

## RESPONSE TO QUERIES BY SGX-ST ON THIRD QUARTER 2017 RESULTS

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### 1. SGX-ST Query

On Page 14 of the Company's 3Q2017 Results, Receivables from sale of investment properties amounted to \$55.6 million as at 31 March 2017. Please disclose:-

- i) When is receivable of full \$55.6 million for the sale of 490mu land and properties in OUCL due and payable;
- ii) When was disposal completed; and
- iii) Why is amount outstanding so significant.

#### Company's Response

The consideration for the sale of the 490mu land and properties was RMB 700.0 million of which the buyer has paid RMB 426.4 million, leaving a receivable of RMB 273.6 million or \$55.6 million equivalent ("receivable"). The buyer has effective control of the said land and properties since FY2014.

The process for transferring the land and buildings is held back due to the transfer process in The People's Republic of China. Payments by the buyer are non-refundable and the buyer and OUCL are working together closely for the completion to be done as soon as practicable, so that the final payment of the receivable can be made.

### 2. SGX-ST Query

The Company announced that "increase in course and education service deferred income from \$11.8 million in FY2016 to \$20.7 million in FY2017 Q3 was mainly due to annual fee collections from students in BC and WBC and annual education service fees from colleges in OUC".

- i) Please elaborate on the reasons for the significant increase of 75% in course and education service deferred income when revenue has decreased 10% to \$23.86m in 3Q2017

#### Company's Response

The annual course fees from students in BC and WBC and annual education service fees from colleges in OUC are accounted as deferred income in the first quarter of every financial year and then recognised as revenue over the 4 quarters

of the financial year. Thus, the deferred income at the end of the first quarter, being the largest amount of every financial year, will decrease when recognised as revenue over the next 3 quarters.

Comparing the deferred income for FY2017 Q3 and the comparative quarter FY2016 Q3, the decrease is 8.6% which is in line with the 10% decrease in revenue.

The comparative table as follows;

	3Q FY2017	3Q FY2016	Percentage change
	\$'000	\$'000	
Course and education service deferred income	20,707	22,644	(8.6%)

On behalf of the Board

Chew Hua Seng  
Chairman and Group Chief Executive Officer

1 June 2017