

## RESPONSE TO QUERIES BY SGX-ST ON ANNUAL REPORT FOR FY2016 (“ANNUAL REPORT”)

---

### 1. SGX-ST Query

Paragraph 11.3 of the Code of Corporate Governance 2012 (the “Code”) states that the Board should comment in the Company’s Annual Report on whether it has received assurance from the CEO and the CFO regarding the effectiveness of the company’s risk management and internal control systems.

Please make disclosures on the Board’s comments or otherwise explain the reason(s) for the deviation from the following Code recommendations.

#### Company’s Response

The Company had disclosed in page 58 and 59 of its Annual Report that:

“The Board has received assurance from the CEO and Chief Financial Officer (“CFO”) that, as at 30 June 2016:

- (a) the Group’s 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 were adequate to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, reviews performed by management and various Board committees and assurances received from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group’s internal control and risk management systems were adequate as at 30 June 2016 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.”

### 2. SGX-ST Query

Paragraph 9.3 of the Code states that the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.

As required by Rule 1207(12) of the Listing Manual, please make disclosures as recommended in paragraph 9.3 of the Code or otherwise explain the reason(s) for the deviation from the following Code recommendations.

### Company's Response

It was disclosed in page 57 of the Company's Annual Report that "the Board is of the opinion that the disclosure of such confidential information would not be in the best interests of the Company, and could also be exploited by competitors. The non-disclosure does not compromise the ability of the Company to meet the Code on good corporate governance as the Remuneration Committee, comprising entirely of independent directors, reviews the remuneration package of such key management personnel who are remunerated based on the performance of the Group to ensure that they are fairly remunerated."

The Board is also of the view that disclosing the total remuneration paid in the aggregate to the lean key management team would compromise confidentiality and may affect the retention of competent personnel.

### 3. SGX-ST Query

We refer to the disclosures on page 59 and page 150 of the Company's Annual Report referring to the aggregate value of interested person transaction ("IPT") with Director's associate amounting to S\$28.193 mil. This amounts to 5.17% of the latest audited Net Tangible Asset. Please elaborate on the following:-

- a) Please provide details of the loan from the spouse of a Director of \$12.038mil. Please explain the reasons for and use of proceeds;
- b) Prepayment for purchase of properties from spouse of a Director amounts to \$13.211mil. Please provide details of the acquisition including total cost of the acquisition and when the contract was signed. Please also elaborate on what are the terms of the prepayment and the expected date of completion of the acquisition; and
- c) Is shareholders' approval required for the IPTs under Listing Rule 906(1)(b) taking into account the above. Please provide basis for views.

### Company's Response

- a) The loan extended to the Company by Ms. Doris Chung Gim Lian (spouse of Director, Mr. Chew Hua Seng) is for a sum of \$12.038mil. The loan does not bear any interest and is payable on demand but in any case the demand shall not be made any earlier than 1 July 2017. The loan was advanced to the Company for purposes of funding the Group's working capital and capital expenditure including investments in Europe and Iskandar, Malaysia.
- b) The Company's 75% owned subsidiary, Oriental University City Holdings (H.K.) Limited ("OUCHK"), that is listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong, had on 30 May 2016, entered into Acquisition Agreements (the "Agreements") with Ms. Doris Chung Gim Lian (the "Vendor") to purchase certain land and properties in Malaysia for an aggregate consideration of about \$13.211mil (the "Transaction"). Further details of the Transaction can be found in the attached announcement made by OUCHK on 20 June 2016. The independent shareholders of OUCHK had

approved the Transaction at a general meeting held on 7 July 2016. Pursuant to the Agreements and to facilitate the process of completion, a sum of \$13.211mil was paid by OUCHK to the Vendor towards payment of the purchase consideration and the Vendor (Ms. Doris Chung) had used the sales proceeds to extend a loan to the Company, the details of which were set out in the preceding paragraph.

- c) Shareholders' approval is not required for the IPTs as the aggregate value of the IPTs is \$16.155mil, which represents only 2.96% of the Group's latest audited net tangible assets. In this connection, and for purposes of clarification, the aggregate value of the IPTs has been inadvertently stated as \$28.193mil in the Annual Report. The aggregate value of the IPTs is in fact \$16.155mil as under Rule 909 of the SGX Listing Manual, in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing and not the value of the loan, and in respect of the loan extended by Ms. Doris Chung to the Company, no interest is payable.

On behalf of the Board

Chew Hua Seng  
Chairman and Chief Executive Officer

21 October 2016