

## RESPONSE TO QUERIES BY SGX-ST ON SECOND QUARTER 2018 RESULTS

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### 1. SGX-ST Query

In paragraph 8 “Breakdown of current trade and other payables”, it was announced that “Advance from third party” amounted to \$5.11mil. Please:-

- i) Disclose who this third party is; and
- ii) Provide details on the use of this advance received.

#### Company’s Response

Beijing ZeRenHe Material Limited is the third party who provided this advance which is interest free and has no fixed repayment terms.

This advance was received by a subsidiary and was used to establish a standby letter of credit in People’s Republic of China.

### 2. SGX-ST Query

“Loan from a Director” amounted to \$48.43mil. Please disclose:-

- i) The terms of the loan;
- ii) Reasons for the significant increase of \$38mil;
- iii) The use of proceeds; and
- iv) When the payment will be due.

#### Company’s Response

Loan from a Director is an advance from the Company’s Chairman and CEO, Mr. Chew Hua Seng (“Mr.Chew”). The loan from Mr. Chew is interest free and has no fixed repayment terms.

Mr Chew provided an additional advance of RMB200 million to the Group in December 2017, thereby increasing the Loan from a Director. This additional advance was intended to be used by Wanbo Institute of Science & Technology for its expansion project in XinQiao district, Heifei, but subsequently the construction of this project was postponed to mid 2018. The Group utilized RMB69.325 million of this advance mainly to establish standby letters of credit and repaid the balance RMB130.675 million to Mr. Chew in March 2018.

3. SGX-ST Query

It was announced that “increase in course and education service deferred income from \$10.9 million in FY2017 to \$32.4 million in FY2018 Q2 was mainly due to annual fee collections from students in BC and Wanbo Institute of Science & Technology (“WBC”) and annual education service fees from colleges in Oriental University City Holdings (H.K.) Limited (“OUCHK”) and Oriental University City Limited (“OUCL”) (collectively “OUC”)”. Please provide the reasons for the significant increase in deferred fees received in BC, WBC and OUC.

Company’s Response

BC, WBC and OUC invoice annual fees to the students and customers once a year in the first quarter of each financial year. Unearned fees are deferred in the first quarter which results in a large course and education service deferred income. These unearned fees are progressively recognised as revenue over the course of the remaining financial year.

On behalf of the Board

Chew Hua Seng  
Chairman and Group Chief Executive Officer

3 April 2018