the subsidiary made payment of S$17,250,000 (2017: S$8,000,000) to the Company to repurchase a portion of the outstanding bonds.

The repurchased bonds have been cancelled (Note 19).

The amount owing from/owing to subsidiary under current assets/current liabilities are non-trade related, unsecured, repayable upon demand and are to be settled in cash.

16. Cash and cash equivalents

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

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	S$	S$	S$	**S$**	S$	S$
Cash at Bank	**41,966,880**	53,917,856	54,241,091	**5,864,143**	3,566,029	9,760,078
Less: Other long term asset	**(333,500)**	(333,500)	(333,500)	**–**	–	–
Cash and cash equivalents	**41,633,380**	53,584,356	53,907,591	**5,864,143**	3,566,029	9,760,078

Included in Cash at bank is S$333,500 (31 December 2017: S$333,500, 1 January 2017: S$333,500) that was placed with a bank to secure a banker's guarantee issued to a government authority for a proposed road widening project at the school campus. This amount is expected to be placed with the bank for a duration of more than one year.

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

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	S$	S$	S$	**S$**	S$	S$
Hong Kong dollars	**–**	–	1,098	**–**	–	–
United States dollars	**8,094**	8,094	8,094	**–**	–	–

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

17. Other payables and liabilities

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	S$	S$	S$	**S$**	S$	S$
Current:						
Accrued staff and related costs	**184,410**	194,303	213,410	**–**	–	–
Other creditors	**576,600**	721,775	698,226	**81,831**	86,612	77,403
Accrued construction costs	**–**	129,935	227,046	**–**	–	–
Other liabilities	**–**	–	–	**99,453**	392,625	415,892
	761,010	1,046,013	1,138,682	**181,284**	479,237	493,295
Non-current:						
Other liabilities	**–**	–	–	**–**	114,023	536,671
	–	–	–	**–**	114,023	536,671

Company

Included in Company's other liabilities (current) and other liabilities (non-current) are S$99,453 (31 December 2017: S$392,625, 1 January 2017: S$415,892) and S$nil (31 December 2017: S$114,023, 1 January 2017: S$536,671) relating to the bond issuance expenses (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 (current) refer to both the registration and tuition fees billed and received for the semester starting in January of the next financial year. Fees received in advance (non-current) refer to the registration fees received and to be recognised over the average student life in the school.

Information about fees received in advance is disclosed as follows:

	Group		
	31 December 2018	31 December 2017	1 January 2017
	S$	S$	S$
Fees received in advance			
Current	**28,454,190**	29,321,652	31,854,925
Non-current (1 to 3 years)	**636,836**	649,689	743,926

18. Fees received in advance (cont'd)

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

	Group 2018 S$	Group 2017 S$
Revenue recognised that was included in the fees received in advance balance at the beginning of the year (1 January)	**29,321,652**	31,854,925

19. Borrowings – Bonds

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	S$	S$	S$	**S$**	S$	S$
Current liabilities:						
Borrowings – Bonds	**117,750,000**	–	–	**117,750,000**	–	–
Non-current liabilities:						
Borrowings – Bonds	**–**	135,000,000	143,000,000	**–**	135,000,000	143,000,000
Bonds – Issuance expenses						
Opening balance	**506,648**	952,563	1,435,442	**506,648**	952,563	1,435,442
Amortisation on bonds repurchased	**(38,874)**	(45,453)	(54,730)	**(38,874)**	(45,453)	(54,730)
Amortisation during the year	**(368,321)**	(400,462)	(428,149)	**(368,321)**	(400,462)	(428,149)
	99,453	506,648	952,563	**99,453**	506,648	952,563
Bonds at amortised cost	**117,650,547**	134,493,352	142,047,437	**117,650,547**	134,493,352	142,047,437
Bonds – Issuance expenses						
Presented as:						
Current portion	**99,453**	392,625	415,892	**99,453**	392,625	415,892
Non-current portion	**–**	114,023	536,671	**–**	114,023	536,671
	99,453	506,648	952,563	**99,453**	506,648	952,563
Finance costs						
Bond interest expense	**7,029,003**	7,613,795				

19. Borrowings – Bonds (cont'd)

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 Company repurchased S$17,250,000 (2017: S$8,000,000) of issued bonds. The total purchase cost was S$17,638,757 (2017: S$8,134,818), which includes interest expense accumulated up to date of purchase and related costs. The repurchased bonds have been cancelled before the financial year ended 31 December 2018 and 31 December 2017 respectively.

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

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

	2016		Non-cash changes			2017
		Cash flows	Accretion of interests	Amortisation of bonds issuance expenses	Fair value loss on bonds repurchased	
	S$	S$	S$	S$	S$	S$
Borrowings –Bonds at amortised cost	142,047,437	(8,134,818)	27,068	445,915	107,750	134,493,352
Bonds – Interest payable	1,548,318	(7,227,431)	7,140,811	–	–	1,461,698
	143,595,755	(15,362,249)	7,167,879	445,915	107,750	135,955,050

20. Deferred tax liabilities

Deferred tax liabilities as at 31 December comprised the following:

	Group		
	31 December 2018	31 December 2017	1 January 2017
	S$	S$	S$
Excess of net book value over tax written down value of property, plant and equipment	**8,223,628**	8,290,976	6,387,967
Provisions, unabsorbed capital allowances and unearned registration fees	**(301,689)**	(635,300)	(881,018)
	7,921,939	7,655,676	5,506,949

	Group				
	Balance sheets			Consolidated statement of comprehensive income	
	31 December 2018	31 December 2017	1 January 2017	**2018**	2017
	S$	S$	S$	**S$**	S$
Deferred tax assets					
Provisions, unabsorbed capital allowances, and unearned registration fees	**(301,689)**	(635,300)	(881,018)	**333,611**	245,718
Deferred tax liabilities					
Differences in depreciation and amortisation for tax purposes	**8,223,628**	8,290,976	6,387,967	**(67,348)**	1,903,009
Deferred tax liabilities (net)	**7,921,939**	7,655,676	5,506,949	**266,263**	2,148,727

Tax consequences of proposed dividends

There are no income tax consequences (2017: S$nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 23).

21. Share capital

	Group and Company			
	Number of shares	**2018**	Number of shares	2017
		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		
	31 December 2018	31 December 2017	1 January 2017
	S$	S$	S$
Merger reserve	**(26,170,566)**	(26,170,566)	(26,170,566)
Foreign currency translation reserve	**1,097**	1,081	1,165
At 31 December	**(26,169,469)**	(26,169,485)	(26,169,401)

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.

23. Dividends

	2018	2017
	S$	S$
Declared and paid during the financial year:		
– Final exempt (one-tier) dividend for 2017: S$0.0275 (2016: S$0.020625) per share	**11,422,498**	8,566,875
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 2018: S$0.0275 (2017: S$0.0275) per share	**11,422,498**	11,422,498

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	
	2018	2017
	S$	S$
Director-related company – MPPL		
Provision of accounting services	**(5,000)**	(5,000)
Director-related company – IHOL		
Purchase of goods	**4,242**	4,683

Director-related company

– Two directors of the Company have an aggregate 100% interest in Master Projects Pte Ltd ("MPPL"). During the year, OFSL provided accounting services to MPPL. At the end of the reporting period, there was no outstanding balance from MPPL (2017: S$nil).

– During the financial year, the Group purchased goods amounting to S$4,242 (2017: S$4,683) from Integrated Health Options Ltd ("IHOL"), a wholly owned subsidiary of MPPL. At the end of the reporting period, there was no outstanding balance from IHOL (2017: S$nil).

(b) *Compensation of related parties*

	Group	
	2018	2017
	S$	S$
Directors' fees	**440,000**	440,000
Directors' salaries and bonuses	**1,209,600**	1,344,000
Directors' Central Provident Fund contributions	**23,160**	24,120
Directors' short term benefits	**31,274**	32,577
Other key management personnel's and related parties' salaries and bonuses	**1,234,500**	1,532,000
Other key management personnel's and related parties' Central Provident Fund contributions	**36,460**	41,680
Other key management personnel's and related parties' short term benefits	**74,328**	115,138
Total compensation	**3,049,322**	3,529,515
Comprise amounts paid to:		
– Directors of the Company	**1,704,034**	1,840,697
– Other key management personnel and related parties*	**1,345,288**	1,688,818
Total	**3,049,322**	3,529,515

* includes key management personnel and family members of directors

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 teaching staff accommodation) with a term of more than one year as follows:

	Group	
	2018	2017
	S$	S$
Not later than one year	**2,370,148**	2,905,289
Later than one year but not later than five years	**652,556**	1,043,285
	3,022,704	3,948,574

Operating lease payments recognised in the statement of comprehensive income during the year amounted to S$3,015,532 (2017: S$3,456,229). This is included in the line item, personnel expenses – other short term benefits (Note 5), in the statement of comprehensive income.

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	
	2018	2017	**2018**	2017
	S$	S$	**S$**	S$
Capital commitments in respect of construction of property, plant and equipment	**180,900**	180,900	**–**	–

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

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

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

Interest rate risk

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

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

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

Liquidity risk

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

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

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$
Group			
31 December 2018			
Financial assets			
Deposits	–	296,060	296,060
Staff housing deposits	–	150,600	150,600
Other long term asset	–	333,500	333,500
Trade receivables	1,047,240	–	1,047,240
Other receivables and deposits	303,785	–	303,785
Cash and cash equivalents	41,633,380	–	41,633,380
Total undiscounted financial assets	42,984,405	780,160	43,764,565
Financial liabilities			
Trade payables	318,083	–	318,083
Other payables and liabilities	761,010	–	761,010
Bonds – Interest payable**	3,053,112	–	3,053,112
Borrowings – Bonds (net of amortised issuance expenses)***	117,650,547	–	117,650,547
Total undiscounted financial liabilities	121,782,752	–	121,782,752
Total net undiscounted financial (liabilities)/assets	(78,798,347)	780,160	(78,018,187)

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

Liquidity risk (cont'd)

	1 year or less S$	1 to 5 years S$	Total S$
Group			
31 December 2017			
Financial assets			
Deposits	–	279,520	279,520
Staff housing deposits	–	245,300	245,300
Other long term asset	–	333,500	333,500
Trade receivables	1,167,156	–	1,167,156
Other receivables and deposits	270,580	–	270,580
Cash and cash equivalents	53,584,356	–	53,584,356
Total undiscounted financial assets	55,022,092	858,320	55,880,412
Financial liabilities			
Trade payables	735,476	–	735,476
Other payables and liabilities	1,046,013	–	1,046,013
Bonds – Interest payable**	7,020,000	3,500,384	10,520,384
Borrowings – Bonds (net of amortised issuance expenses)	–	134,493,352	134,493,352
Total undiscounted financial liabilities	8,801,489	137,993,736	146,795,225
Total net undiscounted financial assets/(liabilities)	46,220,603	(137,135,416)	(90,914,813)
Group			
1 January 2017			
Financial assets			
Deposits	–	249,400	249,400
Staff housing deposits	–	255,200	255,200
Other long term asset	–	333,500	333,500
Trade receivables	1,206,896	–	1,206,896
Other receivables and deposits	379,419	–	379,419
Cash and cash equivalents	53,907,591	–	53,907,591
Total undiscounted financial assets	55,493,906	838,100	56,332,006
Financial liabilities			
Trade payables	294,854	–	294,854
Other payables and liabilities	1,138,682	–	1,138,682
Bonds – Interest payable**	7,436,000	11,143,814	18,579,814
Borrowings – Bonds (net of amortised issuance expenses)	–	142,047,437	142,047,437
Total undiscounted financial liabilities	8,869,536	153,191,251	162,060,787
Total net undiscounted financial assets/(liabilities)	46,624,370	(152,353,151)	(105,728,781)

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$
Company			
31 December 2018			
Financial assets			
Amount due from subsidiary	130,956,797	–	130,956,797
Other receivables and deposits	12,000	–	12,000
Cash and cash equivalents	5,864,143	–	5,864,143
Total undiscounted financial assets	136,832,940	–	136,832,940
Financial liabilities			
Other payables and liabilities*	81,831	–	81,831
Bonds – Interest payable**	3,053,112	–	3,053,112
Borrowings – Bonds (net of amortised issuance expenses)	117,650,547	–	117,650,547
Total undiscounted financial liabilities	120,785,490	–	120,785,490
Total net undiscounted financial assets	16,047,450	–	16,047,450
31 December 2017			
Financial assets			
Amount due from subsidiary	6,636,213	138,500,384	145,136,597
Other receivables and deposits	12,000	–	12,000
Cash and cash equivalents	3,566,029	–	3,566,029
Total undiscounted financial assets	10,214,242	138,500,384	148,714,626
Financial liabilities			
Other payables and liabilities*	86,612	–	86,612
Bonds – Interest payable**	7,020,000	3,500,384	10,520,384
Borrowings – Bonds (net of amortised issuance expenses)	–	134,493,352	134,493,352
Total undiscounted financial liabilities	7,106,612	137,993,736	145,100,348
Total net undiscounted financial assets	3,107,630	506,648	3,614,278

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

Liquidity risk (cont'd)

	1 year or less S$	1 to 5 years S$	Total S$
Company			
1 January 2017			
Financial assets			
Amount due from subsidiary	9,137,005	154,143,814	163,280,819
Other receivables and deposits	12,000	–	12,000
Cash and cash equivalents	9,760,078	–	9,760,078
Total undiscounted financial assets	18,909,083	154,143,814	173,052,897
Financial liabilities			
Other payables and liabilities*	77,403	–	77,403
Bonds – Interest payable**	7,436,000	11,143,814	18,579,814
Borrowings – Bonds (net of amortised issuance expenses)	–	142,047,437	142,047,437
Total undiscounted financial liabilities	7,513,403	153,191,251	160,704,654
Total net undiscounted financial assets	11,395,680	952,563	12,348,243

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

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

*** refinanced subsequent to year end (Note 30)

Credit risk

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

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

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

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

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

Credit risk (cont'd)

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

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

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

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

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

Trade receivables

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

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

31 December 2018	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	S$	S$	S$	S$	S$
Gross carrying amount	835,180	80,971	33,855	644,378	1,594,384
Loss allowance provision	2,014	657	3,901	540,572	547,144

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

During the financial year, the Group wrote-off S$853 (2017: S$104,504) of trade receivables against allowance (Note 13) which are more than 90 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

27. Financial instruments

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

	Group		
	31 December 2018	31 December 2017	1 January 2017
	S$	S$	S$
Financial assets measured at amortised cost			
Deposits (non-current)	**296,060**	279,520	249,400
Staff housing deposits (non-current)	**150,600**	245,300	255,200
Other long term asset	**333,500**	333,500	333,500
Trade receivables	**1,047,240**	1,167,156	1,206,896
Other receivables and deposits	**303,785**	270,580	379,419
Cash and cash equivalents	**41,633,380**	53,584,356	53,907,591
	43,764,565	55,880,412	56,332,006
Financial liabilities measured at amortised cost			
Trade payables	**318,083**	735,476	294,854
Other payables and liabilities	**761,010**	1,046,013	1,138,682
Bonds – Interest payable	**1,274,926**	1,461,698	1,548,318
Borrowings – Bonds (net of amortised issuance expenses)	**117,650,547**	134,493,352	142,047,437
	120,004,566	137,736,539	145,029,291

	Company		
	31 December 2018	31 December 2017	1 January 2017
	S$	S$	S$
Financial assets measured at amortised cost			
Other receivables and deposits	**12,000**	12,000	12,000
Cash and cash equivalents	**5,864,143**	3,566,029	9,760,078
Amount due from subsidiary (non-current)	**–**	135,000,000	143,000,000
Amount due from subsidiary (current)	**129,178,611**	–	1,701,005
	135,054,754	138,578,029	154,473,083
Financial liabilities measured at amortised cost			
Other payables and liabilities*	**81,831**	86,612	77,403
Amount due to subsidiary (current)	**–**	384,617	–
Bonds – Interest payable	**1,274,926**	1,461,698	1,548,318
Borrowings – Bonds (net of amortised issuance expenses)	**117,650,547**	134,493,352	142,047,437
	119,007,304	136,426,279	143,673,158

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

The fair value of bonds is derived from quoted prices in active markets for identical instruments (level 1).

	31 December 2018	31 December 2017	1 January 2017
	S$	S$	S$
Fair value of the bond	**116,092,080**	135,702,000	141,555,700

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 operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

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	
	2018	2017
	S$	S$
Total gross debt^	**117,750,000**	135,000,000
Equity attributable to owners of the company		
Share capital	**99,253,226**	99,253,226
Revenue reserve	**69,939,886**	74,455,880
Other reserves	**(26,169,469)**	(26,169,485)
	143,023,643	147,539,621
Gross debt equity ratio	**82.33%**	91.50%
Cash and cash equivalents	**41,633,380**	53,584,356
Less: Total gross debt	**(117,750,000)**	(135,000,000)
Net borrowing position	**(76,116,620)**	(81,415,644)

^ Gross debt relates to unsecured bond borrowings.

30. Events occurring after the reporting period

On 31 January 2019, the Company's wholly-owned subsidiary, Overseas Family School Limited ("OFSL"), entered into a facility agreement with Oversea-Chinese Banking Corporation Limited for a term loan facility of up to S$120,000,000 (the "Facility") for a tenure of 120 months from the date of drawdown of the Facility. The Facility shall be utilised by OFSL to finance the full repayment of the intercompany loan provided by the Company to OFSL, to facilitate the Company's redemption of the Bonds balance of S$117,750,000 upon maturity on 17 April 2019. Details of the repayment terms and interest will be disclosed in the financial statements for the next financial year.

31. Authorisation for issue of financial statements

The consolidated financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 20 March 2019.

SHAREHOLDINGS STATISTICS

As at 12 March 2019

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	1	0.12	10	0.00
100 – 1,000	67	8.05	54,800	0.01
1,001 – 10,000	381	45.79	2,052,770	0.50
10,001 – 1,000,000	365	43.87	28,090,100	6.76
1,000,001 and above	18	2.17	385,165,868	92.73
TOTAL	832	100.00	415,363,548	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
PDAC Private Limited	131,878,138	31.75	–	–
WLH Private Limited	131,878,138	31.75	–	–
Saray Developed Markets Value Fund	29,132,800	7.01	–	–
David Alan Perry[(1)]	–	–	136,915,110	32.96
Wong Lok Hiong[(2)]	–	–	131,878,138	31.75

Notes:

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

(2) Ms Wong Lok Hiong is deemed to be interested in the Shares held by WLH Private Limited by virtue of Section 4 of the Securities and Futures Act as she is the sole shareholder of WLH Private Limited.

SHAREHOLDINGS STATISTICS

As at 12 March 2019

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 12 March 2019, approximately 28.04% of the Company's total number of issued shares is held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed at all times held in the hands of the public.

TWENTY LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1	PDAC PRIVATE LIMITED	131,878,138	31.75
2	WLH PRIVATE LIMITED	131,878,138	31.75
3	CITIBANK NOMINEES SINGAPORE PTE LTD	43,588,972	10.49
4	DBS NOMINEES PTE LTD	16,968,300	4.09
5	DBSN SERVICES PTE LTD	14,909,300	3.59
6	DB NOMINEES (SINGAPORE) PTE LTD	8,833,700	2.13
7	RAFFLES NOMINEES (PTE) LIMITED	8,147,200	1.96
8	BPSS NOMINEES SINGAPORE (PTE.) LTD.	5,621,500	1.35
9	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	4,134,120	1.00
10	PHILLIP SECURITIES PTE LTD	4,121,300	0.99
11	HSBC (SINGAPORE) NOMINEES PTE LTD	2,992,800	0.72
12	UOB KAY HIAN PTE LTD	2,788,400	0.67
13	MAYBANK KIM ENG SECURITIES PTE LTD	2,681,800	0.65
14	D'OASIS PTE LTD	1,904,900	0.46
15	IWAN RUSLI @ LIE TJIN VAN	1,400,000	0.34
16	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,222,000	0.29
17	KGI SECURITIES (SINGAPORE) PTE. LTD.	1,049,700	0.25
18	LEONG KAI CHUNG	1,045,600	0.25
19	CHEE JINGYING JOYCE (XU JINGYING)	1,000,000	0.24
20	ANG HAO YAO (HONG HAOYAO)	888,000	0.21
	TOTAL	**387,053,868**	**93.18**

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 Wednesday, 24 April 2019 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 2018 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare final dividend (tax exempt one-tier) of S$0.0275 per ordinary share for the financial year ended 31 December 2018. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$440,000 in advance for the financial year ending 31 December 2019. **(Resolution 3)**

4. To re-elect the following Directors of the Company retiring pursuant to Regulation 96 of the Constitution of the Company:

   Mr David Alan Perry **(Resolution 4)**
   Mr Tan Teng Muan **(Resolution 5)**

   [See Explanatory Note (i)]

5. To re-elect Mr Ho Hie Wu retiring pursuant to Regulation 102 of the Constitution of the Company. **(Resolution 6)**

   [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 7)**

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

(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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) 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 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, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; 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 8)

[See Explanatory Note (iii)]

By Order of the Board

Chew Kok Liang
Secretary

Singapore, 8 April 2019

Explanatory Notes:

(i) Mr David Alan 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. Please refer to Table A of the Corporate Governance Report on page 54 to page 60 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

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. Please refer to Table A of the Corporate Governance Report on page 54 to page 60 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(ii) Mr Ho Hie Wu will, upon re-election as a Director of the Company, remain as Executive Director of the Company and will be considered non-independent. Please refer to Table A of the Corporate Governance Report on page 54 to page 60 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(iii) The Ordinary Resolution 8 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 and subsidiary holdings) 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 and subsidiary holdings) 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 Share Registration Office of the Company at M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 not less than seventy-two (72) 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.

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 ANNUAL GENERAL MEETING

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 **9 May 2019** for the purpose of determining shareholders' entitlements to the final dividend (tax exempt one-tier) of S$0.0275 per ordinary share for the financial year ended 31 December 2018 ("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 **8 May 2019** 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 **8 May 2019** will be entitled to the Dividend.

Payment of the Dividend (subject to shareholders' approval at the AGM) will be made on **17 May 2019**.

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			

or failing him/her/them*, the Chairman of the Annual General Meeting (the "Meeting"), as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Meeting of the Company to be held at 81 Pasir Ris Heights, Singapore 519292, on Wednesday, 24 April 2019 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/their* discretion.

No.	Resolutions relating to:	No. of votes 'For'$^{\Delta}$	No. of votes 'Against'$^{\Delta}$
1	Audited Financial Statements for the financial year ended 31 December 2018		
2	Payment of proposed final dividend of S$0.0275 per ordinary share for the financial year ended 31 December 2018		
3	Approval of Directors' fees amounting to S$440,000 in advance for the financial year ending 31 December 2019		
4	Re-election of Mr David Alan Perry as a Director		
5	Re-election of Mr Tan Teng Muan as a Director		
6	Re-election of Mr Ho Hie Wu as a Director		
7	Re-appointment of Messrs Ernst & Young LLP as Auditors		
8	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		

$^{\Delta}$ 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 ______________ 2019

Total Number of Ordinary Shares Held

____
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 Share Registration Office of the Company at M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 not less than seventy-two (72) 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 authorized 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 authorized. 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 authorize 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 8 April 2019.

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 byThe Central Depository (Pte) Limited to the Company.

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Overseas Education Limited

81 PASIR RIS HEIGHTS
SINGAPORE 519292

Overseas Education Limited

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