IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached preliminary offering circular (the "**Offering Circular**") received by e-mail or otherwise received as a result of electronic communication, and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer (as defined in this Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. **THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.**

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**"). This Offering Circular is being sent at your request and by accepting the email and accessing the attached Offering Circular, you will be deemed to have represented to Standard Chartered Bank (Singapore) Limited (the "**Sole Lead Manager**") and the Issuer that you and any customers you represent are not, that: (i) you are outside the United States; and (ii) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

This Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee (as defined in this Offering Circular), the Agents (as defined in this Offering Circular) or any person who controls any of them, or is a director, officer, employee, agent, representative or affiliate of, any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic form and the hard copy version available to you on request from the Sole Lead Manager.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular. You are reminded that the information in the attached document is not complete and may be changed. Any investment decision should be made on the basis of a complete final Offering Circular.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents (each as defined in the attached Offering Circular) to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Sole Lead Manager or any affiliate of the Sole Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Sole Lead Manager or such affiliate on the Issuer's behalf in such jurisdiction.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018).

INFORMATION IN THIS PRELIMINARY OFFERING CIRCULAR IS NOT COMPLETE AND MAY BE CHANGED. THIS PRELIMINARY OFFERING CIRCULAR IS NOT AN OFFER TO SELL SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT PERMITTED. THE DEFINITIVE TERMS OF THE TRANSACTIONS DESCRIBED HEREIN WILL BE DESCRIBED IN THE FINAL VERSION OF THIS PRELIMINARY OFFERING CIRCULAR.

SUBJECT TO AMENDMENT AND COMPLETION
PRELIMINARY OFFERING CIRCULAR

DATED 18 NOVEMBER 2019
STRICTLY CONFIDENTIAL

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.

(incorporated with limited liability in Singapore with Company Registration No.201009668C)

S$[●]
[●] PER CENT. GUARANTEED AMORTISING BONDS DUE [●]
UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY

CREDIT GUARANTEE AND INVESTMENT FACILITY, A TRUST FUND OF THE ASIAN DEVELOPMENT BANK

Issue Price: [●] per cent.

The S$[●] aggregate principal amount of [●] per cent. Guaranteed Amortising Bonds due [●] (the "**Bonds**") to be issued by Nexus International School (Singapore) Pte. Ltd. (the "**Issuer**") will mature on [●]. The payment obligations of the Issuer in respect of the Bonds, the Trust Deed and the Agency Agreement (both as defined in "*Terms and Conditions of the Bonds*") will be unconditionally and irrevocably guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("**CGIF**" or the "**Guarantor**", and such guarantee, the "**CGIF Guarantee**") to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee.

The Bonds will bear interest on their outstanding principal amount from time to time (as determined in accordance with "*Terms and Conditions of the Bonds — Redemption and Purchase*"). The Bonds will bear interest from (and including) [●] at the rate of [●] per cent. per annum payable semi-annually in arrear on [●] and [●] in each year, commencing on [●] 2019. Unless previously redeemed or purchased and cancelled as provided in the Terms & Conditions of the Bonds, the Issuer will redeem the Bonds in [8] instalments of S$[5,000,000] on [●] 2024, S$[5,000,000] on [●] 2025, S$[5,000,000] on [●] 2026, S$[27,000,000] on [●] 2027, S$[27,000,000] on [●] 2028, S$[27,000,000] on [●] 2029, S$[27,000,000] on [●] 2030 and S$[27,000,000] on [●] 2031 (the "**Maturity Date**") as described under "*Terms and Conditions of the Bonds — Redemption and Purchase*" (such amounts in respect of the Bonds, each an "**Amortisation Amount**").

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future. The payment obligations of the Issuer in respect of all scheduled principal and interest payments when due under the Bonds and the Trust Deed are unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee. Such obligations of the Guarantor under the CGIF Guarantee are direct, unconditional and general obligations of the Guarantor and rank *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

The ability of the Trustee (as defined in "*Terms and Conditions of the Bonds*") or any Bondholder (as defined in "*Terms and Conditions of the Bonds*") to accelerate under the Bonds is limited pursuant to the terms of the Trust Deed. For a description of this and certain other restrictions of the CGIF Guarantee, see "*Description of the CGIF Guarantee*" and "*Risks relating to the Guarantor and the CGIF Guarantee*".

In addition, at any time following the occurrence of a CGIF Acceleration (as defined in "*Terms and Conditions of the Bonds*"), the Guarantor may at its discretion, on giving not less than seven nor more than 15 days' notice to the Issuer, the Trustee and the Paying Agent, require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so the Guarantor may, give notice to the Bondholders, the Trustee and the Paying Agent in accordance with the Terms and Conditions of the Bonds (which notice shall be irrevocable).

For a description of these and certain further restrictions on offers, sales and resales of the Bonds and the CGIF Guarantee and the distribution of this Offering Circular, see "*Subscription and Sale*".

The Bonds are expected to be rated AA by S&P Global Ratings, a division of S&P Global Inc. ("**S&P**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in the Bonds involves risks. For a description of certain risks to be considered in connection with an investment in the Bonds, see "*Risk Factors*" beginning on page 5.

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") and the Bonds are offered by the Issuer pursuant to exemptions provided under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "**SFA**"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the SFA; (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

The Bonds will be issued in registered form and in the denomination of S$250,000 each. The Bonds will initially be represented by a global certificate in registered form (the "**Global Certificate**"), which will be deposited with The Central Depository (Pte) Limited (the "**CDP**") on or about [●] 2019 (the "**Issue Date**"). The transfer of Bonds will be effected in accordance with the rules and procedures for the time being of CDP.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries or associated companies or the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 (or its equivalent in other currencies) for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. There is currently no market for the Bonds.

The Bonds and the CGIF Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any other jurisdiction. The Bonds and the CGIF Guarantee may not be offered, sold, pledged or otherwise transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds and the CGIF Guarantee are being offered and sold outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). For a description of these and certain further restrictions on offers, sales and transfers of the Bonds and the CGIF Guarantee and distribution of this Offering Circular, see "*Subscription and Sale*".

Sole Lead Manager

Standard Chartered Bank

The date of this Offering Circular is [●] 2019.

IMPORTANT NOTICE

The Issuer confirms that this Offering Circular (other than the section entitled "*Information on the Guarantor*") contains as of its date of issue all information with respect to it and to the Bonds which is (in the context of the issue, offering and sale of the Bonds) material and does not, as of its date of publication, contain any untrue statement of a material fact nor does it, as of such date, omit to state any material fact necessary to make the statements about the Issuer therein, in the light of the circumstances under which they were made, not misleading. Any opinions, predictions or intentions expressed in this Offering Circular (other than the section entitled "*Information on the Guarantor*") are as of such date honestly held or made; and all reasonable enquiries have been made to ascertain or verify all material facts for the purpose of the foregoing. The Issuer accepts responsibility for the information contained in this Offering Circular accordingly.

The Guarantor confirms that: as of its date of issue, the information in relation to the Guarantor contained in the section entitled "*Information on the Guarantor*" of this Offering Circular is true and accurate in all material respects and is not misleading in any material respect; the section entitled "*Information on the Guarantor*" of this Offering Circular does not omit to state any material fact necessary to make such information relating to the Guarantor (in the context of the giving of the CGIF Guarantee) not misleading in any material respect; and all proper enquiries were made by the Guarantor to ascertain or verify the foregoing.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the issuance and offering of the Bonds described herein. The Sole Lead Manager reserves the right, for any reason, to reject any offer to subscribe for the Bonds, in whole or in part.

The distribution of this Offering Circular and the offering, sale or delivery of the Bonds in certain jurisdictions may be restricted by law. Persons who acquire this Offering Circular are required by the Issuer, the Guarantor, the Sole Lead Manager, the Trustee and the Agents (as defined in the "*Terms and Conditions*") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*". This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer, invitation to subscribe or purchase, or solicitation is not authorised or would be unlawful. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. Nothing contained in this Offering Circular is, or shall be relied upon as a promise or representation, whether as to the past or the future.

No person has been authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Bonds or the CGIF Guarantee other than those included in this Offering Circular in connection with the issuance, offering or sale of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication or constitute any representation that there has been no change in the Issuer's affairs or that there has been no adverse change in the Issuer's financial position since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or create an implication that any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Information in respect of the Guarantor contained in this Offering Circular has been provided by the Guarantor and has not been verified by the Issuer and the Issuer does not take any responsibility, express or implied, for any information contained in the section entitled "*Information on the Guarantor*". The Issuer has not taken any steps to verify the accuracy of any of the information contained in the section entitled "*Information on the Guarantor*", and no representation or warranty, express or implied, is made by the Issuer as to the accuracy or completeness of the information contained in that section.

Information in respect of the Issuer contained in this Offering Circular has been provided by the Issuer and has not been verified by the Guarantor. None of the Guarantor, its management nor its employees take any responsibility, express or implied, for any information contained in this Offering Circular, other than the information contained in the section entitled "*Information on the Guarantor*". In addition, none of the foregoing parties has taken any steps to verify the accuracy of any of the information included in this Offering Circular, other than the information contained in the section entitled "*Information on the Guarantor*", and no representation or warranty, express or implied, is made by any such parties as to the accuracy or completeness of the information contained in this Offering Circular.

None of the Sole Lead Manager, the Guarantor, the Trustee and the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Circular. None of the Sole Lead Manager, the Trustee and the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers has independently verified any of such information and assumes no responsibility for its accuracy or completeness. Each person receiving this Offering Circular acknowledges that such person has not relied on the Sole Lead Manager, the Guarantor, the Trustee and the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers in connection with its investigation of the accuracy of such information or its investment decision. Neither this document nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers that any recipient of this document, or any other information supplied in connection with the offering of the Bonds, should purchase the Bonds. Each person contemplating making an investment in the Bonds must make its own investigation and analysis of the Issuer's and the Guarantor's creditworthiness and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. No person should construe the contents of this Offering Circular as legal, business or tax advice and each person should be aware that it may be required to bear the financial risks of any investment in the Bonds for an indefinite period of time. Each person should consult its own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of an investment in the Bonds. To the fullest extent permitted by law, none of the Sole Lead Manager, the Guarantor, the Trustee and the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers accepts any responsibility for the contents of or any omission from this Offering Circular or for any statement made or purported to be made by it or on its behalf with respect to the Issuer or the offering and issuance of the Bonds for so long as the Bonds remain outstanding nor undertake to advise any investor or potential investor of the Bonds of any information coming to the attention of any of the Sole Lead Manager, the Guarantor, the Trustee, the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers. Each of the Sole Lead Manager, the Guarantor, the Trustee and the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers accordingly disclaims any and all liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers to subscribe for or purchase, any Bonds in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorised or to any person to whom it is unlawful to make such offer, invitation or solicitation.

None of the Issuer, the Guarantor, the Sole Lead Manager nor or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation to any investor regarding the legality of an investment by such investor under applicable laws. Investors should not consider any information in this document to be legal, business and tax advice regarding an investment in the Bonds. See the section entitled "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Issuer and the Sole Lead Manager are relying on the exemption from registration under the Securities Act provided by Regulation S for offers and sales of securities made outside the United States. The Bonds and the CGIF Guarantee have not been registered under the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may be offered or sold only in transactions that are exempt from or not subject to, the registration requirements of the Securities Act and any other applicable laws.

Each purchaser of the Bonds must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Bonds or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of such Bonds under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer, the Guarantor nor the Sole Lead Manager shall have any responsibility therefor.

The Sole Lead Manager and any of its affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Issuer or the Guarantor.

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult his or her adviser.

IN CONNECTION WITH THE ISSUE OF THE BONDS, THE SOLE LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS A STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. ANY STABILISATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer and the Guarantor believe this information to be reliable, this information has not been independently verified by the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers, and none of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

The appointment of the Trustee and the Agents is subject to internal approvals by the entities named as such in this Offering Circular.

CERTAIN DEFINED TERMS AND CONVENTIONS

All references to the "**Issuer**" are references to Nexus International School (Singapore) Pte. Ltd.

All references to the "**United States**" or "**U.S.**" are to the United States of America. All references to "**Singapore**" are to the Republic of Singapore.

Unless otherwise indicated or required by the context, all references in this Offering Circular to "**U.S. dollars**" or "**U.S.$**" are to United States dollars, the lawful currency of the United States and to "**Singapore dollars**" or "**S$**" are to Singapore dollars, the lawful currency of Singapore. Rounding adjustments have been made in calculating some of the financial information included in this Offering Circular. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the audited financial statements of the Issuer as at and for the three years ended 31 December 2016, 2017 and 2018 (the "**Audited Financial Statements**") which have been audited by Crowe Horwath First Trust LLP ("**Crowe**") and prepared in conformity with Singapore Financial Reporting Standards ("**SFRS**") issued by the Accounting Standards Council.

This Offering Circular also contains certain financial information relating to the Guarantor for the years ended 31 December 2017 and 2018, which has been extracted from the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2017 and 2018 (the "**Guarantor Audited Financial**

Statements"). The Guarantor Audited Financial Statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), have been audited by Deloitte & Touche LLP ("**Deloitte**") and are available at the following website page: http://www.cgif-abmi.org/investors/financial-statements.

The Audited Financial Statements were prepared in accordance with SFRS, which differ in certain respects from generally accepted accounting principles in other countries, including IFRS, which differences might be material to the financial information presented herein. Potential investors should consult their own professional advisers for an understanding of the difference between SFRS, IFRS and accounting principles in certain other jurisdictions, and how those differences might affect the financial information presented herein. In making an investment decision, investors must rely upon their own independent examination of the Issuer and the Guarantor, the terms of this offering and the recent financial information of the Issuer and the Guarantor. Unless specified or the context otherwise requires, all financial information in this Offering Circular relating to the Guarantor is presented on a consolidated basis, and all financial information in this Offering Circular relating to the Issuer is presented on an unconsolidated basis.

ROUNDING

In this Offering Circular, amounts may have been rounded up or down. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. References to information in billions of units are to the equivalent of a thousand million units.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

This Offering Circular includes words such as "believe", "plan", "expect", "intend", "should", "seek", "estimate" "will", "aim" and "anticipate" and similar expressions that constitute "forward-looking statements" as that term is defined under U.S. federal securities laws.

Such statements are subject to certain risks and uncertainties because they relate to and depend on events and circumstances that may or may not occur. The Issuer cautions potential investors that forward-looking statements are not guarantees of future performance and that the Issuer's actual financial condition, results of operations and cash flows, and prospects may differ materially from those made in or suggested by the forward-looking statements included in this Offering Circular. In addition, even if the Issuer's financial condition, results of operations and cash flows and prospects are consistent with such statements, those results or developments may not be indicative of results or prospects in subsequent periods. Actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, many of which are beyond the Issuer's control, including:

- competition in the Issuer's industry;
- the Issuer's ability to attract learners to its school;
- the Issuer's ability to maintain its licences and certifications;
- increases in the Issuer's costs and its ability to maintain or increase its fee levels;
- an inability to attract and retain key management and well-qualified teachers;
- general economic and political conditions;
- the Issuer's ability to implement its business strategy and plan of operation;
- the Issuer's financial condition and results of operations;
- information technology system failures;
- changes in regulatory environment;
- the Issuer's potential liability for events that occur at its school, and any insurance shortfalls or increased premia which may result from such events; and
- those other risks identified in the "*Risk Factors*" section of this Offering Circular.

These factors, among others, could cause the Issuer's actual results to vary materially from those estimated, anticipated or projected. Although the Issuer believes that its management's expectations as reflected in such forward-looking statements are reasonable based on information currently available to the Issuer, it cannot be assured that such expectations will be realised. Accordingly, prospective purchasers are cautioned to not place undue reliance on such forward-looking statements and to carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the

Issuer operates. Such forward-looking statements speak only as of their dates, and the Issuer undertakes no obligation to publicly revise any of them, whether as a result of new information, future events or otherwise, subject to compliance with all applicable laws, including the rules of the SGX-ST. The Issuer urges potential investors to read this Offering Circular, including the sections entitled "*Risk Factors*" and "*Business*" for a more complete discussion of the factors that could affect the Issuer's performance.

CONTENTS

SUMMARY OF THE OFFERING

The following is a general summary of the terms of the Bonds and the CGIF Guarantee and it is qualified in its entirety by reference to, and should be read in conjunction, with the general summary section entitled "Terms and Conditions of the Bonds" and the Trust Deed. The Trust Deed prevails to the extent of any inconsistency with the general summary set forth in this section. Terms used in this summary and not otherwise defined have the meanings given to such terms in "Terms and Conditions of the Bonds".

Issuer	Nexus International School (Singapore) Pte. Ltd.
Legal Entity Identifier	254900ES1WPON8Y24V17
Guarantor	Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank.
Bonds Offered	S$[●] in aggregate principal amount of [●] per cent. Guaranteed Amortising Bonds due [●].
Guarantee of the Bonds	The payment obligations of the Issuer in respect of all scheduled principal and scheduled interest payments when due under the Bonds and the Trust Deed are irrevocably and unconditionally guaranteed by the Guarantor to the extent of, and in accordance with and subject to, the terms of the CGIF Guarantee.
Issue	The Bonds are proposed to be issued under the ASEAN+3 Multi-Currency Bond Issuance Framework ("**AMBIF**").
Issue Price	[●] per cent. of the principal amount of the Bonds.
Issue Date	[●] 2019.
Maturity Date	[●].
Redemption	Unless previously redeemed or purchased and cancelled as provided in the Terms and Conditions of the Bonds, the Bonds will be redeemed in [8] instalments of S$[5,000,000] on [●] 2024, S$[5,000,000] on [●] 2025, S$[5,000,000] on [●] 2026, S$[27,000,000] on [●] 2027, S$[27,000,000] on [●] 2028, S$[27,000,000] on [●] 2029, S$[27,000,000] on [●] 2030 and S$[27,000,000] on the Maturity Date as described under "*Terms and Conditions of the Bonds—Redemption and Purchase*". The Bonds shall be finally redeemed at their final Amortisation Amount payable on the Maturity Date.
Interest	The Bonds will bear interest on their outstanding principal amount from time to time from (and including) the Issue Date at the rate of [●] per cent. per annum, payable semi-annually in arrear.
Interest Payment Dates	[●] and [●] in each year, commencing [●].
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future.
Status of the CGIF Guarantee	The payment obligations of the Issuer in respect of all scheduled principal and interest payments when due under the Bonds, the Trust Deed and the Agency Agreement will be unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to, the terms of the CGIF Guarantee.

Such obligations of the Guarantor under the CGIF Guarantee are expressed under the Trust Deed to constitute direct, unconditional and general obligations of the Guarantor and rank *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

The CGIF Guarantee does not cover any relevant amounts of principal or accrued but unpaid interest that become payable by the Issuer on the exercise by it of an early redemption, including as a result of the Issuer's redemption for tax reasons (see Condition 6(b) (*Redemption and Purchase—Redemption for tax reasons*)) of the Terms and Conditions of the Bonds). In order to mitigate any risk of the Issuer not paying the relevant amount of principal and/or accrued but unpaid interest arising out of or in connection with the Issuer exercising any of its rights of early redemption, the Issuer, in exercising its rights for redemption for tax reasons, is required to, not less than one Business Day prior to the publication of any notice of redemption in relation to redemption for tax reasons under Condition 6(b) (*Redemption and Purchase—Redemption for tax reasons*) of the Terms and Conditions of the Bonds, transfer to a Singapore dollar account maintained by the Paying Agent for the benefit of the Bondholders an amount in Singapore dollars in immediately available cleared funds sufficient to redeem the Bonds at their principal amount together with any interest accrued but unpaid to the relevant date fixed for redemption.

The recourse of the Trustee to CGIF under the CGIF Guarantee and any other documents related to the Bonds is limited solely to assets of CGIF and the Trustee has no recourse to any assets of Asian Development Bank or any other contributors to CGIF. Any obligation under the CGIF Guarantee of CGIF does not constitute an obligation of Asian Development Bank or any other contributors to CGIF.

For further information on the terms of the CGIF Guarantee, see "*Description of the CGIF Guarantee*" and Appendix A.

Use of Proceeds . . . . The Issuer will apply the net proceeds of the offering and issuance of the Bonds as follows: (i) repay the existing loan granted to it in respect of the development of the Issuer's new international school complex located at 1 Aljunied Walk, Singapore 387293 (the "**new complex**"), (ii) finance its unpaid expenses for the development of the new complex, (iii) on-lend funds to Taylor's Education Pte. Ltd. ("**TEPL**") to refinance the equity capital injection in relation to the development of the new complex, and (iv) apply any excess amount in the manner agreed with the Guarantor. See "*Use of Proceeds*".

Negative Pledge . . . . The terms of the Bonds contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*) of the Terms and Conditions of the Bonds.

Redemption for tax reasons . . . . The Bonds may be redeemed at the option of the Issuer in whole, but not in part only, at any time, on giving not less than thirty (30) nor more than sixty (60) days' notice to the Bondholders, the Guarantor, the Trustee and the Paying Agent in accordance with the Terms and Conditions of the Bonds (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, in the event of certain tax changes if, immediately before giving such notice, the Issuer satisfies certain conditions as described in Condition 6(b) (*Redemption and Purchase—Redemption for tax reasons*) of the Terms and Conditions of the Bonds.

Redemption in the event of a CGIF Acceleration	At any time following the occurrence of a CGIF Acceleration (as defined herein), the Guarantor may at its discretion, on giving not less than seven (7) nor more than fifteen (15) days' notice to the Issuer, the Trustee and the Paying Agent, require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so the Guarantor may, give notice to the Bondholders, the Trustee and the Paying Agent in accordance with the Terms and Conditions of the Bonds (which notice shall be irrevocable).
Events of Default	The terms of the Bonds contain certain events of default provisions as further described in Condition 9 (*Events of Default*) of the Terms and Conditions of the Bonds.
Selling and Transfer Restrictions	The Bonds and the CGIF Guarantee will not be registered under the Securities Act or under any state securities laws of the United States or of any other jurisdiction, and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".
Form and Denomination of the Bonds	The Bonds will be issued in registered form and in the denomination of S$250,000 each. The Bonds will be represented by the Global Certificate, which will be deposited with CDP on or about the Issue Date. The transfer of Bonds will be effected in accordance with the rules and procedures for the time being of CDP.
Clearing and Settlement	Clearance of the Bonds will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. For a description of certain factors relating to clearance and settlement, see "*Clearing and Settlement*".
Trustee and Registrar	Citicorp International Limited.
Paying Agent and Transfer Agent	Citicorp Investment Bank (Singapore) Limited.
ISIN Code	[●]
Common Code	[●]
Listing	Application has been made to the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries or associated companies, or the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 (or its equivalent in other currencies) for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. The Bonds issued are proposed to be issued under the AMBIF. AMBIF is a policy initiative under the Asian Bond Markets Initiative ("**ABMI**") that seeks to facilitate intra-regional bond and note issuances by streamlining market practices, documentation and disclosure information requirements common among ASEAN+3 domestic bond markets. Through the AMBIF, issuers are able to expand into ASEAN+3 markets outside their country of domicile, and investors are able to actively participate in the region's various investment opportunities.

	Since ABMI established the ASEAN+3 Bond Market Forum in 2010, four entities have issued debt under the AMBIF format in four different jurisdictions. The CGIF-Guaranteed Corporate Bonds Issuance by the Issuer will be the second debt issuance in Singapore under such format. The Bonds serve as the benchmark for issuers that may seek to tap ASEAN+3 markets in the future as a means of diversifying funding and expanding regional capital markets presence.
Governing Law	The Bonds, the CGIF Guarantee, the Trust Deed, the Agency Agreement and any non-contractual obligations arising out of or in connection therewith will be governed by, and will be construed in accordance with English law and any disputes arising thereunder are subject to arbitration under the Rules of the Singapore International Arbitration Centre.
Ratings	The Bonds are expected to be rated AA by S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. No guarantee is made that such ratings will not be adversely revised or withdrawn either before or after delivery of the Bonds. See "*Risk Factors—Risk Relating to the Bonds*".
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see "*Risk Factors*".

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Potential investors should carefully consider all the information contained in this Offering Circular including the risks described below before making an investment decision. The Issuer's business, financial condition and results of operations could be materially and adversely affected by any of these risks. The market price of the Bonds could decline due to any of these risks and investors may lose all or part of their investment. The risks described below are not the only ones that may affect the Issuer or the Bonds. This Offering Circular contains forward-looking statements relating to events that involve risks and uncertainties. The Issuer's actual results may differ materially from those anticipated in forward-looking statements as a result of various factors, including the risks faced by the Issuer described below and elsewhere in this Offering Circular.

Risks Relating to the Issuer's Business and Operations

The Issuer's business is subject to licensing requirements

The Issuer's business is subject to various licensing requirements in Singapore including but not limited to Committee for Private Education ("**CPE**") registration, CPE Edutrust certification, building occupancy licence granted by the Building and Construction Authority of Singapore, and licences related to the Issuer's ability to offer an international curriculum. Licences are renewed for NISS on a periodic basis and contain various on-going conditions. Any termination or suspension of any licence or non-renewal of any of the Issuer's licences for whatever reason could result in the cessation of the business under that licence, significantly curtail the Issuer's ability to enrol new learners and/or cause the Issuer to incur costs to fulfil its obligations to the enrolled learners. Consequently, the Issuer's business, financial condition, results of operations and prospects may be adversely affected.

The Issuer's performance is dependent on enrolment and re-enrolment of learners in its school

Increasing enrolments of learners and utilisation rates of NISS' campus facilities and maintaining re-enrolment figures in NISS is critical in ensuring the sustained financial performance of the Issuer. A number of factors may contribute to a drop in learner enrolment rates at NISS, including increased competition with other providers of private education, adverse publicity against the Issuer, an economic downturn, expatriate relocation, decline in learner performance or parent satisfaction, maintaining curricula that are attractive to learners, or other disruptive events which could cause the temporary or permanent closure of NISS. As its learners largely consists of children from expatriate families, NISS is particularly sensitive to a decline in the number of expats in Singapore as a result of any micro or macro-economic factors. In addition, if education quality is not maintained at NISS, parents may choose not to re-enrol their children, or even to withdraw their children from NISS. If any of these factors materialise, the Issuer's marketing and advertising strategies may become less effective and lead to reduced enrolment and/or retention rates of its learners. Any reduction in numbers of learners enrolling in or attending NISS could have an adverse effect on the Issuer's business, prospects, results of operations and financial condition.

If the Issuer is not able to attract, employ, train and retain well qualified teachers, it may impact the quality of instruction at NISS, compromising academic performance and overall reputation

Well trained and sufficiently qualified teachers are critical to maintaining the quality of instruction provided at NISS. The Issuer's ability to deliver high quality education across a range of curricula is dependent on the availability of qualified teachers and its ability to continue to recruit, employ, train and retain such teachers. In addition, the Issuer's ability to retain and, where necessary, attract teachers, principals, school administrators and support staff is critical to maintaining its current and future intended growth strategy in an environment where the recruitment of teachers in the international school market in Singapore is highly competitive. A shortage of quality teaching personnel and a high turnover rate of staff could lead to ineffective delivery of the curricula offered to learners, impacting their academic performance and the Issuer's reputation and brand. An adverse impact on the Issuer's reputation and brand may lead to an adverse effect on its business, prospects, results of operations and financial condition.

The Issuer faces significant competition in the market in which it operates, and if it does not compete efficiently, it may lose market share

The education sector in Singapore is evolving, fragmented and competitive. The Issuer competes with other private sector schools and other providers, including those that offer the same curricula and operate at similar fee points. In the future, the Issuer may experience increased competition in the region if more private schools are established or the industry undergoes consolidation. Some of the Issuer's competitors may have greater financial and other resources and, as a result, may be in a better position to compete for future business opportunities. Therefore, if the Issuer is not able to differentiate the academic and extra-curricular experience offered to its learners from that offered by its competitors, this may lead to a decrease in enrolment and profitability which may in turn have an adverse effect on the Issuer's business, prospects, results of operations and financial condition.

The Issuer may not be able to retain key personnel or hire and retain additional personnel needed to sustain and grow its business as planned

The Issuer's success depends, to a large degree, on its ability to attract and retain highly qualified principals, school administrators, support staff and corporate management. The Issuer may have difficulty locating and hiring quality personnel, and retaining such personnel once hired. In addition, key personnel may leave the organisation and subsequently join a competitor. The Issuer does not have key man insurance for its key personnel, Chairman, directors or members of senior management. Therefore, the loss of service of any of its key personnel including the Chairman of the Issuer or a failure to attract and retain other qualified and experienced personnel on acceptable terms could impair the Issuer's ability to successfully sustain and grow its business, which could have an adverse effect on its business, prospects, results of operations and financial condition.

The Issuer's financial performance depends in part on its ability to maintain or increase the fees charged by NISS

Fees charged at the Issuer's school are maintained at a competitive level in Singapore. Certain factors could have an adverse impact on the Issuer's ability to maintain or increase the level of tuition fees that it charges. These factors include, among other things:

- negative perceptions of the quality of education offered at NISS;
- resistance to tuition fee increases by tuition payers (parents and employers) due to difficult economic conditions or previous fee increases in recent academic years;
- reductions or discounts of tuition fees by other schools that seek to compete in the Issuer's markets and lower fees of new competitor schools; and
- future possible imposition of regulation by educational authorities and regulators on the ability to increase tuition fees.

In addition, changes in the compensation and benefits packages of those parents whose employers pay for their children's tuition fees may alter the amount or way in which employers pay for tuition fees and may negatively affect the Issuer's ability to maintain or increase tuition fees. A change may cause parents to become more price sensitive in respect of the tuition fees they are willing to pay. The inability to maintain or increase tuition fees could have an adverse effect on the Issuer's business, prospects, results of operations and financial condition.

If the pattern of payment of fees in NISS changes, this could create cash flow issues for the Issuer

Tuition fees are invoiced by semesters with two semesters each academic year. The timing of the Issuer's expenses, however, may not necessarily correspond to this pattern. If the Issuer were required by regulation or as a result of market conditions to collect fees other than by way of instalments as described above, this would have a negative effect on the Issuer's cash flow and the Issuer may require additional working capital or third-party funding to finance its operations. Such financing may not be available at commercially reasonable rates, or at all.

The Issuer relies on the timely payment of the tuition fees it charges to its learners. For the financial year ended 31 December 2018, general bad debts provisions were S$38,901, representing 0.15 per cent of 2018 fee income. Any future increase in defaults and/or significant delays in the payment of tuition fees may impact the Issuer's cash flows and its ability to meet its obligations which may in turn have an adverse effect on its business, prospects, results of operations and financial condition.

The Issuer maintains accreditation with academic-based organisations which, if not renewed, would adversely affect its ability to deliver educational programmes

The Issuer maintains relationships in the form of registrations with several academic-based organisations around the world, which include the validation or accreditation of the programmes delivered by the school. Should the Issuer fail to maintain the minimum standards required by these academic-based organisations, it may have to withdraw certain programmes and experience a reduction in its learner enrolment as a result, which may have an adverse impact on the Issuer's business, results of operations and financial condition.

Should these academic-based organisations find that the Issuer is not in compliance with the quality control measures as required, they may choose not to renew the Issuer's accreditation, which may have an adverse impact on the Issuer's business, results of operations and financial condition.

The Issuer may be liable for events that occur at its school and the Issuer's insurance may be inadequate or premiums may increase substantially as a result of the occurrence of such events

The Issuer's business involves an inherent risk of liability. The activities in which the Issuer engages include a series of risks related to the health and safety of learners and other beneficiaries of the services that it provides. Such risks including, among other things, liability for the actions of the principal, teachers, staff and learners on or off the school's premises and any accidents, injuries or incidents occurring from the activities organised by or for the Issuer, and the transportation services provided by the Issuer. The Issuer could also be held liable for any accidents, injuries or loss suffered by learners, staff or third parties at the school or at events supervised by its school. The Issuer could also face claims alleging that it was negligent, provided inadequate supervision or was otherwise liable.

The Issuer currently maintains liability insurance, which it believes is adequate and consistent with industry practice and that it considers reasonable and appropriate for its activities. It is possible, however, that such insurance cover may be inadequate for all risks and/or eventualities and that claims may be rejected by the relevant insurers. Irrespective of the availability of insurance, a successful claim against the Issuer due to injuries suffered by its learners or other people at NISS or while transporting learners to and from school could adversely affect its reputation and have a significant impact on its financial results. Even if unsuccessful, such a claim could cause unfavourable publicity, require substantial cost to defend and divert management time and attention, and claims in excess of the Issuer's insurance coverage or claims not covered by its insurance could arise.

Furthermore, there can be no assurance that the Issuer will be able to obtain liability insurance coverage in the future on acceptable terms or at all. Claims against the Issuer, regardless of their merit or eventual outcome, may increase the premiums payable by it for the insurance coverage and also have a material adverse effect upon its reputation and its ability to attract or retain learners. A successful claim against the Issuer which is not covered by or is in excess of its insurance coverage could have a material adverse effect on its business, prospects, results of operations and financial condition. See "*Description of the Issuer—Insurance*".

The Issuer may be affected by risks associated with technological shift in teaching to e-learning

There has been an increase in online learning, some of it free, which has had an impact on learning methods. There is a risk that in the future this could impact on the Issuer. Whilst this additional form of teaching is embraced by the Issuer and its learners as it complements existing teaching methods and provides flexibility to learners, it also carries challenges. Learners' expectations regarding the delivery of web-based learning are higher and as a result the Issuer is under pressure to ensure that the technology used is efficient, up to date and competitive. A failure to keep pace with the development of digital and blended programmes could impact the Issuer's ability to provide learners with an outstanding education.

Any failure or inability of the Issuer to protect its intellectual property rights could reduce the value of the Issuer's services and brand

The Issuer's trademarks, copyrights, trade secrets and other intellectual property rights are critical to its ability to continue to develop and enhance its brand recognition. Nexus International School Sdn Bhd is the registrant of trademarks relating primarily to the Issuer's logo and the name "Nexus International School" in Singapore, Malaysia, China, Indonesia, Thailand and Vietnam, and the Issuer has the license to use the "Nexus International School" trademark in Singapore.

To protect its brand and other intellectual property, the Issuer relies on a combination of trademarks, copyrights and confidentiality agreements with its employees, contractors and others. However, there can be no assurance that the efforts to protect its intellectual property rights will be adequate or that any third party will not infringe or misappropriate these rights whether in the jurisdictions where the Issuer currently operates or elsewhere. Additionally, there can be no assurance that the Issuer's competitors will not independently develop similar intellectual property.

Any infringement or misappropriation of the Issuer's intellectual property rights or the development by its competitors of similar intellectual property may have an adverse effect on the Issuer's business, prospects, results of operations and financial condition.

The Issuer's ability to service its debt will depend on its future performance

The Issuer's ability to service its debt will depend on its future performance, which, in turn, depends on the successful implementation of its strategies and on financial, competitive, regulatory, technical and other factors such as general economic conditions which are beyond the Issuer's control. If the Issuer is unable to service its debt, the lenders of its secured debt may foreclose on the security securing its debt obligations, which could result in the Issuer losing control over property and assets and/or adversely affect its ability to continue its operations.

The Issuer collects and retains personal data and unauthorised disclosure of this personal data could have a damaging effect on the Issuer's business

The Issuer maintains records that include personal data, such as academic and medical records, addresses, family information, sensitive personal information (including ethnicity, gender and disability information of its learners and employees) and other information. If the security measures which the Issuer uses to protect personal data are ineffective due to a systems failure, cyberattack or other reasons, the Issuer could be subject to liability, including for breach of data protection legislation, claims of invasion of privacy, impersonation, unauthorised purchases or other claims. In addition, if any one of the Issuer's employees, independent consultants or third-party contractors fraudulently or otherwise misuses personal data, the Issuer could be liable for such misuse.

The Issuer could incur significant expenses in connection with remedying any such security breaches, settling any resulting claims against the Issuer and providing additional protection from the threat of these breaches. In addition, any failure to protect personal information may adversely impact the Issuer's ability to attract and retain learners and cause the Issuer's reputation to deteriorate and materially and adversely affect its business, prospects, results of operation and financial condition.

The valuation of real estate assets owned by the Issuer is recorded at historical cost, not market value, and their realisable value is inherently subjective. Therefore, the values attributed to these assets in the financial statements may not accurately reflect their market value at any future date and they may be difficult to sell

The Issuer's real estate assets comprise school buildings constructed on leasehold land. No assurance can be given that the carrying value of the Issuer's real estate assets will reflect actual market or sale prices, even if any such sale occurs shortly after the relevant valuation date. Significant differences between assets recorded at historical cost (and not market value) and actual sales prices could have an adverse effect on the Issuer's financial condition and results of operations in the event of a sale of such assets. Further, any sale of the Issuer's real estate may be subject to various governmental approvals and the failure to obtain such approvals may delay or frustrate the divestment of the Issuer's real estate assets.

Real estate assets in general are relatively illiquid and as a result the ability of the Issuer promptly to sell one or more of its properties in response to changing political, economic, financial and investment conditions is limited. The Issuer cannot predict the length of time needed to find a willing purchaser of any of its properties and complete such sale. There is also no assurance as to whether it would be able to find a purchaser of any of its properties and, even if it were able to find a purchaser, to sell the property on commercially reasonable terms. If the Issuer were to sell any assets at a price lower than their market value or if it were unable to find a purchaser for any of its assets either at all or at commercially reasonable terms this could have an adverse effect on its business, prospects, results of operation and financial condition.

The Issuer's lease of the grounds on which the New Campus is situated may be terminated

A good working relationship with the Government of Singapore (as the landlord of NISS' grounds) is important to the successful operation of the school and can also generate additional property development opportunities that support long-term growth. Under the 30-year lease granted to the Issuer, the Issuer must at all times be registered as a private education institution and comply with the covenants, conditions and agreements contained in the lease. In the event of non-compliance, the landlord has unilateral rights of termination under the lease which, if exercised, will cause the Issuer to suffer disruptions in the operations of its school resulting in an increase of its costs which could adversely affect the Issuer's business, prospects, results of operations and financial condition.

The Issuer may be unable to develop, renovate or expand the facilities of its school complex

When seeking to further develop, renovate or expand the facilities of NISS, the following difficulties could be experienced:

- the relevant leasehold land and buildings may not have the capacity to accommodate future expansion;

- the facilities may not be configured to provide for future upgrades;
- the Issuer may not be able to negotiate reasonable terms with the landlord or developer and make new changes within acceptable timeframes; and
- the Issuer may not be able to successfully negotiate amendments to the terms of the relevant lease from the landlord that would permit the necessary future investments to allow for NISS to be expanded.

The Issuer's inability or failure to renovate or expand the facilities of the new school complex could prevent the successful implementation of the Issuer's growth strategy and may adversely affect its business, prospects, results of operations and financial condition.

The Issuer may incur unanticipated costs due to the delay in completion of the construction of the new campus

In the event of any delay in relocating to the new campus beyond January 2020, there will be additional financing and operational costs involving the extension of the existing Ulu Pandan campus lease beyond January 2020. It can take a substantial amount of time before any such new school buildings become operational and start to generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, which may include but are not limited to the following:

- delays or refusals in obtaining the necessary building, occupancy and other required governmental permits, licences, approvals and authorisations;
- shortages of, or defective, materials and/or equipment, labour shortages and/or disputes and disputes with subcontractors;
- increases in the cost of construction materials and/or labour; and
- adverse weather conditions, natural disasters, accidents and/or changes in governmental priorities.

In the event of a delay in the completion and delivery of the new campus beyond a specified contractually agreed deadline, regulators may delay the granting of school licences and instruct delayed school opening. A delay in the opening of the new school complex could also lead to other adverse consequences including having to make up for teaching time resulting in increased teacher and regulatory costs and potentially having to provide refunds of any tuition fees received. The occurrence of any of the above factors could have an adverse effect on the Issuer's business, prospects, results of operations and financial condition.

The Issuer may need additional capital in the future to fund growth initiatives or to operate its business

The Issuer operates in a potentially capital-intensive industry and as such significant investment is required to maintain the school. The New Campus will have higher maintenance costs for its facilities than the current site and if revenues do not proportionately increase, the Issuer's profitability will consequently decline. The Issuer may seek to access the capital markets, property funds and/or development finance to raise funds required to finance working capital requirements, expand its operations, invest in new business initiatives or make strategic acquisitions. If adequate funds are not available or are not available on acceptable terms, the Issuer, landowners, property funds or developers may have to limit growth initiatives, alter strategic plans or take other actions, which may adversely affect the Issuer's business, prospects, financial condition, results of operations and cash flows.

The Issuer may suffer reputational damage due to various circumstances

The Issuer's reputation could be adversely affected under many circumstances, including the following:

- learners or members of staff behaving or being perceived to behave inappropriately or illegally;
- the other business dealings of the shareholders of the Issuer;
- members of staff failing to appropriately supervise learners under their care;
- failure to conduct proper checks on staff who come into contact with children or vulnerable adults;
- accidents or other events occurring at the school that adversely affect learners and other individuals;
- loss of a licence, permit, accreditation or other authorisation to operate the school or provide services under an educational consulting contract;
- inability to maintain consistent levels of quality teaching;
- curricula not perceived as of sufficiently high quality;

- school facilities not meeting the standards expected by parents and learners; or
- other for-profit international schools suffering from reputational loss for any reason.

The occurrence of one or more of these events could result in an adverse effect on the Issuer's business. In addition, the occurrence of any of these events could be more broadly associated with the Issuer's brand and influence the way the business is viewed not only by customers, but also by other constituencies in the education sector and the general public. Under certain circumstances any damage to the reputation of one of the Issuer's business divisions could also have an adverse effect on the reputation and operations of the other businesses. Any adverse effect on the Issuer's reputation may have an adverse effect on the Issuer's overall business, prospects, results of operations and financial condition.

The debt agreement between the Issuer and the Exim-Import Bank of Malaysia Berhad ("MEXIM") contain restrictions that may limit its flexibility in operating its business

The overseas project financing agreement entered into between the Issuer and MEXIM contains certain covenants that limit its ability to engage in certain types of transactions, as specified in these agreements. Although the loan will be fully repaid from the proceeds of this bond issuance, a breach of any of these covenants before the loan is fully repaid may result in a default under the Issuer's debt obligations in which the relevant covenant is included, which may result in all amounts outstanding thereunder to become immediately due and payable and the termination of all commitments to extend further credit to the Issuer. Any of these occurrences could have a material adverse effect on the Issuer's business, prospects, results of operations and financial condition.

The Issuer's business may be affected by the occurrence of epidemics or other adverse public health developments, natural disasters or unanticipated catastrophic events

If an epidemic or other outbreak of disease occurs, parents may withdraw their children from school to protect them from the possibility of infection, faculty and staff may become ill or avoid coming to work in order to protect themselves from the outbreak or the government may order schools to close in order to contain the epidemic or outbreak. An outbreak of any such disease in Singapore could have an adverse effect on the business operations of the Issuer, including temporary closures of the school. Similarly, the occurrence of natural disasters or unanticipated catastrophic events could result in material disruptions to the Issuer's business. To the extent that any such interruption is not covered by the Issuer's existing insurance it may take a significant amount of time for its business to recover its prior levels of learner enrolment and revenues and its business, prospects, results of operations and financial condition could be adversely affected as a result.

The Issuer's business may be affected by disruptions in its computer systems

The Issuer relies on computer systems for financial reporting and other operations and any disruptions to the Issuer's systems would materially adversely affect its business, prospects, financial condition and results of operations.

The Issuer relies on computer systems to support its financial reporting capabilities. As with any computer systems, unforeseen issues may arise that could affect the Issuer's ability to receive adequate, accurate and timely financial information, which in turn could inhibit effective and timely decisions. Furthermore, it is possible that the Issuer's information systems could experience a complete or partial shutdown. If such a shutdown occurred, it could materially adversely affect the Issuer's ability to report its financial results in a timely manner or to otherwise operate its business.

Issuer's business, prospects, financial condition and results of operations may be adversely affected by litigation

The Issuer's business is subject to the risk of litigation by employees, learners, suppliers, competitors, minority partners, stockholders, government agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits, regulatory actions and intellectual property claims, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits may remain unknown for substantial periods of time. In addition, certain of these lawsuits, if decided adversely to the Issuer or settled by the Issuer, may result in liability material to the Issuer's financial statements as a whole or may negatively affect the Issuer's operating results if changes to the Issuer's business operation are required. The cost to defend future litigation may be significant. There also may be adverse publicity associated with litigation that could negatively affect parents' perceptions of the Issuer's business, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. As a result, litigation may materially adversely affect the Issuer's business, prospects, financial condition and results of operations.

Risks Relating to the Structure of the Offering

Bondholders will not have any contractual claim against Educrest Sdn Bhd, the Issuer's parent company (the "Parent") and, therefore, should not place any reliance on the disclosure relating to the Parent contained in this Offering Circular. The Issuer is a wholly-owned subsidiary of the Parent

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer. The Parent is not guaranteeing the obligations of the Issuer under the Bonds. As a result, Bondholders will not have any direct contractual claim against the Parent should the Issuer default on its obligations under the Bonds, and the Guarantor default on its obligations under the CGIF Guarantee.

For further information relating to the Issuer, the Guarantor, the Bonds and the CGIF Guarantee, see *"Terms and Conditions of the Bonds"*, *"Description of the Issuer"*, *"Information on the Guarantor"* and *"Description of the CGIF Guarantee"*.

Risks Relating to the Bonds

The Bonds have amortising features

The Bonds are amortising obligations and unless previously redeemed or purchased and cancelled as provided in the Terms and Conditions of the Bonds, the Issuer will redeem the Bonds in [8] instalments of S$[5,000,000] on [●] 2024, S$[5,000,000] on [●] 2025, S$[5,000,000] on [●] 2026, S$[27,000,000] on [●] 2027, S$[27,000,000] on [●] 2028, S$[27,000,000] on [●] 2029, S$[27,000,000] on [●] 2030 and S$[27,000,000] on the Maturity Date as described under "*Terms and Conditions of the Bonds—Redemption and Purchase*".

Holders of the Bonds may only be able to reinvest any amounts they receive upon such amortisation in lower-yielding securities than the Bonds. Potential investors should consider the reinvestment risk in light of other investments available at the relevant time.

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of the Bonds in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Bonds are legal investments for it; (ii) the Bonds can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Bonds are subject to transfer restrictions

The Bonds and the CGIF Guarantee will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States. They may only be sold outside the United States in reliance on Regulation S, or, if available, pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and, in each case, in accordance with applicable state securities laws. In addition, subject to the conditions set forth in the Trust Deed, a Bond may be transferred only if the principal amount of Bonds transferred and, where not all of the Bonds held by a Bondholder are being transferred, the principal amount of the balance of Bonds not transferred is at least S$250,000. For a further discussion of the transfer restrictions applicable to the Bonds, see "*Terms and Conditions of the Bonds*" and "*Subscription and Sale*".

There is no existing trading market for the Bonds and, therefore, the Bonds offer limited liquidity

The Bonds constitute a new issue of securities which may not be widely distributed and for which there is currently no existing market.

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Bonds. If an active trading market for the Bonds does not develop or is not maintained, the market price and liquidity of the Bonds may be adversely affected. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the price at which the Bonds are issued depending on many factors, including:

- prevailing interest rates;
- the Issuer's results of operations and financial condition;
- the market conditions for similar securities; and
- the financial condition and stability of financial and other sectors.

In addition, there may be a limited number of buyers when investors decide to sell their Bonds. This may affect the prices, if any, offered for Bonds or investors' ability to sell their Bonds when desired or at all.

Bondholders are bound by decisions of defined majorities in respect of any modification and waivers

The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of Bondholders may be adverse to the interests of the individual Bondholders.

Also, Condition 13 (*Meetings of Bondholders—Modification and Waiver*) provides that the Trustee may, with the consent of CGIF but without the consent of the Bondholders, agree (but shall not be obliged to agree) (i) to any modification of the Terms and Conditions of the Bonds, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter (as defined in "*Terms and Conditions of the Bonds*")) if such modification will not be materially prejudicial to the interests of Bondholders; and (ii) to any modification of the Bonds, the Terms and Conditions of the Bonds, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error or which is necessary to comply with mandatory provisions of law.

In addition, the Trustee may, with the consent of CGIF but without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds, the Terms and Conditions of the Bonds, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if the interests of the Bondholders will not be materially prejudiced thereby, provided that the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution (as defined in "*Terms and Conditions of the Bonds*") or a request made pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions of the Bonds.

The Trustee's ability to accelerate the Bonds is limited pursuant to the terms of the Trust Deed

Under the terms of the Trust Deed, the Trustee has agreed with CGIF that it shall not take steps to declare any Bond to be or become immediately due and payable except in limited circumstances.

Unless the prior written consent of CGIF is obtained, these circumstances are strictly limited to the failure by CGIF to make payment of a Guaranteed Amount in accordance with the CGIF Guarantee such that a Non-Payment Event has occurred and is continuing (a "**Guaranteed Party Acceleration**").

In particular, potential investors should be aware that the Trustee is not permitted by the Terms and Conditions of the Bonds, the Trust Deed or the CGIF Guarantee to take steps to declare any Bond to be or become immediately due and payable if an Event of Default arising in relation to Conditions 9(a)(ii) (*Events of Default—Breach of other obligations*) to 9(a)(xii) (*Events of Default—Guarantee not in force*) of the Terms and Conditions of the Bonds has occurred and is continuing without the prior written consent of CGIF.

In certain circumstances, including, without limitation, the giving of a Guaranteed Party Acceleration Notice to the Guarantor pursuant to clause 3 (*Acceleration*) of the Trust Deed and taking enforcement steps pursuant to Condition 14 (*Enforcement*) of the Terms and Conditions of the Bonds, the Trustee may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Bonds. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or the Conditions or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Bonds to take such actions directly.

Credit ratings may not reflect all risks and the ratings assigned to the Bonds may be lowered or withdrawn in the future

Credit ratings may not reflect all risks and any downgrade in ratings may affect the market price of the Bonds.

The Bonds are expected to be rated AA by S&P. The ratings address the Issuer's and the Guarantor's ability to perform their obligations under the Terms and Conditions of the Bonds and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold the Bonds and may be subject to revision, suspension or withdrawal at any time. Further, the ratings may not reflect the potential impact of all risks that may affect the value of the Bonds including those relating to the structure of the Bonds or the CGIF Guarantee, market conditions and the factors discussed in this section. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgement circumstances in the future so warrant. Neither the Issuer nor the Guarantor has any obligation to inform holders of the Bonds of any such revision, downgrade or withdrawal. A suspension, downgrade or withdrawal at any time of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

The Bonds will initially be held in book-entry form, and therefore Bondholders must rely on the procedures of the relevant clearing systems to exercise any rights and remedies

The Bonds will initially only be issued in registered form and held through CDP. Interests in the Global Certificate representing the Bonds will trade in book-entry form only, and Bonds in definitive registered form will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Bonds for purposes of the Trust Deed. Accordingly, Bondholders must rely on the procedures of CDP, and if a Bondholder is not a participant in CDP, on the procedures of the participant through which such Bondholder owns its interest, to exercise any rights and obligations of a holder of Bonds under the Trust Deed.

Upon the occurrence of an event of default under the Trust Deed, unless and until definitive registered Bonds are issued in respect of all book-entry interests, if a Bondholder owns a book-entry interest, such Bondholder will be restricted to acting through CDP. The procedures to be implemented through CDP may not be adequate to ensure the timely exercise of rights under the Bonds. See "*Terms and Conditions of the Bonds—Condition 2 (Register, Title and Transfers)*".

The Issuer may be unable to redeem the Bonds

On certain dates, including at maturity of the Bonds, if the Issuer has or will become obliged to pay certain taxes or in the event of a CGIF Acceleration (as defined herein), the Issuer may, and at maturity, will be required to redeem all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The Issuer's ability to redeem the Bonds in such event may also be dependent on the receipt of the relevant Guaranteed Amounts from the Guarantor. Failure by the Issuer to pay any amount of principal in respect of the Bonds on the scheduled redemption at maturity or on an early redemption, would constitute an event of default under the Bonds.

Enforceability of Arbitral Awards

The Trust Deed, the Agency Agreement, the Bonds and the CGIF Guarantee are governed by English law and the parties have agreed that disputes arising thereunder are subject to arbitration in Singapore under the SIAC Arbitration Rules.

CGIF is established by the Association of Southeast Asian Nations members, China, Japan (Japan Bank for International Cooperation ("**JBIC**")), Korea (the "**CGIF Member Countries**") and the Asian Development Bank as a key component of the Asian Bond Markets Initiative. A substantial part of CGIF's assets is located outside of Singapore. Therefore, even though the Trustee may obtain an arbitral award in Singapore against CGIF in arbitration proceedings (an "**Award**") and the Award may be enforced in Singapore in the same manner as a judgement or order to the same effect, CGIF may not have sufficient assets in Singapore to satisfy the Award.

In this regard, pursuant to Article 2.2 of CGIF's Articles of Agreement, CGIF may only undertake its functions within the CGIF Member Countries and all CGIF Member Countries are parties to the New York Convention. Accordingly, any arbitration award obtained in a state which is party to the New York Convention should be recognised and enforceable in all CGIF Member Countries provided the conditions for enforcement set out in the New York Convention are met and certain conditions and requirements under the applicable laws of the relevant jurisdictions relating to such enforcement are complied with.

Enforcing Bondholders' rights under the Bonds or the CGIF Guarantee across multiple jurisdictions may be difficult

The Bonds will be issued by the Issuer, which is incorporated under Singapore law, and guaranteed by the CGIF, which is a trust fund established under public international law. The CGIF Guarantee, the Bonds and the Trust Deed are governed by English law. In the event of a bankruptcy, insolvency or similar event, different proceedings could be initiated in the United Kingdom and Singapore. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of the rights of Bondholders.

Bondholders' rights under the Bonds and the CGIF Guarantee will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that Bondholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings.

Furthermore, the bankruptcy, insolvency, administrative and other laws of Singapore and England may be materially different from, or be in conflict with, each other and those with which Bondholders may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether the laws of any particular jurisdiction should apply, adversely affect Bondholders, and their ability to enforce their rights under the Bonds and the CGIF Guarantee in the relevant jurisdiction or limit any amounts that Bondholders may receive.

Investment in the Bonds may subject Bondholders to foreign exchange risks

The Bonds are denominated in, and principal and interest on the Bonds are payable in, Singapore dollars. If investment returns are measured by reference to a currency other than Singapore dollars, an investment in the Bonds will entail foreign exchange-related risks, including possible significant changes in the value of the Singapore dollar relative to the currency by reference to which such returns are measured, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the Singapore dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss to potential investors when the return on the Bonds is translated into the currency by reference to which such investment returns are measured. In addition, there may be tax consequences for potential investors as a result of any foreign exchange gains resulting from any investment in the Bonds.

There may be interest rate risks on an investment in the Bonds

Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Changes in market interest rates may adversely affect the value of the Bonds

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Singapore Taxation Risk

The Bonds are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the Monetary Authority of Singapore ("**MAS**") on 31 May 2018, intended to be "qualifying debt securities" for the purposes of the Income Tax Act, subject to the fulfilment of certain conditions more particularly described in the section "Taxation—Singapore Taxation". However, there is no assurance that the Bonds will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Performance of contractual obligations

The ability of the Issuer to make payments in respect of the Bonds may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Trustee, the Paying Agent and/or the Registrar of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Bonds, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Bondholders.

Risks Relating to the Guarantor and the CGIF Guarantee

Other than scheduled principal amounts, scheduled interest and certain other amounts, not all amounts due in respect of the Bonds are guaranteed by CGIF

Pursuant to the terms of the CGIF Guarantee, CGIF shall irrevocably and unconditionally guarantee to the Trustee, on behalf of the Bondholders, the full and punctual payment of each Guaranteed Amount. For the purposes of the CGIF Guarantee, "**Guaranteed Amount**" means:

- any Principal Amount and any Scheduled Interest which is overdue and unpaid (whether in whole or in part) by the Issuer under the Conditions and the Trust Deed;
- any Additional Accrued Interest; and
- any Trustee Expenses (in each case as defined in the CGIF Guarantee).

A Guaranteed Amount does not include any increased costs, tax-related indemnity (but for the avoidance of doubt includes any additional amounts required to be paid to the Bondholders due to a tax deduction and the operation of Condition 8 (*Taxation*), provided that the Guaranteed Amount will only include the original amount which would have been due from the Issuer if no tax deduction were required), default interest, fees or any other amounts save as provided above.

The obligations of the Guarantor under the CGIF Guarantee are secondary obligations only

The CGIF Guarantee is governed by English law. Under English law generally, the liability of a guarantor (in this case, the Guarantor) is ancillary, or secondary, to that of the principal debtor (in this case, the Issuer), in the sense that the principal debtor remains primarily liable to creditors (in this case, the Trustee, on behalf of the Bondholders) and the guarantor's liability depends upon the continued existence and validity of the principal debtor's liability. The Guarantor's liability under the CGIF Guarantee is therefore co-extensive with that of the Issuer. Consequently, and in the absence of agreement to the contrary, a guarantor's liability will normally be extinguished if the principal debtor's obligation is void or unenforceable, has not yet arisen or has been released, or if a defence or right of set-off is available to the principal debtor.

Accordingly, English law guarantees in debt capital markets transactions customarily include provisions:

- aimed at protecting creditors by preserving a guarantor's liability in circumstances where it would otherwise be discharged, for example, in the event of any unenforceability, illegality or, invalidity of any obligation of any person under any of the bond documents (such as a trust deed, agency agreement or guarantee) or any other document or security ("**Protective Provisions**"); and
- to the effect that the guarantor shall be liable as if it were the principal debtor and not merely a surety, and an indemnity, to provide that the guarantor will be liable as a primary obligor in the event that the original guaranteed obligations were to be set aside for any reason ("**Co-Principal Debtor Provisions**").

Potential investors should therefore be aware that while the CGIF Guarantee does provide for certain customary Protective Provisions whereby the Guarantor's liability is preserved (and shall remain in force) notwithstanding any act, omission, event or thing of any kind which, but for the Protective Provisions, would reduce, release or prejudice any of the Guarantor's obligations, neither the CGIF Guarantee nor the Trust Deed provides for any Co-Principal Debtor Provisions. See "*Appendix A: Form of CGIF Guarantee.*"

Accordingly, in the event that the Issuer's obligations under the Bonds, the Trust Deed and/or the Agency Agreement (i.e., the primary obligations which are the subject of the CGIF Guarantee) cease to exist in circumstances that are not contemplated by the Protective Provisions, the Trustee may not be able to make a claim under the CGIF Guarantee for any Guaranteed Amount in the event of a failure by the Issuer to meet its obligations under the Bonds (including, without limitation, a Missed Payment Event).

CGIF's right to accelerate following a CGIF Acceleration

Prospective investors should be aware that the Bonds may be redeemed in certain circumstances at the election of CGIF. At any time following the occurrence of a CGIF Acceleration, CGIF may at its discretion, on giving not less than seven (7) nor more than fifteen (15) days' notice to the Issuer and the Trustee, require the Issuer to redeem the Bonds in whole, but not in part, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so CGIF may, give notice to the Bondholders, the Trustee and the Paying Agent (which notice shall be irrevocable).

A "**CGIF Acceleration**" occurs if:

- an Issuer Event of Default (as defined in the Conditions) has occurred; or
- a Missed Payment Event has occurred and is continuing and irrespective of whether or not CGIF has already paid any Guaranteed Amounts in respect of such Missed Payment Event; or
- any term or provision of the Conditions, the Trust Deed or the Agency Agreement has been amended, modified, varied, novated, supplemented, superseded, waived or terminated without the prior written consent of CGIF as required pursuant to the terms of the CGIF Guarantee, Trust Deed or the Agency Agreement, as the case may be; and

CGIF has delivered a CGIF Acceleration Notice to the Trustee in accordance with the Trust Deed.

The CGIF Acceleration Notice will, among other things, contain a written confirmation that CGIF will pay all unpaid Guaranteed Amounts.

Obligations of CGIF do not constitute an obligation of the Asian Development Bank

The obligations of CGIF under the CGIF Guarantee do not constitute an obligation of the Asian Development Bank or any other contributors to CGIF. Bondholders recourse to CGIF under the CGIF Guarantee and any Bond Document (as defined in the CGIF Guarantee) is therefore limited solely to the assets of CGIF, which are all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF and available from time to time to meet the liabilities of CGIF ("**CGIF Assets**") and Bondholders have no recourse to any assets of the Asian Development Bank or any other contributors to CGIF. For the avoidance of doubt, CGIF Assets do not include any assets of the Asian Development Bank or any other contributors to CGIF. Notwithstanding any other provisions under the CGIF Guarantee or any Bond Document (as defined in the Trust Deed), neither the Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of any contributor to CGIF shall be subject to any personal liability whatsoever to any third party including the Trustee in connection with the operation of CGIF or under the CGIF Guarantee or any Bond Document (as defined in the Trust Deed). Neither Bondholders nor the Trustee may bring any actions against the Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents in connection with the CGIF Guarantee.

TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the Terms and Conditions of the Bonds (the "**Conditions**") which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Bonds:*

The S$[●] in aggregate principal amount of [●] per cent. senior unsecured guaranteed bonds due [●] (the "**Bonds**") of Nexus International School (Singapore) Pte. Ltd. (the "**Issuer**") are constituted by, are subject to, and have the benefit of, a trust deed dated [●] 2019 (as amended, restated, replaced or supplemented from time to time, the "**Trust Deed**") between the Issuer, Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank, as guarantor ("**CGIF**" or the "**Guarantor**") and Citicorp International Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of a guarantee agreement dated [●] 2019 (as amended, restated, replaced or supplemented from time to time, the "**CGIF Guarantee**") between the Guarantor and the Trustee, and an agency agreement dated [●] 2019 (as amended, restated, replaced or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Citicorp International Limited as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Bonds), Citicorp Investment Bank (Singapore) Limited as paying agent (the "**Paying Agent**", which expression includes any successor paying agent appointed from time to time in connection with the Bonds) and as the transfer agent (the "**Transfer Agent**", which expression includes any successor or additional transfer agent(s) appointed from time to time in connection with the Bonds) and the Trustee. References herein to the "**Agents**" (as defined below) are to the Registrar, the Transfer Agent and the Paying Agent and any reference to an "**Agent**" is to any one of them.

Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Trust Deed, the CGIF Guarantee and the Agency Agreement and subject to their detailed provisions. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the CGIF Guarantee and the Agency Agreement applicable to them. Copies of the Trust Deed, the CGIF Guarantee and the Agency Agreement are available for inspection by Bondholders during normal business hours upon prior written request and satisfactory proof of holding at the Specified Office of the Paying Agent, the initial Specified Office of which are set out below.

1. FORM, DENOMINATION, STATUS AND GUARANTEE

(a) *Form and denomination*: The Bonds are in registered form in the denomination of S$250,000 (an "**Authorised Denomination**").

(b) *Status of the Bonds*: The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future.

(c) *Guarantee of the Bonds*: The payment obligations of the Issuer in respect of all scheduled principal and interest payments when due under the Bonds and the Trust Deed are unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee. Such obligations of the Guarantor under the CGIF Guarantee are direct, unconditional and general obligations of the Guarantor and rank *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

The CGIF Guarantee does not cover any relevant amounts of principal or accrued but unpaid interest that become payable by the Issuer on the exercise by it of an early redemption, including as a result of the Issuer's redemption for tax reasons (Condition 6(b) (Redemption and Purchase—Redemption for tax reasons)). In order to mitigate any risk of the Issuer not paying the relevant amount of principal and/or accrued but unpaid interest arising out of or in connection with the Issuer exercising any of its rights of early redemption, the Issuer, in exercising its rights for redemption for tax reasons, is required to, not less than one Business Day prior to the publication of any notice of redemption in relation to redemption for tax reasons under Condition 6(b) (Redemption and Purchase—Redemption for tax reasons), transfer to a Singapore dollar account maintained by the Paying Agent for the benefit of the Bondholders an amount in Singapore dollars in immediately available cleared funds sufficient to redeem the Bonds at their principal amount together with any interest accrued but unpaid to the relevant date fixed for redemption.

(d) *Limitation on the Guarantor's Liabilities*: The recourse of the Bondholders against CGIF in respect of the CGIF Guarantee is limited solely to the CGIF Assets. By its holding of a Bond each Bondholder will be deemed to acknowledge and accept that it, and the Trustee on its behalf, only has recourse to the CGIF Assets and neither the Trustee nor any Bondholder has recourse to any assets of the Asian Development Bank or any other contributors to the Guarantor and any obligation under the CGIF Guarantee shall not constitute an obligation of the Asian Development Bank or any other contributors to the Guarantor.

By its holding of a Bond each Bondholder will be deemed to further acknowledge and accept that neither the Asian Development Bank nor any other contributors to the Guarantor or the officers, employees or agents of the Asian Development Bank or any contributor to the Guarantor shall be subject to any personal liability whatsoever to any third party, including each Bondholder, in connection with the operation of the Guarantor or under the CGIF Guarantee and they may not bring any action against the Asian Development Bank, as the trustee of the Guarantor or as contributor to the Guarantor, or against any other contributors to the Guarantor or any of their respective officers, employees or agents.

2. REGISTER, TITLE AND TRANSFERS

(a) *Register*: The Registrar will maintain a register outside the United Kingdom (the "**Register**") in respect of the Bonds in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Certificate**") will be issued to each Bondholder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Upon issue, the Bonds will be evidenced by a global certificate in the aggregate principal amount of the Bonds (the "**Global Certificate**") substantially in the form scheduled to the Trust Deed and deposited with the Central Depository (Pte) Limited ("**CDP**"). Interests in the Global Certificate shall be exchangeable for individual Certificates only in the circumstances set out therein.*

*The Bonds will be traded on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in a minimum board lot size of S$250,000 for as long as the Bonds are listed on the SGX-ST.*

(b) *Title*: Each Bondholder shall (except as otherwise required by law) be treated as the absolute owner of such Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Bondholder. No person shall have any right to enforce any term or condition of the Bonds or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Bond may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed and executed, at the Specified Office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or (as the case may be) the Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Bond may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Bondholder are being transferred) the principal amount of the balance of Bonds not transferred are Authorised Denominations. Where not all the Bonds represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor.

Transfers of interests in the Bonds evidenced by the Global Certificates will be effected in accordance with the rules and procedures for the time being of CDP.

(d) *Registration and delivery of Certificates*: Within five (5) business days of the surrender of a Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Bonds transferred to each relevant Bondholder at its Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Bondholder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Bondholder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(e) *No charge*: The transfer of a Bond will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent but (i) against such payment or indemnity as the Registrar or (as the case may be) the Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer, (ii) upon the Registrar or (as the case may be) the Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application, and (iii) upon the Issuer and/or the Registrar and/or the Transfer Agent being satisfied that the Regulations (as defined in the Agency Agreement) concerning the transfer of Bonds have been complied with.

(f) *Closed periods*: Bondholders may not require transfers to be registered (i) during the period of fifteen (15) days ending on the due date for any payment of principal or interest in respect of the Bonds or (ii) after any such Bond has been called for redemption.

(g) *Regulations concerning transfers and registration*: All transfers of Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by (i) the Issuer with the prior written approval of the Trustee and the Registrar or (ii) the Registrar with prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder upon prior written request and satisfactory proof of holding.

For so long as any of the Bonds are represented by the Global Certificate and the Global Certificate is held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Bond (in which regard any certificate or other document issued by the CDP as to the principal amount of such Bond standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Registrar and the Agents as the absolute holder of such principal amount of Bonds other than with respect to the payment of principal, interest and any other amounts in respect of the Bonds, for which purpose the registered holder of the Global Certificate shall be treated by the Issuer, the Trustee, the Registrar and the Agents as the holder of such Bonds in accordance with and subject to the terms of the Global Certificate.

3. NEGATIVE PLEDGE

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall not create or permit to subsist any Security Interest upon the whole or any part of its present or future property, assets or revenues (including uncalled share capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Bonds equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Bonds (x) that is not materially less beneficial to the interests of the Bondholders or (y) as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders.

4. PROVISION OF FINANCIAL STATEMENTS AND REPORTS

So long as any of the Bonds remain outstanding, the Issuer shall:

(a) provide to the Trustee a Compliance Certificate (on which the Trustee may rely as to such compliance) within thirty (30) days of a written request by the Trustee and at the time of provision of the financial statements under Condition 4(b) below;

(b) provide to the Trustee in the English language as soon as they are available, but in any event within one-hundred and eighty (180) calendar days after the end of each financial year of the Issuer, copies of the financial statements (on a consolidated basis) in respect of such financial year (including a statement of comprehensive income, statement of financial position and cash flow statement) audited by a member firm of an internationally recognised firm of independent accountants;

(c) as soon as reasonably practicable and in any event within thirty (30) days after the Issuer becomes aware of the occurrence thereof, provide to the Trustee written notice of the occurrence of any event or condition which constitutes an Event of Default (as defined below) or Default (as defined below) and a Compliance Certificate of the Issuer setting forth the details thereof and the action the Issuer is taking or proposes to take with respect thereto; and

(d) keep proper books of account and so far as permitted by applicable law, allow the Trustee and:

(i) any time prior to the occurrence of an Event of Default, anyone appointed by the Trustee, to whom the Issuer has no reasonable objection; and

(ii) any time after the occurrence of an Event of Default and where such Event of Default is continuing, anyone appointed by the Trustee,

access to the Issuer's books of account at all reasonable times during normal business hours.

5. INTEREST

(a) *Accrual of interest*: The Bonds bear interest on their outstanding principal amount from time to time (as determined in accordance with Condition 6 (*Redemption and Repurchase*) from (and including) [●] 2019 (the "**Issue Date**") at the rate of [●] per cent. per annum (the "**Rate of Interest**"), payable semi-annually in arrear on [●] and [●], in each year, commencing [●] (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Redemption and Repurchase*). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called, an "**Interest Period**".

(b) *Default interest*: Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused or unless default is otherwise make in respect of payment, in which case it will continue to bear interest at such rate aforesaid per annum (both before and after an arbitral decision, judgment or other order of a court of competent jurisdiction) until whichever is the earlier of (i) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven (7) days after the Paying Agent or the Trustee (as the case may be) has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh (7th) day (except to the extent that there is any subsequent default in payment).

(c) *Calculation of Interest*: The amount of interest payable in respect of each Bond for any Interest Period shall be calculated by applying the Rate of Interest to the then outstanding principal amount of such Bond (as determined in accordance with Condition 6 (*Redemption and Repurchase*)), dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If interest is required to be calculated for any period other than an Interest Period, it shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

6. REDEMPTION AND PURCHASE

(a) *Redemption by amortisation and final redemption*: Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Bonds in [8] instalments on each amortisation date specified in column A below (each, an "**Amortisation Date**") at the related amortisation amount specified in column B below (each, an "**Amortisation Amount**") payable as provided in Condition 7 (*Payments*). The outstanding principal amount of the Bonds shall be reduced by the Amortisation Amount so paid by the Issuer on the relevant Amortisation Date for all purposes with effect from such relevant Amortisation Date such that the outstanding aggregate principal amount of the Bonds following such payment shall be as specified in column C below. If payment of the relevant Amortisation Amount is improperly withheld or refused in respect of a Bond, the relevant principal amount of such Bond will remain outstanding until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day have been paid and (ii) the Business Day after the Trustee has given notice to the Bondholders in accordance with 15 (*Notices*) that it has received all sums due in respect of such Bonds up to that Business Day (except to the extent that there is any subsequent default in payment in accordance with these Conditions). The Bonds shall be finally redeemed at their final Amortisation Amount payable on the Maturity Date.

Amortisation Date (A)	**Amortisation Amount (B)** *S$*	**Outstanding Aggregate Principal Amount of the Bonds (C)** *S$*
Interest Payment date falling on [●] [2024]	[5,000,000]	[145,000,000]
Interest Payment date falling on [●] [2025]	[5,000,000]	[140,000,000]
Interest Payment date falling on [●] [2026]	[5,000,000]	[135,000,000]
Interest Payment date falling on [●] [2027]	[27,000,000]	[108,000,000]
Interest Payment date falling on [●] [2028]	[27,000,000]	[81,000,000]
Interest Payment date falling on [●] [2029]	[27,000,000]	[54,000,000]
Interest Payment date falling on [●] [2030]	[27,000,000]	[27,000,000]
Maturity Date	[27,000,000]	[0]

In these Conditions, references to "**principal**" shall, unless the context requires otherwise, be deemed to include any Amortisation Amount and references to the "**due date**" for payment shall, unless the context requires otherwise, be deemed to include any Amortisation Date.

In the event of any purchase and cancellation of the Bonds as provided in Condition 6(d) (*Purchases*) below, there shall be a corresponding pro rata reduction in the remaining Amortisation Amounts payable in respect of the Bonds to reflect the reduction in the outstanding aggregate principal amount of the Bonds following such purchase and cancellation, and to provide for the redemption of the remaining Bonds in corresponding instalments on each remaining Amortisation Date.

(b) *Redemption for tax reasons*: The Bonds may be redeemed at the option of the Issuer in whole, but not in part only, at any time, on giving not less than thirty (30) nor more than sixty (60) days' notice to the Bondholders, the Guarantor, the Trustee and the Paying Agent in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, if:

(i) immediately before giving such notice, the Issuer notifies the Trustee that:

(A) the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*) or, in the case of any payment by any Group Obligor with respect to the Intercompany Funding Arrangements, such payment has or will become subject to a withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, in each case as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction or any change in the application or official interpretation of such laws or regulations (including but not limited to a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after [●] 2019 and such obligation cannot be avoided by the Issuer or, as the case may be, relevant Group Obligor taking reasonable measures available to it; or

(B) the Guarantor has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*) or the CGIF Guarantee, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the Republic of the Philippines (the "**Philippines**") or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after [●] 2019 and such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that in any event, no such notice of redemption shall be given earlier than one hundred and eighty (180) days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Bonds were then due;

(ii) not less than five (5) business days prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver or procure that there is delivered to the Trustee and the Guarantor:

(A) an Officer's Certificate of the Issuer stating that the circumstances referred to in paragraphs (b)(i)(A) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by an authorised officer of the Guarantor stating that the circumstances referred to in paragraphs (b)(i)(B) above prevail and setting out details of such circumstances; and

(B) an opinion in form and substance satisfactory to the Trustee from independent legal or tax advisers of recognised standing to the effect that the Issuer, the Guarantor or any Group Obligor with respect to the Intercompany Funding Arrangements (as the case may be) has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

The Trustee shall be entitled to accept and rely upon (without further enquiry) any such Officer's Certificate and/or opinion as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the Bondholders; and

(iii) not less than one (1) Business Day prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall irrevocably transfer to a Singapore dollar account of the

Paying Agent an amount in Singapore dollars in immediately available cleared funds sufficient to redeem the Bonds at their principal amount together with any interest accrued but unpaid to the relevant date fixed for redemption.

If the Issuer fails to comply with any of the requirements of the foregoing provisions of this Condition 6(b) any notice of redemption purported to be delivered pursuant to this Condition 6(b) shall be void and of no effect, but this shall not affect, release or otherwise discharge any of the Issuer's or the Guarantor's other obligations under these Conditions, the Trust Deed or the CGIF Guarantee.

Upon the expiry of any such notice as is referred to in this Condition 6(b) and satisfaction of the other requirements specified in this Condition 6(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(b) and the Paying Agent shall apply all monies delivered to it pursuant to Condition 6(b)(iii) above in redemption of the Bonds in accordance with these Conditions, the Agency Agreement and the Trust Deed.

(c) *Redemption in the event of a CGIF Acceleration*:

(i) At any time following the occurrence of a CGIF Acceleration, the Guarantor may at its discretion, on giving not less than seven (7) nor more than fifteen (15) days' notice to the Issuer, the Trustee and the Paying Agent, require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so the Guarantor may, give notice to the Bondholders, the Trustee and the Paying Agent in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable).

(ii) For the purposes of this Condition 6(c), a "**CGIF Acceleration**" occurs if:

(A) an Issuer Event of Default occurs; or

(B) a Missed Payment Event has occurred and is continuing and irrespective of whether or not the Guarantor has already paid any Guaranteed Amounts in respect of such Missed Payment Event; or

(C) any term or provision of the Conditions, the Trust Deed or the Agency Agreement has been amended, modified, varied, novated, supplemented, superseded, waived or terminated without the prior written consent of the Guarantor as required pursuant to the terms of the CGIF Guarantee, Trust Deed or the Agency Agreement, as the case may be,

and the Guarantor has delivered a CGIF Acceleration Notice to the Trustee in accordance with the Trust Deed.

(iii) In this Condition 6(c), a "**CGIF Acceleration Notice**" shall mean a written notice delivered by the Guarantor to the Trustee pursuant to, and substantially in the form set out in, the Trust Deed.

(iv) The Trustee shall be entitled to accept and rely upon (without further enquiry) a CGIF Acceleration Notice as sufficient evidence of the Guarantor's agreement to pay all outstanding Guaranteed Amounts, and such CGIF Acceleration Notice shall be conclusive and binding on the Bondholders.

(v) Upon the relevant date fixed for redemption specified in any CGIF Acceleration Notice and notified to the Bondholders, the Trustee and the Paying Agent in accordance with Condition 15 (*Notices*), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(c) and the Guarantor shall be bound to pay all Guaranteed Amounts outstanding as set out in the CGIF Acceleration Notice.

(d) *Purchase*: The Issuer may at any time purchase Bonds in the open market or otherwise and at any price.

(e) *Cancellation*: All Bonds so redeemed or purchased by the Issuer shall be cancelled and may not be reissued or resold.

(f) *No other redemption*: The Issuer and the Guarantor shall not be entitled to redeem the Bonds otherwise than as provided in paragraphs (a) to (c) above.

(g) *Calculations*. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto and shall not be liable to the Bondholders or any other person for not doing so.

7. **PAYMENTS**

(a) *Principal*: Payments of principal shall be made by transfer to a Singapore dollar account maintained by the payee with, a bank and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of the Paying Agent.

(b) *Interest*: Payments of interest shall be made by transfer to a Singapore dollar account maintained by the payee with, a bank and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of the Paying Agent.

(c) *Payments subject to fiscal laws*: Without prejudice to the provisions of Condition 8 (*Taxation*), payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (iii) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments made pursuant to this Condition 7(c).

(d) *Payments on business days*: Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment provided that if such date falls on a day which is not a business day it shall be postponed to the next day which is a business day. A Bondholder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this Condition 7(d), "**business day**" means any day (other than a Sunday or a Saturday) on which commercial banks are open for general business (including dealings in foreign currencies) in Singapore and Manila and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bond, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) *Record date*: Each payment in respect of a Bond will be made to the person shown as the Bondholder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth (15^{th}) day before the due date for such payment (the "**Record Date**").

So long as the Global Certificate is held on behalf of CDP, the record date for purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Bond shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by CDP).

8. **TAXATION**

All payments of principal and interest in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore (in the case of the Issuer), the Philippines (in the case of the Guarantor) or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event that any such withholding or deduction is so required by law, the Issuer or (in the case of a withholding or deduction required to be made by the Guarantor) the Guarantor shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Bond:

(a) held by a Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or, as the case may be, payments made by the Guarantor by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond; or

(b) where (in the case of a payment of principal or interest on redemption) the relevant Certificate is surrendered for payment more than thirty (30) days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such Additional Amounts if it had surrendered the relevant Certificate on the last day of such period of thirty (30) days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders.

If any such deduction or withholding shall be required and if the Issuer or (as the case may be) the Guarantor therefore becomes liable to pay any Additional Amounts, then at least five (5) Business Days prior to each payment date, the Issuer or (as the case may be) the Guarantor shall furnish the Paying Agents with a certificate that specifies the amount required to be withheld on such payment date to Bondholders and the Additional Amounts due to Bondholders and that the Issuer or (as the case may be) the Guarantor shall pay in a timely manner such amount to be withheld to the appropriate government agency, and the Issuer or (as the case may be) the Guarantor will pay to the Paying Agents such Additional Amounts as shall be required to be paid to such Bondholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 8 (*Taxation*) pursuant to the Trust Deed.

If the Issuer or the Guarantor, as the case may be, becomes subject at any time to any taxing jurisdiction other than Singapore (in the case of the Issuer) or the Philippines (in the case of the Guarantor), references in these Conditions to Singapore or the Philippines shall be construed as references to Singapore or the Philippines (as the case may be) and/or such other jurisdiction.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor, the Bondholders or any other person to pay such tax, duty, charges, withholding or other payment.

9. EVENTS OF DEFAULT

(a) If any of the following events occurs and is continuing (each, an "**Event of Default**"), then the Trustee shall comply with the limitations on acceleration as set out in Conditions 9(b) to (d) below to the extent applicable:

(i) *Non-payment*: the Issuer or the Guarantor fails to pay any amount of principal in respect of the Bonds or fails to pay any amount of interest in respect of the Bonds, in each case within thirty (30) calendar days after the due date for payment thereof; or

(ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Trust Deed and such default (A) is incapable of remedy or (B) being a default which is capable of remedy remains unremedied for thirty (30) calendar days after the Trustee has given written notice thereof to the Issuer; or

(iii) *Cross-default of Issuer*:

(A) any present or future indebtedness of the Issuer is not paid when due or (as the case may be) within any originally applicable grace period; or

(B) any such indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of (x) the Issuer or (y) (provided that no event of default, howsoever described, has occurred) any person entitled to such indebtedness; or

(C) the Issuer fails to pay when due any amount payable by it under any Guarantee of any indebtedness;

provided that the amount of indebtedness referred to in sub-paragraph (A) and/or sub-paragraph (B) above and/or the amount payable under any Guarantee referred to in sub-paragraph (C) above, individually or in the aggregate, exceeds S$15,000,000 (or its equivalent in any other currency or currencies); or

(iv) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of an individual amount in excess of S$15,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, is not subject to any further ability to object or appeal and continue(s) unsatisfied and unstayed for a period of sixty (60) calendar days after the date(s) thereof or, if later, the date therein specified for payment; or

(v) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or substantially all of the undertaking, assets and revenues of the Issuer; or

(vi) *Insolvency, etc.*: (A) the Issuer becomes insolvent or is unable to pay all or substantially all of its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts (as and when such debts fall due); (B) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer for the whole or substantially all of the undertaking, assets and revenues of the Issuer; (C) the Issuer takes any proceeding under any law for a readjustment or deferment of all or substantially all of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or substantially all of its indebtedness or any Guarantee of any such indebtedness given by it; or (D) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer which has not been discharged or stayed within sixty (60) calendar days or the Issuer ceases to carry on all or substantially all of its business; or

(vii) *Enforcement proceedings*: a distress, attachment, execution or legal process is levied, enforced or sued out on or against all or any material part of the assets of the Issuer and is not removed, dismissed or discharged within 60 days; or

(viii) *Analogous event*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (iv) (*Unsatisfied judgment*) to (viii) (*Enforcement proceedings*) above; or

(ix) *Nationalisation:* an order of a competent authority is made with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, except where any of the aforesaid events will not have a material adverse effect on the ability of the Issuer to fulfil its obligations under the Bonds; or

(x) *Authorisation, consents, failure to take action, etc.:* any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Bonds, the Trust Deed and the Agency Agreement, (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Bonds, the Trust Deed and the Agency Agreement admissible in evidence in the courts of England is not taken, fulfilled or done; or

(xi) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds or the Trust Deed; or

(xii) *Guarantee not in force*: the CGIF Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

(b) Subject to Clause 2.1 (*Guarantee*) of the CGIF Guarantee and Clause 3.2 (*Missed Payment Event*) and Clause 3.3 (*Acceleration*) of the Trust Deed, if a Missed Payment Event has occurred and is continuing, the Guarantor shall pay the Guaranteed Amount relating to the Missed Payment Event to the Guaranteed Party within thirty (30) calendar days of such Missed Payment Event.

(c) The Trustee shall not take an Acceleration Step unless the Guarantor has failed to make payment of a Guaranteed Amount such that a Non-Payment Event has occurred and is continuing (a "**Guaranteed Party Acceleration**"). Pursuant to the Trust Deed, neither the Trustee nor any Bondholder shall be entitled to take an Acceleration Step against the Issuer or the Guarantor unless a Guaranteed Party Acceleration has occurred or with the prior written consent of the Guarantor and, in the event that an Acceleration Step is taken in contravention of such provision, the Guarantor shall not be required to pay any amounts in respect of such Acceleration Step.

(d) Upon the occurrence of a Guaranteed Party Acceleration and if the Guaranteed Amounts are not paid by the Issuer in accordance with these Conditions and the Trust Deed following such Guaranteed Party

Acceleration, the Trustee may at its sole discretion and, if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the outstanding Bonds, or if so directed to do so by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction in all cases) deliver in accordance with the Trust Deed a Guaranteed Party Acceleration Notice in respect of the aggregate of the unpaid Guaranteed Amounts and the Guarantor Default Interest Amount (if any) to be paid by CGIF in accordance with the CGIF Guarantee.

(e) The Trustee shall not be obliged to take any steps to ascertain whether a Default or an Event of Default has occurred or to monitor the occurrence of any Default or Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

10. **PRESCRIPTION**

Claims for principal and interest on redemption shall become void unless the relevant Certificates are surrendered for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the appropriate Relevant Date.

11. **REPLACEMENT OF CERTIFICATES**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. **TRUSTEE AND AGENTS**

Pursuant to the Trust Deed, the Trustee is entitled to be indemnified and/or provided with security and/or pre-funded to its satisfaction and relieved from responsibility in certain circumstances and to be paid its fees, costs, expenses and indemnity payments in priority to the claims of the Bondholders. In addition, the Trustee, the Agents and their respective directors and officers are entitled to enter into business transactions with the Issuer, the Guarantor and any entity relating to the Issuer or the Guarantor without accounting for any profit.

In the exercise of its functions, rights, powers and discretions under these Conditions, the Trust Deed and the CGIF Guarantee, the Trustee will have regard to the interests of the Bondholders as a class and will not be responsible for any consequence for individual Bondholders as a result of any circumstances particular to individual holders of Bonds, including but not limited to such Bondholders being connected in any way with a particular territory or taxing jurisdiction.

The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of these Conditions, the Trust Deed or any other document relating thereto, any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these Conditions or the Trust Deed or any other document relating thereto. In addition, the Trustee shall not be responsible for the effect of the exercise of any of its powers, duties and discretions hereunder.

In acting under the Agency Agreement and in connection with the Bonds, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders.

The Issuer and the Guarantor reserve the right (with the prior written approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or paying agent and additional or successor paying agents and transfer agents; provided, however, that the Issuer shall at all times maintain (a) a registrar outside of the United Kingdom; and (b) a Paying Agent having a specified office in Singapore; and (c) such other agents as may be required by any stock exchange on which the Bonds may be listed.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Bondholders in accordance with Condition 15 (*Notices*) by the Issuer.

13. **MEETINGS OF BONDHOLDERS; MODIFICATION AND WAIVER**

(a) *Meetings of Bondholders*: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these

Conditions or the Trust Deed or the Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer, the Guarantor or by the Trustee and shall be convened by the Issuer upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds and if the Issuer defaults for a period of seven days in its obligation to convene such a meeting the same may be convened by the Trustee and subject to the Trustee being indemnified and/or provided with security and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; provided, however, that certain proposals (including any proposal (i) to change any date fixed for payment of principal or interest in respect of the Bonds, (ii) to reduce the amount of principal or interest payable on any date in respect of the Bonds, (iii) to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, (iv) to change the currency of payments under the Bonds, (v) sanctioning, or directing the Trustee to concur in, the amendment of the terms of the CGIF Guarantee, (vi) to change the quorum requirements relating to meetings or (vii) to change the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which one or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed and who hold not less than 90 per cent. of the aggregate principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) *Modification and waiver*: The Trustee may, with the consent of the Guarantor but without the consent of the Bondholders, agree (but shall not be obliged to agree) (i) to any modification of these Conditions, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) if such modification will not be materially prejudicial to the interests of Bondholders and (ii) to any modification of the Bonds, these Conditions, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error or which is necessary to comply with mandatory provisions of law. In addition, the Trustee may with the consent of the Guarantor but without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds, these Conditions, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if the interests of the Bondholders will not be materially prejudiced thereby, provided that the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 9 (*Events of Default*).

Any such authorisation, waiver or modification shall be binding on the Bondholders and unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Bondholders in accordance with Condition 15 (*Notices*) by the Issuer as soon as reasonably practicable thereafter.

(c) *Directions from Bondholders*: Notwithstanding anything to the contrary in the Bonds, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms in the Bonds, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution and seek clarification of any such directions and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarifications.

(d) *Certificates and Reports*: The Trustee may rely without liability to Bondholders on a report, advice, opinion, confirmation or certificate from any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, opinion or certificate or advice and such report, confirmation, opinion or certificate or advice shall be binding on the Issuer and the Bondholders.

14. **ENFORCEMENT**

Subject to the terms of the Trust Deed and Condition 9(c), the Trustee may at any time, at its discretion and without notice, institute such actions, steps and proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Bonds, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the Bondholders of at least one quarter of the aggregate principal amount of the outstanding Bonds or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

15. **NOTICES**

Notices to Bondholders will be valid if (i) published in a daily newspaper of general circulation in Singapore (which is expected, but is not required, to be the *Business Times*) or for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, published on the website of the SGX-ST at http://www.sgx.com, (ii) published in the English language or a certified translation into the English language or (iii) despatched by prepaid ordinary post (by airmail if to another country) to Bondholders at their addresses appearing in the Register (in the case of joint holders to the address of the holder whose name stands first in the Register). Any such notice shall be deemed to have been given on the date of publication or despatch to the Bondholders, as the case may be.

Until such time as any definitive Certificates are issued, so long as the Global Certificate is issued in the name of CDP, notices to Bondholders will only be valid if despatched by ordinary post (by airmail if to another country) to persons who are for the time being shown in the records of CDP as the holders of the Bonds or if the rules of CDP so permit, delivered to CDP for communication by it to the Bondholders, except that if the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, notice will in any event be published in accordance with the preceding paragraph. Any such notice shall be deemed to have been given to the Bondholders on the date of despatch to the holders of Bonds or, as the case may be, on the date of delivery of the notice to CDP.

16. **CURRENCY INDEMNITY**

If any sum due from the Issuer in respect of any payments to the Trustee under Clause 9 (*Remuneration and Indemnification of the Trustee*) of the Trust Deed and any payment the Agents under Clause 14 (*Fees and Expenses*) and Clause 15 (*Indemnity*) of the Agency Agreement or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under the Trust Deed and/or the Agency Agreement or such order or judgment into another currency (the "**second currency**") for the purpose of:

(a) making or filing a claim or proof against the Issuer;

(b) obtaining an order or judgment in any court or other tribunal; or

(c) enforcing any order or judgment given or made in relation to the Trust Deed and/or the Agency Agreement, the Issuer shall indemnify the Trustee and each Agent, on the written demand of the Trustee or such Agent, against any loss suffered as a result of any discrepancy between:

(i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency; and

(ii) the rate or rates of exchange at which the Trustee or such Agent may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

17. **GOVERNING LAW, ARBITRATION AND JURISDICTION**

(a) **Governing law**

The Bonds (including these Conditions (other than Condition 17(b)), the Trust Deed, the Agency Agreement and the CGIF Guarantee and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Arbitration**

(i) This Condition 17(b) and any non-contractual obligations arising out of or in connection with this Condition 17(b) shall be governed by Singapore law.

(ii) Any dispute, claim, difference or controversy arising out of, relating to, or having any connection with these Conditions (which includes this Condition 17(b)), the Bonds, the Trust Deed, the Agency Agreement, the CGIF Guarantee including any dispute as to its existence, validity, interpretation, performance, breach or termination, or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (for the purpose of this Condition 17(b), a "**Dispute**"), shall be referred to and be finally resolved by arbitration under the Arbitration Rules of the Singapore International Arbitration Centre ("**SIAC**") in force when the notice of arbitration is received by SIAC (other than as amended by this Condition 17(b)) (for the purpose of this Condition 17(b), the **"Rules**").

(iii) Following the commencement of arbitration, and following the exchange of the Notice of Arbitration and Response to the Notice of Arbitration, they will initially attempt in good faith to resolve the Dispute through mediation at the Singapore International Mediation Centre ("**SIMC**"), in accordance with the SIAC-SIMC Arb-Med-Arb Protocol (the "**Protocol**") for the time being in force which shall last for a period not exceeding eight (8) weeks from the commencement of the mediation proceedings (the "**Mediation Period**"). Where a settlement has been reached between the parties within the Mediation Period, such terms of settlement shall be referred to the arbitral tribunal and the arbitral tribunal may make a consent award on such agreed terms. In the absence of a settlement by the parties within the Mediation Period, the Dispute shall revert back to arbitration pursuant to the Protocol. Unless otherwise agreed by the parties, the arbitration shall resume by arbitrators who were not involved in the mediation process above.

(iv) The Rules and the Protocol are incorporated by reference into this Condition 17(b) and capitalised terms used in this Condition 17(b) (which are not otherwise defined in these Conditions) shall have the meaning given to them in the Rules and the Protocol.

(v) The number of arbitrators shall be three. All arbitrators shall be fluent in English. The claimant(s) shall nominate one arbitrator. The respondent(s) shall nominate one arbitrator. The arbitrators nominated by the Parties in accordance with the Rules shall jointly nominate the third arbitrator who, subject to confirmation by the President of the Court of Arbitration of SIAC (the "**President**"), will act as presiding arbitrator of the arbitral tribunal. If the third arbitrator is not chosen by the two arbitrators nominated by the Parties within 30 days of the date of appointment of the later of the two party-appointed arbitrators to be appointed, the third arbitrator shall be appointed by the President.

(vi) The seat of arbitration shall be Singapore and all hearings shall take place in Singapore unless the arbitral tribunal in its absolute discretion decides that a different location will be more appropriate.

(vii) Except as modified by the provisions of this Condition 17(b), the Rules and the Protocol, Part II of the International Arbitration Act (Cap. 143A) of Singapore shall apply to any arbitration proceedings commenced under this Condition 17(b). Neither Party shall be required to give general discovery of documents, but may be required only to produce specific, identified documents which are relevant to the Dispute.

(viii) The language used in the arbitral proceedings shall be English. All documents submitted in connection with the proceedings shall be in the English language, or, if in another language, accompanied by an English translation and in which case, the English translation shall prevail.

(ix) Service of any Notice of Arbitration made pursuant to this Condition 17(b) shall be made in accordance with the Rules and at the addresses given for the sending of notices under these Conditions at Condition 15 (*Notices*).

(x) The arbitration award(s) rendered by the arbitral tribunal shall be final and binding on the parties. The parties undertake to reasonably carry out the award(s) without delay. To the fullest extent permitted under any applicable law, the Parties irrevocably exclude and agree not to exercise any right to refer points of law or to appeal to any court or other judicial authority.

(xi) The arbitral tribunal and/or any emergency arbitrator appointed in accordance with the Rules shall not be authorised to order, and each of the Issuer, the Bondholders, the Trustee and each of the Agents agrees for itself and on behalf of each Bondholder that it shall not seek from any arbitral tribunal or judicial authority:

(A) any order of whatsoever nature against the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents; or

(B) any interim order to sell, attach, freeze or otherwise enforce against CGIF Assets.

(xii) The Rules shall not prohibit CGIF from disclosing any information relating to any arbitral proceedings and/or arbitral award arising out of this Condition 17 to the Board of Directors of CGIF (the "**CGIF Board**") as part of its approval process and portfolio administration, or to the Asian Development Bank or any other contributors to the Guarantor or any of their respective officers, employees, advisers, agents or representatives, provided that all such information and documents insofar as such disclosure relates to any arbitral proceedings and/or arbitral award shall be clearly marked "CONFIDENTIAL". The members of CGIF Board may seek instructions from their constituents for the purpose of CGIF Board approval and portfolio administration and the CGIF Board documents and other relevant information may be distributed to any representatives of the relevant member countries of the Guarantor for the said purpose only, provided that all such information and documents insofar as such disclosure relates to any arbitral proceedings and/or arbitral award shall be clearly marked "CONFIDENTIAL".

(xiii) Nothing in these Conditions, or any agreement, understanding or communication relating to these Conditions (whether before or after the date of these Conditions), shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges or exemptions accorded to Asian Development Bank under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law, or accorded to CGIF under the Articles of Agreement of the Guarantor.

18. LIMITED RECOURSE

Notwithstanding any other provisions of these Conditions, the recourse of the Bondholders against CGIF under these Conditions is limited solely to the CGIF Assets. The Bondholders acknowledge and accept that they only have recourse to the CGIF Assets and they have no recourse to any assets of Asian Development Bank or any other contributors to CGIF. Any obligation under these Conditions of CGIF shall not constitute an obligation of Asian Development Bank or any other contributors to CGIF.

19. NO PERSONAL LIABILITY

Notwithstanding any other provisions of these Conditions, neither Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of the Asian Development Bank or any contributor to CGIF shall be subject to any personal liability whatsoever to any third party including the Bondholders and the Trustee in connection with the operation of CGIF or under these Conditions. No action may be brought against Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents by any third party including the Bondholders and the Trustee in connection with these Conditions.

20. NO WAIVER

Nothing in these Conditions, or any agreement, understanding or communication relating to these Conditions, shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges, or exemptions accorded to the Asian Development Bank under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law, or accorded to CGIF under the Articles of Agreement of CGIF.

21. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

Unless expressly provided to the contrary in the Bonds, the Trust Deed, the Agency Agreement, and the CGIF Guarantee, no person may enforce any term of the Bonds under the Contracts (Rights of Third Parties) Act 1999 and, notwithstanding any term of any of the Bonds, the Trust Deed, the Agency Agreement, and the CGIF Guarantee, no consent of any third party is required for any amendment (including any release or compromise of any liability) or termination of these Conditions. Notwithstanding the foregoing, the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents, may enforce Conditions 17(b) (*Arbitration*), 18 (*Limited Recourse*), 19 (*No Personal Liability*), and 20 (*No Waiver*) of these Conditions.

22. **DEFINITIONS**

In these Conditions:

"**Acceleration Step**" has the meaning given to it in the Trust Deed;

"**Articles of Agreement of CGIF**" means the articles of agreement of CGIF originally dated 11 May 2010, as amended on 27 November 2013, 31 May 2016, 23 May 2017, 31 May 2018 and 16 May 2019 (as may be further amended or supplemented from time to time);

"**Authorised Signatory**" means any person who (i) is a director or the secretary of the Issuer or (ii) has been notified by the Issuer in writing to the Trustee and the Paying Agent as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer for the purposes of the Bonds, the Conditions, the Agency Agreement, the CGIF Guarantee and this Trust Deed;

"**Bondholder**" means the person in whose name such Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof);

"**Business Day**" means any day (other than a Sunday or a Saturday) on which commercial banks are open for general business (including dealings in foreign currencies) in Singapore and Manila;

"**CGIF Assets**" means all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF and available from time to time to meet the liabilities of CGIF. For the avoidance of doubt, a CGIF Asset does not include any assets of the Asian Development Bank or any other contributors to CGIF;

"**Compliance Certificate**" means a certificate of the Issuer signed by an Authorised Signatory certifying that, having made due enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(a) no Event of Default, an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 (*Events of Default*), become an Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(b) the Issuer has complied with all its obligations under the Bonds and the Trust Deed or, if there has been any non-compliance, giving details of it;

"**Default**" means an event or circumstance which would, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 (*Events of Default*) become an Event of Default;

"**Extraordinary Resolution**" has the meaning given to it in Schedule 3 of the Trust Deed;

"**Group Obligors**" means each of the Issuer, Educrest Sdn. Bhd. and Taylor's Education Pte. Ltd.;

"**Guarantee**" means, in relation to any indebtedness of the Issuer, any obligation of another Person (other than CGIF) to pay such indebtedness including (without limitation):

(a) any obligation to purchase such indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;

(c) any indemnity against the consequences of a default in the payment of such indebtedness; and

(d) any other agreement to be responsible for such indebtedness;

"**Guaranteed Amount**" has the meaning given to such term in Clause 2.1 of the CGIF Guarantee;

"**Guaranteed Party**" has the meaning given to such term in the CGIF Guarantee;

"**Guaranteed Party Acceleration Notice**" means a written notice delivered by the Trustee to CGIF pursuant to, and substantially in the form set out in the Trust Deed;

"**Guarantor Default Interest Amount**" means certain default interest payable by the Guarantor in the amount and at the rate as calculated in accordance with the CGIF Guarantee;

"**Intercompany Funding Arrangements**" means any arrangement (whether by way of loan or equity contribution and howsoever described) pursuant to which the net proceeds from the issue of the Bonds or debt refinanced by the Bonds are or were applied by the Issuer in accordance with the applicable conditions of such financing or refinancing;

"**Interest Period**" has the meaning given in Condition 5(a) (*Accrual of Interest*);

"**Issuer Event of Default**" means the occurrence of any of the events described in (i) Condition 9(a)(iii) (*Cross-default of the Issuer*) and where the relevant creditors and/or security holders of the Issuer have commenced formal discussions to enforce any of their rights under the underlying debt or security documents; (ii) Condition 9(a)(v) (*Security enforced*); (iii) Condition 9(a)(vi) (*Insolvency, etc.*); (iv) Condition 9(a)(vii) (*Enforcement proceedings*); and (v) Condition 9(a)(viii) (*Analogous event*) of these Conditions;

"**Maturity Date**" means [●];

"**Missed Payment Event**" means the non-payment (not taking into account any grace period) of any Guaranteed Amount by the Issuer in accordance with these Conditions and the Trust Deed;

"**Non-Payment Event**" means the occurrence of an Event of Default thirty (30) calendar days after the occurrence of a Missed Payment Event in accordance with Condition 9(a)(i) (*Non-payment*) of these Conditions;

"**Officer's Certificate**" means a certificate signed by an Authorised Signatory;

"**Paying Agent(s)**" means the Paying Agent and any other paying agent appointed pursuant to the Agency Agreement;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Relevant Indebtedness**" means any indebtedness which is in the form of or represented by any bond, note, loan stock, certificate or other investment securities which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Taxing Jurisdiction**" means Malaysia or the Republic of Singapore, as applicable, or, in each such case, any political subdivision or any authority thereof or therein having power to tax;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

"**Specified Office**" has the meaning given to it in the Trust Deed.

CLEARING AND SETTLEMENT

INTRODUCTION

Clearance of the Bonds will be effected through the Depository System maintained by CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

CLEARANCE AND SETTLEMENT OF THE BONDS UNDER THE DEPOSITORY SYSTEM

The entire issue of the Bonds is to be held by CDP in the form of the Global Certificate for depositors. Delivery and transfer of Bonds between depositors is by electronic book-entries in records of CDP only, as reflected in the securities accounts of depositors. Although CDP encourages settlement on the second business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Bonds through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act, Chapter 50 of Singapore to maintain securities sub-accounts and to hold the Bonds in such securities sub-accounts for themselves and their clients. Accordingly, Bonds for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Bonds in direct securities accounts with CDP, and who wish to trade Bonds through the Depository System, must transfer the Bonds to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

GENERAL

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities. Although CDP has established procedures to facilitate transfer of interests in the Bonds in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Trustee, the Paying Agent, the Registrar or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

USE OF PROCEEDS

The Issuer will apply the net proceeds of the offering and issuance of the Bonds as follows: (i) repay the existing loan granted to it in respect of the development of the Issuer's new international school complex located at 1 Aljunied Walk, Singapore 387293 (the "**new complex**"), (ii) finance its unpaid expenses for the development of the new complex, (iii) on-lend funds to TEPL to refinance the equity capital injection in relation to the development of the new complex, and (iv) apply any excess amount in the manner agreed with the Guarantor.

DESCRIPTION OF THE ISSUER

Overview

Nexus International School (Singapore) Pte. Ltd. (the "**Issuer**" or "**NISS**") is, based on student enrolment, one of the fastest growing foreign system schools ("**FSS**") in Singapore. NISS offers programmes from nursery through to the International Baccalaureate Diploma for learners ranging from ages 3 to 18 years old. The Issuer was established in 2011 following the acquisition of Excelsior International School by its parent, TEPL, which in turn is a member of Taylor's Education Group, one of the largest established private education providers in Southeast Asia.

Since the acquisition of the school and its transfer to the Issuer in 2011, NISS has grown its learner base from 310 learners as at 31 December 2011 to 905 learners as at 30 June 2019.

NISS has positioned itself as a value-for-money, premium school with a strong connection to the community. NISS believes that its small class sizes and the provision of personalised learning to expatriate learners have resulted in rapid recognition of NISS, within Singapore and regionally, as a highly reputable school that delivers an outstanding education. NISS provides a variety of internationally recognised curricula and has received accreditations from a number of highly regarded international educational organisations, including:

- International Baccalaureate Organisation
- Council of International Schools
- Western Association of Schools and Colleges
- Cambridge International Examinations
- Edexcel, and
- EduTrust

NISS is also one out of approximately 600 schools globally, and one of only two private schools in Singapore, to have been recognised as an "Apple Distinguished School", awarded by Apple, Inc. ("**Apple**") to what Apple considers to be the most innovative schools in the world.

Graduates of NISS have progressed to top universities around the world. Some recent examples include New York University, National University of Singapore, Nanyang Technological University, London School of Economics, University of Edinburgh, University of Manchester and McGill University.

The school is currently in the process of completing its leading edge "new campus" in central Singapore— current learners are expected to begin their January 2020 classes at this new facility in Aljunied, which has an expanded capacity of up to 2,000 learners and includes an array of new teaching and learning features as well as state of the art athletic and extracurricular amenities.

Corporate Structure and Organisation

The Issuer was incorporated as a private company with limited liability under the laws of the Republic of Singapore on 5 May 2010 with registration number 201009668C. Its registered office address is 201 Ulu Pandan Rd, Singapore 596468.

TEPL, the immediate parent company of the Issuer, is a private company with limited liability incorporated under the laws of the Republic of Singapore. TEPL's immediate parent company is Educrest Sdn. Bhd. ("**Educrest**"), which is a private company incorporated in Malaysia. Educrest is a family-owned, private education-focused organisation whose "Taylor's Education Group" institutions have a total of over six decades of experience in the industry. As a school owner and operator, Taylor's Education Group currently educates approximately 20,000 learners and employs approximately 3,000 teachers and administrators in Malaysia, Singapore and Vietnam. The major shareholders of Educrest are actively involved in the management of NISS.

Strengths

A premium school providing high-quality, relevant and rigorous curricula to a highly diverse student body

NISS is one of only a relatively small number of premium schools in Singapore that is able to deliver consistently high-quality education across a variety of curricula to an increasingly diverse expatriate community. Premium schools are characterised by their higher proportion of best-in-class infrastructure, lower student-teacher ratios, and high proportion of native English-speaking teachers. NISS believes it is well positioned to increase enrolment in its programmes and to deliver one of the largest and fastest growing curricular segments in Singapore, the International Baccalaureate ("**IB**"). NISS also offers the well-established and highly popular International General Certificate of Secondary Education ("**IGCSE**").

The teaching methodology is one that is interactive, collaborative and inquiry-based. Teaching staff encourage active learning amongst learners by posing questions, problems or scenarios rather than simply presenting established facts. Through rigorous ongoing assessment, NISS works with learners to achieve their personal best, which involves deep comprehension of a subject as well as cognitive, personal and academic development.

NISS serves a highly diverse cohort of over 50 nationalities amongst the staff and learners including British, Chinese, Australian, Japanese, Korean, and American citizens. More than 25 languages are spoken by staff and learners. NISS believes its culture of inclusiveness, accessibility and sense of community creates a culture of high engagement from learners and parents. This level of engagement is expected to generate an increased level of personal recommendation ("**word of mouth**") and support as the school continues to build on its eight years of past performance.

World-class 21st century facilities situated in a centrally-located new campus

In January, 2020, NISS will open its purpose-built new campus in central Singapore; current staff and learners will return from their December mid-semester break to begin classes at what NISS believes is one of Singapore's premier international school facilities in a highly desirable and convenient catchment area. Building on its strong reputation in the Singapore expatriate community, the tangible impact of cutting-edge facilities for teaching and learning, athletics and extracurriculars, and innovative curricular practices is expected to have a significant positive impact on the school's reputation.

The new campus features a custom-designed, twelve storey facility that incorporates the latest models of learning in the 21st century, with state-of-the-art facilities which encourage collaborative, learner-centric and inquiry-based learning methodologies. Key features include:

- Two interconnected libraries
- Two interconnected cafeteria/restaurants
- Olympic-sized swimming pool with digital timing system
- Full-size turf field that meets FIFA and World Rugby specifications
- Performing arts facilities, including a 540-seat theatre
- Visual-arts studios
- Extensive collaborative work space and 'makerspace' resourced with furniture, equipment and machinery for innovation and exploration
- Ultra-modern science labs, including a 72-learner science laboratory for mass data collection and analysis
- Design and technology workshops
- Multiple outdoor breakout and play area terraces

Notably, NISS was successful in securing the new Aljunied campus site from the Singapore Government through a quality bid process, which was managed by an inter-government agency committee and chaired by the Singapore Economic Development Board ("**EDB**") in 2015. During the process, the Singapore Government sets the commercial terms of the lease for all bidders, and chooses the winning bid based on what it believes is the most suitable and high quality proposal. NISS believes that its track record in turning around the school it had acquired in Singapore, its innovative approach to holistic learning, community engagement, and long-term commitment to Singapore were important factors in earning the recognition of EDB and being granted the nine-acre site in such a prime location. The location of the new campus is readily accessible via train service and public bus transport, and near the Singapore city centre.

Barriers to entry into the international school market in Singapore are generally considered to be prohibitively high as land and licensing are tightly controlled by local governmental authorities.

Thus, NISS believes that the new campus will be in a prime position to meet the increasing demand of the expatriate community.

Leading value-for-money proposition, demonstrated quality and track record of positive learner outcomes

NISS operates with an emphasis on providing value-for-money, personalised learning experiences to learners in the expatriate community in Singapore. As at 30 June 2019, there were 90 teaching staff under employment, representing a low learner-to-teacher ratio of 10.1:1, which NISS believes many parents recognise as an indicator of a school's commitment to quality teaching and learning.

NISS believes it has achieved strong levels of parent satisfaction, in terms of willingness of parents to recommend NISS to others. NISS surveys parents and staff on a recurring basis in order to identify areas of strength and development for the school; specific action plans that arise from these surveys are reported to the Taylor's Schools Division leadership, which tracks such plans across the whole division. Given that word of mouth is one of the top drivers in families' decisions when choosing a school, the 'network effect' of recommendations from the community of parents, learners, and alumni is becoming ever more significant to the growth of the school.

Holistic education going beyond academic excellence backed by latest technology

Another key competitive advantage for NISS is its innovative learning environment and its dynamic approach to learning, known as the "Nexus Way". Instead of traditional rote learning, NISS empowers its learners to learn by encouraging them to be independent and teaching them to be critical thinkers. Its learners' performance on core subjects measure well above the global averages in English, Maths and Science, and each child's performance is individually tracked on an ongoing, formative basis in order to deliver a personalised learning experience for each child. The NISS curriculum promotes continuous innovation and the technology-rich environment supports each child's learning goals.

The relocation to the new campus will provide learners with greater access to the latest technologies such as fully-digital learning environments with extensive and high-bandwidth IT facilities, audio visual over internet protocol technology ("**AV over IP**"), makerspaces, a multimedia recording studio, and interactive display systems. In particular, the makerspaces in the new campus provide areas where children can go and tinker, design and construct, and are equipped with latest technologies such as 3-D printers, robots, mini-codable devices and laser cutters which allow learners to be creative in their own time, as well as within their particular curricula. NISS believes such technologies and facilities help ingrain personalised learning and foster a healthy spirit of inquiry, communication and debate. NISS operates about 90 co-curricular activities that range from traditional sports such as swimming, football and badminton to performing arts such as drama, musical creativity and dance. The co-curricular activities represent a supplementary informal learning environment for learners as well as additional revenues for NISS. NISS further offers a structured programme of annual scheduled school trips tailored to each age group, which are designed to take learners out of their routine and provide them with new experiences beyond the normal classroom studies. Activities include day trips to Singapore's rich cultural historical areas, museums and galleries, residential trips to other cities in Southeast Asia and community service. NISS believes this allows its learners to demonstrate what they have learned in practical and new surroundings and complement their learning in the classroom.

NISS aims to provide a holistic education that focuses on the academic, physical and social learning development of each learner. NISS is well-equipped to support such learning through comprehensive world-class facilities and amenities, including academic, sports and specialist facilities to support emotional well-being and social skills alongside academic excellence.

Benefits from the management oversight by Taylor's Schools Division

Taylor's Schools Division provides leadership to the six international schools that are owned and operated by the Taylor's Education Group. NISS is one of two "Nexus" branded schools; additional brands such as Garden International School, Australian International School Malaysia, and Taylor's International School each cater to their respective market segments while benefiting from collaboration across the division.

The divisional management team provides leadership, structure, and guidance across finance, marketing, human resources, project management, legal and governance activities. Thus, NISS benefits from the experience and expertise of this executive team as well as each of the other schools in the division, an advantage over many standalone international schools which must incur the overhead of these activities directly. Specifically, the President of Taylor's Schools Division meets frequently with NISS management and convenes quarterly face-to-face information sharing and strategic planning meetings among all six schools' leadership teams. Such support and interaction provide for a vibrant and engaging ecosystem within the group.

Strategy

Increasing demand through investment in new, iconic flagship campus

In the coming years, NISS aims to increase enrolment of learners following the transfer of the school to the new campus. NISS believes the relatively more centralised location of the Aljunied site paired with the growing popularity of the East Coast area among expatriate residents makes it well-positioned to implement this strategic goal. The new campus will create at least 800 additional enrolment spaces from January 2020. To fill these positions, NISS is investing in marketing campaigns that it expects will raise awareness and the profile of NISS. In particular, NISS plans to focus on growing its student enrolment. NISS expects that high school age learners will be particularly attracted to state-of-the-art facilities such as the mega science lab, maker space and Olympic-sized pool and other top-end extracurricular facilities at the New Campus. In combination with the accreditation by the Council of International Schools and the Western Association of Schools and Colleges, its track record of successful exam results on the International Baccalaureate Diploma Programme will further build the school's recognition as a leader.

The school uses a comprehensive mix of integrated online and offline marketing programmes that reinforce the key messages for the school and bring to life the culture and ethos of the school. NISS' marketing campaigns aim to differentiate the school and its commitment to inclusiveness from its competition.

Extending learner tenure by having a new state-of-the-art campus in an easily accessible location

NISS expects that families will be more likely to keep their children enrolled for additional school years with the opening of the new campus, which it expects to improve re-enrolment rates and help to grow enrolment in the secondary school division. Families choose not to re-enrol their children at a school for a variety of reasons, including reasons out of their control (e.g. moving back to their home country at the end of their assignment) and subjective reasons (e.g. facilities appropriate for the age group). The custom designed new campus offers a comprehensive set of learning, social, and co-curricular spaces and opportunities that NISS fully expects to result in greater learner loyalty, which will likely increase overall enrolments as NISS continues to recruit well into the early school years.

Continuous evolution in the provision of accessible high-quality education taught by internationally qualified academic staff

NISS will continue to develop and improve the quality of its service offering to ensure the best resources are available to its learners, including recruiting world class teachers and investing in high quality teaching materials. By combining competitive remuneration packages for academic and administrative staff with a progressive teaching and learning environment and professional development opportunities, NISS aims to continue attracting and retaining high-quality talent. As an example of innovative practices, NISS plans to establish itself as a leader in education innovation by setting up an 'Eduvation Hub' at the school - a space where global leaders in education can congregate to discuss ways of making education more relevant for today's learners.

One of NISS' priorities is the continuous development of its teachers' strong pedagogical foundations. NISS has implemented professional development programmes which are designed to be ongoing, relevant and collaborative with an opportunity for feedback or reflection. Such programmes allow teachers to have ongoing and regular opportunities to learn from each other and keep teachers up-to-date on new research as to how children learn, emerging technology tools for the classroom as well as new curricula resources. In turn, NISS expects that this will help to achieve longer average tenures among the school's staff.

NISS believes the continued investment in its people has also translated to increased learner numbers and higher survey satisfaction levels.

Focusing on innovative and effective teaching and learning methods with a culture of inclusion

NISS plans to continuously review and update its existing teaching and learning processes and invest in technology and other resources to maintain NISS's competitive advantage of providing a personalised learning experience.

As part of the drive towards greater inclusivity, NISS is in the process of evaluating career-related study programmes which it believes are currently limited in the Singapore market. There is an increasing recognition that certain high school learners may benefit more from practical learning programmes, such as the International Baccalaureate Organisation's "Career-related Programme" curriculum or comparable programmes from the Business and Technology Education Council, including those from Edexcel. These programmes typically lead to apprenticeships, employment or supplementary post-secondary education.

NISS will establish centres of excellence for professional development, languages, learning support, arts and media, and a sports academy to create a conducive learning environment that will enhance the experience of its learners. NISS will focus on catering to a broad range of learners with support for language learning, special learning needs and support for all learning in an inclusive environment.

In line with Singapore's "home for talent strategy" to attract world class talent especially in the technological space, NISS offers learners a technology-rich environment. NISS believes that its teaching methodology where each child is taught based on their personal motivations, understanding and talents in such an environment will appeal to the expatriate community, an increasing number of whom are working in technology.

Encouraging community building and integration with the local community

NISS intends to actively engage with its surrounding community by offering elements of the school for use by the general public. Initiatives include allowing the public to access facilities such as the sports hall, the swimming pool, the sports field, auditorium and academic facilities/classrooms in the new campus after school hours or on weekends at competitive rates. In doing so, NISS hopes to facilitate interaction between the parents of its learners (some of whom may be new to Singapore) and the local community, creating a sense of integration that will translate into increased enrolment and learner retention.

NISS has also embedded community engagement into its curricula and schemes of work for all learners. For example, the multi-cultural and ethnic diversity of Singapore is celebrated and appreciated through learners studying about Singapore laws, culture, customs and systems. NISS also provides "Make a Difference" co-curricular activities which allows learners to engage in fund-raising and hands-on service in the local community.

Curricula

NISS offers globally recognised curricula in its primary school ("**Primary School**") for learners starting from Nursery to Years 6 and secondary school ("**Secondary School**") for learners in Year 7 to 13. Below is a summary of the curriculum learners will undertake during their time at NISS:

- International Baccalaureate Primary Years Programme ("**IB PYP**"): for Nursery to Year 6;
- English National Curriculum adapted for international schools: for Years 7 to 9;
- International General Certificate of Secondary Education: for Years 10 to 11; and
- IB Diploma Programme ("**IBDP**"): for Years 12 to 13.

During the Primary School years, NISS follows the Singapore standard for mathematics, the United Kingdom and New Zealand standards for English and the Australian science curriculum. Years 7 to 9 use an enhanced English National Curriculum framework to suit NISS's international learning environment which is designed to build upon skills learnt during the IB PYP curriculum. From Years 10 and 11, learners will study for the IGCSE examinations in preparation for the IB Diploma Programme offered in Years 12 and 13.

Primary School

The Primary School caters for children aged 3 to 11 and it provides a rich and dynamic, forward-looking learning environment. Children are taught to build strong foundations in reading, writing, numerical skills and scientific understanding. Areas of learning include English, social studies, mathematics, science and technology, arts, and personal, social and physical education. All learners have the opportunity to learn a second language, with French and Chinese taught through intensive and immersive daily language tuition from specialist speakers. Beyond class time, there are over 90 age appropriate co-curricular activities for learners to explore, encourage and develop their interests.

Secondary School

The Secondary School covers learners aged 11 to 16. During this time, learners develop far deeper levels of understanding and reasoning, make strong connections across the broad Curriculum and have an awareness of the long-term applications of their learning. Learners are encouraged to constantly inquire, reflect and take risks in their learning, helping them to develop into confident and independent young individuals.

In the longer term, NISS will continue to evaluate additional curricular options for its high school aged learners. For example, the school is assessing IB career-related programmes and Business and Technology Education Council programmes for secondary-school age learners who may be more career-driven at an earlier age.

As at 30 June 2019, the ratio of primary to secondary school students at NISS is approximately 6:4.

IBDP

The IBDP is a challenging course which NISS believes prepares learners well for university and beyond. It is offered to learners in Years 12 and 13 and is committed to the development of learners in line with the IB learner profile, which aims to develop learners who, among other qualities, are inquirers, thinkers, communicators who are principled, caring and knowledgeable and who acquire a broad range of human capacities and responsibilities that go beyond academic success.

Campus site

NISS is currently located at Ulu Pandan Road, towards the central western part of Singapore. In September 2015, NISS was awarded a nine-acre parcel of vacant land on a 30-year lease period in the Aljunied Road area. NISS engaged the renowned international architects Broadway Malyan to design the new campus to offer a world-class, innovative design.

The new campus design also incorporates environmentally sustainable design elements, environmentally friendly building materials and green building features such as natural lighting, passive energy, energy management and monitoring systems, and automated irrigation. As at the date of this Offering Circular, the new campus is expected to open in January 2020. The existing lease for the Ulu Pandan campus is scheduled to end following opening of the new campus.

The new campus will have an initial capacity of 2,000 learners, representing an increase of 67% from the existing capacity of 1,200 at Ulu Pandan. The new campus will have a world-class, state-of-the-art modern learning environment with leading edge high-tech facilities and environmentally sustainable design elements. The new campus will be equipped with a range of facilities to support learners in all areas, including:

- digital campus environment;
- flexible learning spaces equipped with new technologies that encourage innovation and collaboration;
- numerous landscaping and play areas on multiple floors, including the sixth floor which is a dedicated play deck;
- approximately 540-seat auditorium cum theatre to showcase musical and orchestral performances;
- four indoor air-conditioned basketball courts;
- full-size turf field;
- fitness centre;
- Olympic-sized swimming pool, and additional learner pool;
- multi-purpose hall;
- parent community space;
- performing arts centre with music rooms and practise rooms;
- mega lab and science labs; and
- art rooms and ceramic kiln room.

Learner Recruitment and Marketing

NISS's marketing strategy is designed to develop brand awareness among prospective parents and learners along with teachers, regulators and other stakeholders. The marketing team utilises an integrated online and offline approach that reinforces the key differentiators and benefits of NISS' approach to education. NISS' marketing efforts also deliver targeted activities including promotional materials, school brochures and community events, as well as out-of-home advertising in high-visibility areas such as public transportation hubs and large commercial buildings that expatriates frequent. NISS's marketing strategy has generated an increased of enquiries, visits and, ultimately, conversions to student registrations.

Staff

NISS demonstrates its commitment to premium quality education by hiring and retaining highly qualified and motivated teachers and administrative staff. All teachers are required to be internationally qualified and have significant teaching experience in either national or international schools. NISS has a diverse teaching staff originating from over 15 countries. NISS expects its teaching workforce to gradually expand by 40% over the next three years as enrolments increase.

NISS invests in continuous staff training, through programmes ranging from in-house professional development, to coaching, to hosting guest speakers and sharing best practise with other international schools. The teachers also benefit from various continuing professional development initiatives which are designed for career progression and to improve the quality of its teaching staff. NISS regularly and rigorously reviews the performance of its teaching staff to ensure that their performance meets the highest standards.

NISS has clear policies for professional development that set out the main responsibilities and entitlements of staff at all levels. The senior leadership team of the school collaborates with the President of the Taylor's Schools Division with regard to strategy, planning, implementation and evaluation of professional development of its staff.

Intellectual Property

Nexus International School Sdn Bhd is the registrant of trademarks relating primarily to the school's logo and the name "Nexus International School" in Singapore, Malaysia, China, Indonesia, Thailand and Vietnam. NISS has the right to use the "Nexus International School" trademark in Singapore.

Insurance

NISS maintains insurance cover in respect of various insurable risks under a range of policies. These include property, fire and consequential loss, public liability, money insurance and fidelity guarantee. Assets are covered on a replacement cost basis. NISS has put in place insurance cover for all full time employees such as workman compensation, travel insurance, term life, outpatient medical, surgical and group hospitalisation insurance. Since 2018, NISS has also provided all employees' dependents with group hospitalisation, surgical and outpatient medical insurance, such that employees' dependents are subject to the same coverage as NISS' employees.

Health, Safety and Environment

NISS is required to comply with health, safety and environmental regulations and recognises that the safety of all learners, staff, visitors and contractors within the school is of paramount importance. It regularly performs risk assessment and reviews to identify, evaluate and implement any necessary corrective and control measures to control hazards and risks. NISS regularly reviews the health, safety and environmental standards to ensure that the applicable policies are adhered to.

NISS's management believes that it has adopted sufficient policies and procedures for learner and employee safety, including arrangements for the effective planning, organisation, control, monitoring and review of preventative and protective measures within the school.

INFORMATION ON THE GUARANTOR

1. OVERVIEW OF CGIF

1.1 Establishment

CGIF, a trust fund of the Asian Development Bank, was established by the 10 members of the Association of Southeast Asian Nations ("**ASEAN**") together with the People's Republic of China ("**PRC**"), Japan (Japan Bank for International Cooperation ("**JBIC**")), Republic of Korea ("**ASEAN+3**") and the Asian Development Bank ("**ADB**") in 2010. The 10 members of ASEAN consist of Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic ("**Lao PDR**"), Malaysia, Republic of the Union Myanmar, Philippines, Singapore, Thailand and Vietnam.

CGIF was established in November 2010 to promote economic development, stability and resilience of financial markets in the ASEAN+3 region (the "**Region**"). The main function of CGIF is to provide credit guarantees for local currency denominated bonds issued in the Region by corporations in the Region.

1.2 Shareholding Structure

CGIF's guarantees are backed by U.S.$1,053.8 million of paid-in capital from its sovereign government contributors and ADB. Neither the ADB nor the other contributors are liable for the obligations of CGIF.

CGIF Shareholding Structure as at 12 September 2019

CGIF Contributors	Contribution (U.S. dollars)	Shareholding Percentage (%)
People's Republic of China	342,800,000	32.53
Japan (Japan Bank for International Cooperation)	342,800,000	32.53
Asian Development Bank	180,000,000	17.08
Republic of Korea	100,000,000	9.49
Indonesia	12,600,000	1.20
Malaysia	12,600,000	1.20
Philippines	21,600,000	2.05
Singapore	21,600,000	2.05
Thailand	12,600,000	1.20
Brunei Darussalam	5,600,000	0.53
Vietnam	1,100,000	0.10
Cambodia	200,000	0.02
Lao People's Democratic Republic	200,000	0.02
Republic of the Union Myanmar	100,000	0.01
Total	**1,053,800,000**	**100.00**

1.2.1 *Governance Structure*

CGIF has a governance structure comprising of oversight by the: (i) Meeting of Contributors; (ii) Board of Directors; and (iii) Board Committees (Internal Control and Risk Management, Nomination and Remuneration and Audit).

The Board of Directors is comprised of eight Contributor-appointed members, including the Chief Executive Officer. Each of the PRC and Japan are entitled to nominate two Directors. Korea is entitled to nominate one Director. One nomination each is entitled for the Asian Development Bank, and the ASEAN countries representing Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

The Board of Directors is accountable and reports to the Contributors on the operations and performance of management and of CGIF.

Board of Directors	Members Represented
Mr. Yuchuan Feng	People's Republic of China
Mr. Zhengwei Zhang	People's Republic of China
Mr. Kenichi Aso (Chairman)	Japan (Japan Bank for International Cooperation)
Mr. Mitsutoshi Kajikawa	Japan (Japan Bank for International Cooperation)
Ms. Ja Young Gu	Korea
Ms. Azah Hanim Ahmad	ASEAN-Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
Mr. Stefan Hruschka	Asian Development Bank
Ms. Guiying Sun	CGIF Management

CGIF is led by an internationally recruited management team with experience in development banking, risk management, and credit assessment through senior positions in the Export-Import Bank of China, Bank of the Philippines Islands, Danajamin Nasional Berhad, Hong Leong Bank Berhad, Standard Chartered Bank and Citibank.

The executive decision-making powers of CGIF, and the day-to-day management of CGIF, are mandated and vested to the Chief Executive Officer. The Chief Executive Officer is recommended by the Board of Directors and approved by the Meeting of Contributors. He is the legal representative of CGIF. The Chief Executive Officer heads the management team currently comprising the Deputy CEO/Chief Risk Officer, Chief Credit-risk Officer, Acting Vice President Operations, Chief Financial Officer, General Counsel & Board Secretary, Corporate Planner and Head of Budget, Planning, Personnel and Management Systems and Internal Auditor.

Name	Position
Ms. Guiying Sun	Chief Executive Officer
Mr. Mitsuhiro Yamawaki	Deputy CEO/ Chief Risk Officer
Mr. Aarne Dimanlig	Chief Credit-Risk Officer
Mr. Jin Yong Park	Acting Vice President Operations
Mr. Dong Woo Rhee	Chief Financial Officer
Mr. Gene Soon Park	General Counsel and Board Secretary
Mr. Hou Hock Lim	Corporate Planner and Head of Budget, Planning, Personnel and Management Systems
Ms. Jackie Jeong-Ae Bang	Internal Auditor

1.2.2 *Credit Strength*

CGIF is rated by international and domestic credit rating agencies.

Credit Rating Agency	Scale	Rating	Outlook	Date Reviewed
Standard & Poor's	Global Long Term/ Short Term	AA/A-1+	Stable	22 June 2018
RAM Ratings	Global/ASEAN/ National	gAAA/seaAAA/ AAA	Stable	16 January 2019
MARC (Malaysian Rating Corporation Berhad)	National	AAA	Stable	14 January 2019
TRIS Ratings	National	AAA	Stable	10 October 2018
Fitch Ratings Indonesia	National	AAA	Stable	15 November 2018
Pefindo Credit Rating Agency	National	idAAA	Stable	30 August 2019

1.3 **Guarantee Business**

CGIF's guarantee portfolio is limited to a leverage ratio of 2 to 2.5 times of its paid in capital of U.S.$1,053.8 million as at 12 September 2019 plus (a) retained earnings, less (b) credit loss reserves and foreign exchange loss reserves, less (c) all illiquid investments. CGIF conducts its guarantee operations by adhering to its risk management framework consisting of: (i) credit and monitoring analysis; (ii) prudential limits to manage key credit, market, sector and currency risks; and (iii) guarantee underwriting policy.

1.3.1 ***Guarantee Portfolio***

As of 31 August 2019, CGIF has provided guarantees to the following corporate issuers in the ASEAN region:

Issue Date	Issuer	Note Issuance Venue	Issue Size[1]	% Guaranteed by CGIF	Issue Rating	Tenor
25 March 2019	CJ Logistics Asia Pte. Ltd.	Singapore	S$70 million	100%	AA	5 years
28 January 2019	Refrigeration Electrical Engineering Corporation	Vietnam	VND2.318 trillion	100%	Unrated	10 years
25 January 2019	Yoma Strategic Holdings Limited	Thailand	THB2.220 billion	100%	AAA	5 years
17 December 2018	Boonthavorn Ceramic 2000 Co., Ltd.	Thailand	THB2.0 billion	50%	AA+	5 years
7 December 2018	Siamgas and Petrochemicals Public Company Limited	Thailand	THB2.0 billion	70%	A (Tris Rating)	5 years
16 November 2018	Aeon Credit Service (Philippines) Inc.	Philippines	PHP900 million	100%	Unrated	3 years
16 November 2018	Aeon Credit Service (Philippines) Inc.	Philippines	PHP100 million	100%	Unrated	5 years
5 October 2018	Hoan My Medical Corporation	Vietnam	VND1.4 trillion	100%	Unrated	7 years
5 October 2018	Hoan My Medical Corporation	Vietnam	VND930 billion	100%	Unrated	5 years
10 September 2018	The PAN Group Joint Stock Company	Vietnam	VND1.135 trillion	100%	Unrated	5 years
28 February 2018	Siamgas and Petrochemicals Public Company Limited	Thailand	THB2.0 billion	85%	A (Tris Rating)	5 years
10 January 2018	ASA Philippines Foundation, Inc.	Philippines	PHP500 million	75%	Unrated	5 years
17 November 2017	Mobile World Investment Corporation	Vietnam	VND1.135 trillion	100%	Unrated	5 years
28 June 2017	ASA Philippines Foundation, Inc.	Philippines	PHP500 million	75%	Unrated	5 years
10 February 2017	ASA Philippines Foundation, Inc.	Philippines	PHP1.0 billion	75%	Unrated	5 years
18 November 2016	KNM Group Berhad	Thailand	THB2.78 billion	100%	AAA (Tris Rating)	5 years
7 July 2016	Fullerton Healthcare Corporation Limited	Singapore	S$50 million	100%	AA (S&P)	7 years
7 July 2016	Fullerton Healthcare Corporation Limited	Singapore	S$50 million	100%	AA (S&P)	5 years
28 April 2016	PT Mitra Pinasthika Mustika Finance	Indonesia	IDR160 billion	100%	Unrated	3 years
11 March 2016	PT Mitra Pinasthika Mustika Finance	Indonesia	IDR140 billion	100%	Unrated	3 years

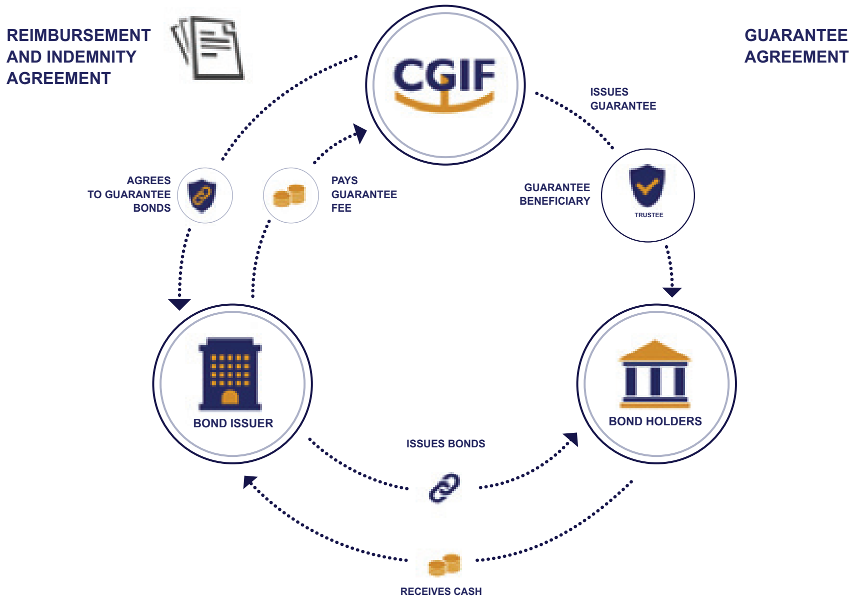
(1) IDR refers to Indonesian Rupiah and VND to Vietnamese Dong.

1.3.2 ***Guarantee Structure***

CGIF's bond guarantee operation is aimed at supporting ASEAN+3 corporations to access the Region's bond markets to achieve the following benefits:

- expand and diversify their sources of debt capital;
- raise funds in matching currencies and tenors;
- transcend country sovereign ceilings for cross-border transactions; and
- gain familiarity in new bond markets and broader investor groups.

The guarantees issued by CGIF are irrevocable and unconditional commitments to pay bondholders upon non-payment by the issuers throughout the tenor of the bonds. This commitment is backed by CGIF's equity capital which has been fully paid-in by all of its contributors. CGIF's general bond guarantee structure is illustrated below.



* To ensure applicability of the guarantee in multiple jurisdictions in the ASEAN+3 countries, some variations to this structure may be incorporated to accommodate the established market norms.

Bond issuances that can be considered for CGIF guarantees are limited to the following parameters:

- up to U.S.$201 million[1] equivalent for a single issuance;
- bond tenor of up to 10 years (up to 15 years is possible, subject to credit quality and justification); and
- for foreign currency denominated issuance, the currency of issuance should be adequately hedged with the corporate entity's sales receipts, inward foreign currency remittances, or via financial hedge arrangements.

CGIF started its guarantee operations with a full guarantee for standard corporate bonds issued by corporations in the Region. With the experience gained from offering a full wrap guarantee, CGIF may also explore other alternatives including partial guarantees and other risk sharing mechanisms depending on the market opportunities and acceptability of such an arrangement. CGIF also intends to guarantee project bonds to help develop them in the relevant markets in the Region.

1.4 Capital and Liquidity Guidelines

CGIF has investment strategies and liquidity guidelines for the management of its capital resources, where investments are focused on low-risk and highly liquid assets, such as government-related securities and/or highly rated securities which are internationally rated "A+" or higher for long-term instruments issued by government related entities of CGIF contributor countries, "AA-" or higher for those issued by others, and

[1] As at 31 August 2019.

"A-1" or higher for short-term instruments. In order for CGIF to raise enough funds in a contingent case where a guarantee is called, CGIF also implemented the following:

1. Quarterly Stress test, where we test CGIF funding capability by liquidating its investment portfolio in a stress environment.
2. Quarterly Liquidity Gap reports, where we check monthly cash surplus from all projected cash in/out flows related to all CGIF operations and activities.

1.5 **Selected Financial Information**

A summary of the statement of financial position, income statement, and cash flows as of, and for each of the years ended 31 December 2017 and 2018 have been extracted from CGIF's financial statements for the years ended 31 December 2017 and 2018 and presented as follows:

Statement of Financial Position Summary

	As of 31 December	
	2017	**2018**
	(in thousands of U.S. dollars)	
Statement of Financial Position:		
Assets:		
Cash	6,599	7,041
Investments	733,392	904,555
Accrued interest income	3,466	5,124
Guarantee fee receivable, net	34,526	39,944
Other assets, net	1,126	1,092
Total assets	**779,109**	**957,756**
Liabilities and Member's equity:		
Guarantee liability	37,277	44,358
Derivative liabilities	991	—
Other liabilities	1,617	2,406
Total liabilities	**39,885**	**46,764**
Member's equity:		
Capital stock (Paid-in capital)	703,000	859,200
Accumulated other comprehensive income investment revaluation reserve	(9,391)	(10,541)
Reserves & retained earnings	45,615	62,333
Total member's equity	**739,224**	**910,992**
Total liabilities and members' equity	**779,109**	**957,756**

Statement of Net Income and Comprehensive Income Summary

	As of 31 December	
	2017	**2018**
	(in thousands of U.S. dollars)	
Statement of Net Income:		
Guarantee fees	8,397	8,735
Interest income	12,545	19,742
Other income	106	1,054
Total revenue	21,048	29,531
Total expenses	10,390	12,061
Net operating income	10,658	17,470
Gain(Loss) from foreign exchange	186	(613)
Net income	10,844	16,857
Statement of Comprehensive Income:		
Unrealised loss on investments measured of FVTOCI	(2,141)	(1,161)
Total comprehensive income	**8,703**	**15,696**

Statement of Cash Flow Summary

	As of 31 December	
	2017	2018
	(in thousands of U.S. dollars)	
Statement of Cash Flow:		
Cash flows from operating activities		
Net cash (used in) provided by operating activities	(689)	576
Cash flows from investment activities		
Net cash provided by (used in) investing activities	2,073	(156,329)
Cash flows from financing activities		
Net cash provided by financing activities	3,000	156,200
Effect of exchange rate changes on cash	5	(5)
Net Increase in cash	4,389	442
Cash at beginning of period	2,210	6,599
Cash at end of period	**6,599**	**7,041**

1.6 **Audited Financial Statements for the Years ended 31 December 2017 and 2018**

CGIF's financial statements are prepared and presented in accordance with IFRS and audited by Deloitte. The Independent Auditors' Report and Financial Statements for the years ended 31 December 2017 and 2018 of CGIF are available at the following website page:

http://www.cgif-abmi.org/investors/financial-statements

All of the information on the Guarantor under this section has been provided by CGIF. Information in respect of the Issuer contained in this Offering Circular has not been verified by the Guarantor. None of the Guarantor, its management nor its employees take any responsibility, expressed or implied, for any information contained in this Offering Circular, other than the information contained in this Section entitled "*Information on the Guarantor*". In addition, none of the foregoing parties has taken any steps to verify the accuracy of any of the information included in this Offering Circular, other than the information contained in this Section entitled "*Information on the Guarantor*", and no representation or warranty, express or implied, is made by any such parties as to the accuracy or completeness of the information contained in this Offering Circular.

DESCRIPTION OF THE CGIF GUARANTEE

The following contains summaries of certain key provisions of the CGIF Guarantee and related provisions of the Trust Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the CGIF Guarantee and the Trust Deed. Defined terms used in this section shall have the meanings given to them in the CGIF Guarantee and the Trust Deed.

(a) GUARANTEED AMOUNTS

Pursuant to the CGIF Guarantee, CGIF will irrevocably and unconditionally guarantee to the Trustee the full and punctual payment of each Guaranteed Amount.

For the purposes of the CGIF Guarantee, "**Guaranteed Amount**" means:

- any Principal Amount and any Scheduled Interest which is overdue and unpaid (whether in whole or in part) by the Issuer under the Conditions and the Trust Deed;
- any Additional Accrued Interest; and
- any Trustee Expenses,

(in each case as defined in the CGIF Guarantee).

The Guaranteed Amount does not include, and the CGIF Guarantee will not cover, any amounts that become payable under the Bonds on an accelerated basis at the instigation of the Issuer, including, without limitation, as a result of the Issuer's voluntary redemption of the Bonds pursuant to Condition 6(b) (*Redemption for Tax Reasons*).

(b) MISSED PAYMENT EVENT

Subject to clause 2.1 (*Guarantee*) of the CGIF Guarantee and clause 3.2 (*Missed Payment Event*) and clause 3.3 (*Acceleration*) of the Trust Deed, if a Missed Payment Event (as defined in "*Terms and Conditions of the Bonds*") has occurred and is continuing, CGIF shall pay the Guaranteed Amount relating to the Missed Payment Event to the Guaranteed Party or to its order within 30 calendar days of such Missed Payment Event.

If CGIF fails to make a payment in accordance with the preceding paragraph, CGIF will pay interest on the overdue Guaranteed Amount (other than any Trustee Expenses) for the period from (and including) the date the relevant Non-Payment Event (as defined in "*Terms and Conditions of the Bonds*") occurred to (but excluding) the Guarantor Payment Date at the default rates specified in the CGIF Guarantee.

CGIF will pay interest on the overdue Trustee Expenses from the period from (and including) the date the relevant Non-Payment Event occurred to (but excluding) the Guarantor Payment Date at the rate of the Trustee's cost of funds, provided that the Trustee furnishes evidence as to its cost of funds to the reasonable satisfaction of CGIF.

Notwithstanding the above, following the receipt by CGIF of a Missed Payment Notice (as defined in the Trust Deed) in accordance the Trust Deed and at any time prior to the date on which a Guaranteed Amount is due for payment:

- if the Paying Agent subsequently receives payment in full or in part in respect of a Guaranteed Amount from a source other than CGIF, the Paying Agent shall as soon as reasonably practicable notify the Issuer, CGIF and the Trustee of such fact; and
- upon receipt of the notice referred to above, the obligation of CGIF to pay the Guaranteed Amount specified in the relevant Missed Payment Notice shall, in respect of any payment received in part, be reduced by the corresponding amount received by the Paying Agent or, in respect of any payment received in full, be terminated.

(c) GUARANTEED PARTY ACCELERATION

Pursuant to the Trust Deed, neither the Trustee nor any Bondholder shall be entitled to take an Acceleration Step (as defined in the Trust Deed) against the Issuer or CGIF unless a Guaranteed Party Acceleration has occurred or with the prior written consent of the Guarantor and, in the event that any such Acceleration Step (as defined in the Trust Deed) is taken in contravention of such provision, CGIF shall not be required to pay amounts in respect of such Acceleration Step.

Upon the occurrence of a Guaranteed Party Acceleration and if the Guaranteed Amounts are not paid by the Issuer in accordance with these Conditions and the Trust Deed following such Guaranteed Party Acceleration, the Trustee may at its sole discretion and, if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction in all cases) deliver in accordance with the Trust Deed a Guaranteed Party Acceleration Notice (as defined in "*Terms and Conditions of the Bonds*") in respect of the aggregate of the unpaid Guaranteed Amounts and the Guarantor Default Interest Amount (if any) to be paid by CGIF in accordance with the CGIF Guarantee.

(d) **LIMITED RIGHTS OF ACCELERATION**

The Trustee's and the Bondholders' acceleration rights against the Issuer and CGIF are limited pursuant to the Trust Deed, as described under "*Guaranteed Party Acceleration*" above. In particular, potential investors should note that the Trustee and the Bondholders are not permitted to accelerate upon the occurrence of any of the Events of Default set out in Condition 9 (*Events of Default*).

(e) **CGIF'S OBLIGATIONS UNDER THE CGIF GUARANTEE ARE NOT IMPACTED BY ITS OR THE ISSUER'S INSOLVENCY OR WINDING-UP**

CGIF has agreed under the CGIF Guarantee that its obligations will not be affected by any act, omission or thing of any kind which would reduce, release or prejudice any of its obligations under the CGIF Guarantee including, among other things, in the event of any insolvency or similar proceedings affecting the Issuer or CGIF.

Investors should, however, note that the CGIF Guarantee is a secondary obligation only. In the event that the Issuer's obligations under the Bonds, the Trust Deed and/or the Agency Agreement (being the primary obligations which are the subject of the CGIF Guarantee) cease to exist for any reason (for example, because they are held to be void for lack of capacity or illegality) the Trustee and the Bondholders may not be able to make a claim under the CGIF Guarantee for any Guaranteed Amount. See "*Risk Factors—The obligations of the Guarantor under the CGIF Guarantee are secondary obligations only, dependent on the existence of the obligations of the Issuer under the Bonds*").

(f) **CGIF ACCELERATION**

At any time following the occurrence of a CGIF Acceleration, CGIF may at its discretion require the Issuer to redeem the Bonds in whole, but not in part only, at their outstanding principal amount, together with interest accrued but unpaid to the date fixed for redemption on giving not less than seven (7) nor more than fifteen 15 days' notice to the Issuer, the Trustee and the Agent, following which the Issuer shall immediately, or if the Issuer fails to do so CGIF may, give notice to the Bondholders, the Trustee and the Paying Agent (which notice shall be irrevocable).

A "**CGIF Acceleration**" occurs if the Issuer or CGIF notifies the Trustee immediately before the giving of such notice that:

(i) an Issuer Event of Default has occurred; or

(ii) a Missed Payment Event has occurred and is continuing and irrespective of whether or not CGIF has already paid any Guaranteed Amounts in respect of such Missed Payment Event; or

(iii) any term or provision of the Conditions, the Trust Deed or the Agency Agreement has been amended, modified, varied, novated, supplemented, superseded, waived or terminated without the prior written consent of the Guarantor as required pursuant to the terms of the CGIF Guarantee, Trust Deed or the Agency Agreement, as the case may be; and

CGIF has delivered a CGIF Acceleration Notice to the Trustee in accordance with the Trust Deed.

The CGIF Acceleration Notice will, among other things, contain a written confirmation that CGIF will pay all Guaranteed Amounts in respect of the Bonds on the date fixed for redemption.

(g) **REIMBURSEMENT AND INDEMNITY AGREEMENT**

The Issuer, certain of the Issuer's affiliates, and the Guarantor have entered into a reimbursement and indemnity agreement which, among other things, specifies the payment of guarantee fees and other amounts in respect of the CGIF Guarantee and the basis on which amounts paid by the Guarantor under the CGIF Guarantee are to be reimbursed and indemnified by the Issuer and certain of the Issuer's affiliates.

(h) **RISK SHARING ARRANGEMENTS—STANDBY LETTER OF CREDIT**

On the date of issue of the Bonds, Standard Chartered Bank (Singapore) Limited will issue an irrevocable standby letter of credit (the "**SBLC**") in favour of the Guarantor. In the event of a failure by the Issuer to pay any amount of principal or interest in respect of the Bonds, pursuant to the terms of the SBLC, the Guarantor will have a right to demand payment from Standard Chartered Bank (Singapore) Limited up to a predetermined maximum amount. For the avoidance of doubt, the SBLC is given for the benefit of CGIF only and not for the benefit of Bondholders, who have recourse only to the Issuer and CGIF under the terms of the Bonds and the CGIF Guarantee, respectively. Standard Chartered Bank (Singapore) Limited is not providing any form of credit support (including, without limitation, under the terms of the SBLC) for the obligations of either the Issuer (under the Bonds) or CGIF (under the CGIF Guarantee), and holders do not therefore have any recourse against Standard Chartered Bank (Singapore) Limited in any capacity under the terms of the Bonds, the CGIF Guarantee, the SBLC or any other transaction document relating to the issuance of the Bonds.

TAXATION

The following summary is based on tax laws of Singapore as in effect on the date of this Offering Circular, and is subject to changes in Singapore laws, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any countries other than Singapore. Prospective purchasers in all jurisdictions are advised to consult their own tax advisers as to Singapore or other tax consequence of the acquisition, ownership and disposition of the Bonds.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority ("**IRAS**") of Singapore and the MAS in force as at the date of this Offering Circular, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Bonds or of any person acquiring, selling or otherwise dealing with the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Bonds and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Bonds are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Bonds, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Guarantor, the Sole Lead Manager or any other persons involved in the issuance of the Bonds accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Bonds.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore from sources other than from its trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, as the Sole Lead Manager for the issue of the Bonds is a Financial Sector Incentive (Capital Market) Company, Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Bond Market) Company (each as defined in the Income Tax Act), and the Bonds are issued during the period from 1 January 2014 to 31 December 2023, such Bonds (the "**Relevant Bonds**") would be "qualifying debt securities" pursuant to the Income Tax Act and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the MAS on 31 May 2018 (the "**MAS Circular**"), to which the following treatments shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Bonds as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Bonds of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Bonds is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Bonds using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Bonds, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used by that person to acquire the Relevant Bonds are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Bonds as the MAS may require), Qualifying Income from the Relevant Bonds derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

    (i) the Issuer including in all offering documents relating to the Relevant Bonds a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Bonds is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

    (ii) the submission to the MAS of a return on debt securities in respect of the Relevant Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Bonds as the MAS may require,

payments of Qualifying Income derived from the Relevant Bonds are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of any tranche of the Relevant Bonds, the Relevant Bonds of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Bonds is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Bonds would not qualify as "qualifying debt securities"; and

(b) even though a particular tranche of Relevant Bonds are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Bonds, 50 per cent. or more of the issue of such Relevant Bonds is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Bonds held by:

    (i) any related party of the Issuer; or

    (ii) any other person where the funds used by such person to acquire such Relevant Bonds are obtained, directly or indirectly, from any related party of the Issuer,

    shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**break cost**", "**prepayment fee**" and "**redemption premium**" are defined in the Income Tax Act as follows:

- "**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- "**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Bonds by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Relevant Bonds using the funds and profits of such person's operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Bonds without deduction or withholding for tax under Section 45 or Section 45A of the Income Tax Act, any person whose interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) derived from the Relevant Bonds is not exempt from tax is required to include such income in a return of income made under the Income Tax Act.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Bonds will not be taxable in Singapore. However, any gains derived by any person from the sale of the Bonds which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Bonds who apply or are required to apply Singapore Financial Reporting Standards 39 ("**FRS 39**") or 109 ("**FRS 109**") may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Bonds, irrespective of disposal, in accordance with FRS 39 or FRS 109 (as modified by the applicable provisions of Singapore income tax law). Please see the section below on "Adoption of FRS 39 and FRS 109 Treatment for Singapore Income Tax Purposes".

Adoption of FRS 39 and FRS 109 Treatment for Singapore Income Tax Purposes

Section 34A of the Income Tax Act provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the Income Tax Act requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Bonds who may be subject to the tax treatment under Sections 34A or 34AA of the Income Tax Act should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Bonds.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds or Residual Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in a subscription agreement dated [●] 2019 (the "**Subscription Agreement**") among the Issuer, the Guarantor and the Sole Lead Manager, the Sole Lead Manager, subject to and in accordance with the provisions of the Subscription Agreement, has agreed to subscribe and pay for, or procure subscriptions and payment for, the Bonds.

The Subscription Agreement provides that the Issuer has agreed to pay the Sole Lead Manager certain fees and commissions and to reimburse the Sole Lead Manager for certain of its expenses in connection with the initial sale and distribution of the Bonds, and the Issuer and the Guarantor will jointly and severally indemnify the Sole Lead Manager against certain liabilities in connection with the offer and sale of the Bonds of the relevant series. The Subscription Agreement provides that the obligations of the Sole Lead Manager are subject to certain conditions precedent, and entitles the Sole Lead Manager to terminate it in certain circumstances prior to payment being made to the Issuer.

The Sole Lead Manager and its subsidiaries and affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Sole Lead Manager and certain of its subsidiaries or affiliates may have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer, the Guarantor and/or their respective subsidiaries and affiliates, from time to time, for which they have received customary fees and expenses. The Sole Lead Manager and its subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective subsidiaries and affiliates in the ordinary course of their business.

The Sole Lead Manager and its affiliates may purchase any Bonds and be allocated Bonds for asset management and/or proprietary purposes, whether or not with a view to later distribution. This may reduce the liquidity of the Bonds in the secondary trading market. References herein to the Bonds being offered should be read as including any offering of the Bonds to the Sole Lead Manager and/or its affiliates acting in such capacity. In the ordinary course of their various business activities, the Sole Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer or the Guarantor. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The distribution of this Offering Circular, or any offering material, and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular, or any offering material, are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken that would, or is intended to, permit a public offering of the Bonds, or the possession or distribution of this Offering Circular or any amendment or supplement thereto or any offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

The Sole Lead Manager may, from time to time, engage in transactions with and perform services for the Issuer or the Guarantor in the ordinary course of its business, including, without limitation in relation to the Risk Sharing Arrangements. See "*Description of the CGIF Guarantee—Risk Sharing Arrangements—Standby Letter of Credit*", above.

The Sole Lead Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses, distributes this Offering Circular or any other offering material relating to the Bonds. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantor and the Sole Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or possess, distribute or publish this Offering Circular or any other offering material relating to the Bonds, in all cases at their own expense.

Accordingly, the Bonds should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Bonds should be distributed or published in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer, the Guarantor or the Sole Lead Manager.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Sole Lead Manager or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Sole Lead Manager or its affiliate on behalf of the Issuer in such jurisdiction.

SELLING RESTRICTIONS

General

None of the Issuer, the Guarantor or the Sole Lead Manager makes any representation that any action will be taken in any jurisdiction by the Sole Lead Manager, the Issuer or the Guarantor that would permit a public offering of the Bonds and the CGIF Guarantee, or possession or distribution of the Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds and the CGIF Guarantee (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Sole Lead Manager is not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds and the CGIF Guarantee other than as contained in, or which is consistent with, the Offering Circular or any amendment or supplement to it.

United States

The Bonds and CGIF Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Securities are being offered and sold only outside the United States in reliance on Regulation S.

United Kingdom

The Sole Lead Manager has represented and agreed that:

(a) *Financial promotion:* it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) *General compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Singapore

The Sole Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds and the CGIF Guarantee are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired such securities or securities-based derivatives contract pursuant to an offer made under Section 275 of the SFA except:

1. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law;
4. as specified in Section 276(7) of the SFA; or
5. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Singapore SFA Product Classification*: In connection with Section 309B of the SFA and CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018).*

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, the Sole Lead Manager undertakes that it will not offer or sell the Bonds directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Hong Kong

The Sole Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds and the CGIF Guarantee, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds and the CGIF Guarantee which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

TRANSFER RESTRICTIONS

Each purchaser of the Bonds, by accepting the delivery of this Offering Circular, will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

(a) it is purchasing the Bonds for its own account or an account with respect to which it exercises sole investment discretion, and it and any such account is outside the United States and is a non-U.S. person;

(b) it understands and acknowledges that the Bonds and the CGIF Guarantee have not been and will not be registered under the Securities Act;

(c) that unless so registered, the Bonds may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws;

(d) that the Bonds are being offered and sold only outside the United States to non-U.S. persons in an offshore transaction in compliance with Rule 903 under the Securities Act; and

(e) that it is purchasing the Bonds for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Bonds in violation of the Securities Act. Because of the above restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Bonds.

RATINGS

The Bonds are expected to be rated AA by S&P. A security rating is not a recommendation to purchase, hold or sell the Bonds inasmuch as such rating does not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgement, circumstances so warrant. See "*Risk Factors—Risks Relating to the Bonds—The ratings assigned to the Bonds may be lowered or withdrawn*".

GENERAL INFORMATION

1. **Listing**

Application has been made to the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries or associated companies, or the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 (or its equivalent in other currencies) for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Group will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that a global note representing such Bonds is exchanged for Bonds in definitive form. In addition, in the event that a global note is exchanged for Bonds in definitive form, an announcement of such exchange shall be made by or on behalf of the Group through the SGX-ST and such announcement will include all material information with respect to the delivery of the Bonds in definitive form, including details of the paying agent in Singapore.

The Bonds issued are proposed to be issued under the AMBIF.

AMBIF is a policy initiative under the ABMI to create a nexus among domestic professional local currency bond markets in the region to help facilitate intraregional transactions through standardised bond and note issuance and investment processes.

AMBIF facilitates intraregional bond and note issuance and investment by creating common market practices; utilising a common document for submission, the Single Submission Form (the "**SSF**"); and highlighting transparent issuance procedures as documented in the implementation guidelines for each participating market, including Singapore.

AMBIF is expected to expand opportunities for issuers and investors: issuers can raise funds in local currencies in multiple locations in the region more easily, and investors can invest in local currency bonds more easily.

To be recognised as a bond or note issued under AMBIF (AMBIF Bond or Note), certain requirements need to be satisfied. These so-called AMBIF elements are summarised in the table below. Integral to AMBIF is the use of the SSF.

AMBIF Elements	Brief Description
Domestic Settlement	Bonds/notes are settled at a national central securities depository in ASEAN+3
Harmonised Submission Documents (Single Submission Form)	Common approach of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information needs to be included.
Registration or profile listing at ASEAN+3 (Place of continuous disclosure)	Information on bonds/notes and issuer needs to be disclosed continuously in ASEAN+3. Registration or listing authority function is required to ensure continuous and quality disclosure.
Currency	Bonds/notes are denominated in currencies normally issued in domestic bond markets of ASEAN+3
Scope of Issuer	Resident of ASEAN+3
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations or market practice in each market in ASEAN+3

At this stage, the SSF, in conjunction with the AMBIF Implementation Guidelines, is accepted in seven jurisdictions in ASEAN+3: Hong Kong, China; Japan; Malaysia; the Philippines; Singapore; Thailand; and Cambodia. The region's other markets are expected to join as soon as they are ready.

The SSF, as the single and comprehensive issuance and disclosure document, has been modelled on the information memorandum used in international bond markets and its contents complies with the information and disclosure requirements of all participating markets, including those of Singapore.

The SSF has been recognised by the SGX and the MAS to serve as issuance documentation for bonds and notes issued to exempted classes of investors. As such, the documents and/or material in connection with the offer or sale, or invitation for subscription or purchase, of such bonds and notes may not be circulated or distributed, nor may such bonds and notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor (under Section 274 of the SFA); (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA. For such bonds and notes to be listed on the SGX, the application procedures and relevant listing requirements will need to be fulfilled by the relevant issuer of such bonds and notes.

The SSF is a public document and was created and is maintained by the ASEAN+3 Bond Market Forum (ABMF), a public sector-private sector forum under the guidance of the Asian Development Bank, in conjunction with the AMBIF Documentation Recommendation Board (ADRB), a group of bond market participating institutions and professionals in ASEAN+3 that support and represent best market practices. The template for the SSF is available for download from the ADB website.

2. **Authorisation**

The issue of the Bonds were authorised by a resolution of the board of directors of the Issuer passed on 19 August 2019. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds.

3. **Legal and Arbitration Proceedings**

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant adverse effect on its financial position or profitability.

4. **Significant/Material Change**

Since 31 December 2018, there has been no material adverse change in the financial position or prospects nor any significant change in the financial or trading position of the Issuer.

5. **Auditor**

The Issuer's audited financial statements as of and for the years ended 31 December 2016, 2017 and 2018, which are included elsewhere in this Offering Circular, have been audited by Crowe, and as stated in its report appearing herein.

6. **Documents available for Inspection**

Copies of the Trust Deed, the CGIF Guarantee and Agency Agreement will be available for inspection, at the specified office of the Paying Agent during normal business hours upon prior written request and satisfactory proof of holding for so long as any of the Bonds are outstanding.

GUARANTEE AGREEMENT

DATED [●] 2019

CREDIT GUARANTEE AND INVESTMENT FACILITY,
a trust fund of the Asian Development Bank

and

CITICORP INTERNATIONAL LIMITED
as trustee for and on behalf of all Bondholders

relating to

S$[●] [●] per cent. Senior Unsecured Guaranteed Amortizing Bonds due [●]
issued by Nexus International School (Singapore) Pte. Ltd.

CONTENTS

THIS GUARANTEE (this **Agreement**) is dated____________2019 and is made **BETWEEN**:

(1) **CREDIT GUARANTEE AND INVESTMENT FACILITY**, a trust fund of the Asian Development Bank with its principal office in Manila, the Philippines, as guarantor (**CGIF**); and

(2) **CITICORP INTERNATIONAL LIMITED** in its capacity as the trustee for and on behalf of the holders of the Bonds (as defined below) (in this capacity, the **Guaranteed Party**)

(each a **Party** and collectively the **Parties**).

BACKGROUND:

(A) At the request of the Issuer, CGIF has agreed, subject to the terms and conditions of this Agreement, to issue a guarantee in favour of the Guaranteed Party in respect of the Bonds (as defined below).

(B) It is intended that this document takes effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Additional Accrued Interest means the amount of interest in respect of any Bond for the Additional Accrual Period at the Bond Interest Rate.

Additional Accrual Period means**,** where CGIF is required to pay any Guaranteed Amounts in respect of principal due on the Bond Maturity Date, the period from (and including) the Bond Maturity Date to (but excluding) the earlier of (1) the Guarantor Payment Date, and (2) the Non-Payment Event; or otherwise, on an acceleration of the redemption of the Bonds pursuant to Guaranteed Party Acceleration or CGIF Acceleration, the period from (and including) the immediately preceding Bond Interest Payment Date until the date of redemption upon such acceleration.

Agency Agreement has the meaning given to such term under the Bond Conditions.

Articles of Agreement means the articles of agreement of CGIF originally dated 11 May 2010 as amended on 27 November 2013, 31 May 2016, 23 May 2017, 31 May 2018 and 16 May 2019 (as may be further amended or supplemented from time to time).

Bond Certificates has the meaning given to the term **Certificate** under the Bond Conditions.

Bond Conditions has the meaning given to the term **Conditions** in the Trust Deed.

Bond Documents means the Subscription Agreement, the Trust Deed (including the Bond Conditions), the Agency Agreement and the Bond Certificates, in each case related to the issuance of the Bonds.

Bond Interest Payment Date has the meaning given to the term **Interest Payment Date** under the Bond Conditions.

Bond Interest Rate has the meaning given to the term **Rate of Interest** under the Bond Conditions.

Bond Maturity Date has the meaning given to the term **Maturity Date** under the Bond Conditions.

Bondholders has the meaning given to such term under the Bond Conditions.

Bonds means the S$[●] [●] per cent. senior unsecured guaranteed amortizing bonds due [●] to be issued by the Issuer.

Business Day means any day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealing in foreign currency) in Manila of the Philippines, New York City of the U.S.A. and Singapore.

CGIF Assets means all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF and available from time to time to meet the liabilities of CGIF. For the avoidance of doubt, a CGIF Asset does not include any assets of the Asian Development Bank or any other contributors to CGIF.

CGIF Certificate means the certificate to be issued by CGIF to the Guaranteed Party certifying it has received (or waived receipt of) the documents and evidence set out in Schedule 1 (Conditions Precedent) to the Indemnity Agreement in form and substance satisfactory to CGIF, substantially in the form set out in Schedule 1 (Form of CGIF Certificate).

CGIF Guarantee means the guarantee provided by CGIF pursuant to, and subject to, the terms and conditions of this Agreement.

Governmental Agency means any government or any governmental agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

Guarantee Documents means this Agreement, the Indemnity Agreement, any Security Agreement, and any other document or agreement entered into between any of CGIF, the Obligors or the Guaranteed Party (as applicable) in connection with any of those documents.

Guarantee Term has the meaning given to it in Clause 2.2 (*Term of this Guarantee*).

Guaranteed Amount has the meaning given to it in Clause 2.1 (*Guarantee*).

Guarantor Default Interest Amount means any amount payable by CGIF pursuant to Clause 3.3 (*Guarantor Default Interest*).

Guarantor Default Rate means the Bond Interest Rate plus two per cent. (2%) per annum.

Guarantor Payment Date means the date of actual receipt by the Guaranteed Party in respect of a Guaranteed Amount.

Indemnity Agreement means the reimbursement and indemnity agreement dated on or about the date of this Agreement between CGIF and the Obligors in connection with this Agreement.

Issue Date has the same meaning given to the term **Issue Date** under the Bond Conditions.

Issuer means Nexus International School (Singapore) Pte. Ltd., a company incorporated in Singapore under registration No. 201009668C and having its registered office at 201 Ulu Pandan Road, Singapore 596468.

Missed Payment Event means the non-payment (not taking into account any grace period) of any Guaranteed Amount by the Issuer in accordance with the Bond Conditions and the Trust Deed.

Non-Payment Event means the occurrence of an Event of Default (as defined under the Bond Conditions) 30 calendar days after the occurrence of a Missed Payment Event in accordance with Condition 9(a)(i) (*Non-payment*) of the Bond Conditions.

Obligor means each of (i) the Issuer and (ii) Educrest Sdn. Bhd.

Paid Guaranteed Amount has the meaning given to it in Clause 4.1 (*Subrogation*).

Principal Amount means the outstanding principal amount in respect of the Bonds at any time.

Scheduled Interest means scheduled interest on the Bonds payable at the Bond Interest Rate on each Bond Interest Payment Date (excluding, for the avoidance of doubt, default interest).

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

S$ means Singapore Dollars, the lawful currency of Singapore in general circulation from time to time.

Subscription Agreement means the subscription agreement dated [●] between the Issuer, CGIF and the sole lead manager in connection with the issue of the Bonds.

Subsidiary has the meaning given to such term under the Bond Conditions.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest).

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under this Agreement.

Trust Deed means the trust deed entered into between, among others, the Issuer, the Guaranteed Party and CGIF on or about the date of this Agreement in relation to the Bonds.

Trustee Expenses means the fees, remuneration, costs, charges, expenses and interests and claims for reimbursement and indemnification due and payable to the Guaranteed Party in accordance with the Trust Deed and the fees, remuneration, costs, charges, expenses and interests and claims for reimbursement and indemnification due and payable to the agents named in the Agency Agreement relating to the Bonds in accordance with such Agency Agreement.

1.2 Construction

(a) In this Agreement, terms not defined herein have the meaning as set out in the Bond Conditions and unless the contrary intention appears, a reference to:

(i) an **amendment** includes a supplement, novation, extension (whether of maturity or otherwise), restatement, re-enactment or replacement (however fundamental and whether or not more onerous) and **amended** will be construed accordingly;

(ii) **assets** includes present and future properties, revenues and rights of every description;

(iii) a **Clause**, a **Subclause,** a **Paragraph** or a **Schedule** is a reference to a clause, subclause of, or paragraph of, or a schedule to, this Agreement;

(iv) a currency is a reference to the lawful currency for the time being of the relevant country;

(v) a **Bond Document** or other document or security includes (without prejudice to any prohibition on amendments) any amendment to that Bond Document or other document or security;

(vi) a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;

(vii) a **Party** or any other person includes its successors in title, permitted assigns and permitted transferees;

(viii) a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;

(ix) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(x) a **successor** shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of its jurisdiction of establishment, incorporation or domicile has assumed the rights and obligations of such party under this Agreement or to which, under such laws, such rights and obligations have been transferred;

(xi) a time of day is a reference to Manila time; and

(xii) the **winding-up**, **dissolution** or **administration** of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is established or incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

(b) Unless the contrary intention appears, a reference to a **month** or **months** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:

(i) if the numerically corresponding day is not a Business Day, the period will end on the next Business Day in that month (if there is one) or the preceding Business Day (if there is not);

(ii) if there is no numerically corresponding day in that month, that period will end on the last Business Day in that month; and

(iii) notwithstanding subparagraph (i) above, a period which commences on the last Business Day of a month will end on the last Business Day in the next month or the calendar month in which it is to end, as appropriate.

(c) The headings in this Agreement are provided for convenience only and do not affect the construction or interpretation of any provision of this Agreement.

2. GUARANTEE

2.1 Guarantee

(a) Subject to the provisions of this Agreement, CGIF irrevocably and unconditionally guarantees to the Guaranteed Party the full and punctual payment of each Guaranteed Amount.

Subject to this Clause 2.1, in this Agreement, **Guaranteed Amount** means:

(i) any Principal Amount and any Scheduled Interest which is overdue and unpaid (whether in whole or in part) by the Issuer under the Bond Conditions and the Trust Deed;

(ii) any Additional Accrued Interest; and

(iii) any Trustee Expenses.

(b) For the avoidance of doubt, a Guaranteed Amount does not include any increased costs, tax related indemnity (but for the avoidance of doubt includes any additional amounts required to be paid to the Bondholders due to a tax deduction and the operation of Condition 8 (*Taxation*) of the Bond Conditions, provided that the Guaranteed Amount will only include the original amount which would have been due from the Issuer if no tax deduction were required), default interest, fees, or any other amounts other than any Principal Amount, any Scheduled Interest, any Additional Accrued Interest and any Trustee Expenses payable by the Issuer to the Guaranteed Party or any Bondholders.

(c) If the Bonds become payable on an accelerated basis:

(i) as a result of the Guaranteed Party declaring the Bonds payable on an accelerated basis, CGIF shall pay any Guaranteed Amounts in accordance with clause 3.3 (*Acceleration*) of the Trust Deed; and/or

(ii) as a result of CGIF exercising its rights pursuant to Condition 6(c) (*Redemption in the event of a CGIF Acceleration*) of the Bond Conditions,

CGIF shall pay any Guaranteed Amount in accordance with Clause 3.2 (*Payment of Guaranteed Amount*).

(d) Notwithstanding any other provision of this Agreement, CGIF shall have no obligation to pay any amounts pursuant to this Agreement where the relevant amount of principal or accrued but unpaid interest became payable under the Bond Conditions on an accelerated basis at the instigation of the Issuer, including, without limitation, as a result of the Issuer's voluntary redemption of the Bonds (whether in full or in part) prior to the Bond Maturity Date.

2.2 Term of this Guarantee

(a) The CGIF Guarantee shall be effective as of the first date on which both (i) the Issue Date has taken place and (ii) CGIF has issued the CGIF Certificate.

(b) Subject to Clauses 2.8 (*Reinstatement*) and 10.2 (*Termination*), the CGIF Guarantee will expire on the earlier of:

(i) the date on which all Guaranteed Amounts have been paid, repaid or prepaid in full, or the payment obligations of the Issuer in respect of all Guaranteed Amounts have been otherwise discharged or released pursuant to the Bond Documents or any other arrangement between the Issuer and the Guaranteed Party; and

(ii) the date of full redemption, prescription or cancellation of the Bonds

(such period of effectiveness of the CGIF Guarantee being the **Guarantee Term**).

2.3 Continuing guarantee

The CGIF Guarantee is a continuing guarantee and will extend to the ultimate balance of all Guaranteed Amounts payable by the Issuer under the Bond Documents, regardless of any intermediate payment or discharge in whole or in part or where the payment of a Guaranteed Amount has been made but further Guaranteed Amounts are still due and payable or whether the Bonds are outstanding.

2.4 Guaranteed Amounts following amendments to the Bond Documents

If, without the prior written consent of CGIF, the Guaranteed Party concurs in any amendment, modification, variation, novation, waiver or termination of any term of a Bond Document, CGIF will irrevocably and unconditionally guarantee to the Guaranteed Party the Guaranteed Amount as per the terms of the Bond Documents and this Agreement in force as at the date of this Agreement or as amended in accordance with the prior written consent of CGIF from time to time.

2.5 Limited recourse

Notwithstanding any other provisions of this Agreement or any Bond Document, the recourse of the Guaranteed Party against CGIF under this Agreement and any Bond Document is limited solely to the CGIF Assets. The Guaranteed Party acknowledges and accepts that it only has recourse to the CGIF Assets and it has no recourse to any assets of Asian Development Bank or any other contributors to CGIF. Any obligation under this Agreement of CGIF shall not constitute an obligation of Asian Development Bank or any other contributors to CGIF.

2.6 No personal liability of Asian Development Bank or any other contributors to CGIF

Notwithstanding any other provisions of this Agreement or any Bond Document, neither the Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of the Asian Development Bank or any contributor to CGIF shall be subject to any personal liability whatsoever to any third party including the Guaranteed Party in connection with the operation of CGIF or under this Agreement, any Bond Document or any Guarantee Document. No action may be brought against Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents by any third party including the Guaranteed Party in connection with this Agreement.

2.7 Waiver of defences

The obligations of CGIF under this Agreement will not be affected by and shall remain in force notwithstanding any act, omission, event or thing of any kind which, but for this provision, would reduce, release or prejudice any of its obligations under this Agreement. This includes, without limitation:

(a) any time, waiver or any other concession or consent granted to, or composition with, any person;

(b) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person;

(c) any failure to realise the full value of any security;

(d) any incapacity, or lack of power, authority or legal personality of any person;

(e) any termination, amendment, variation, novation, replacement or supplement of or to a Bond Document or any other document or security relating thereto, but subject to Clauses 2.4 (*Guaranteed Amounts following amendments to the Bond Documents*) and 8.1 (*No amendment to Bond Documents*) hereof;

(f) any unenforceability, illegality or, invalidity of any obligation of any person under any Bond Document or any other document or security;

(g) any insolvency or similar proceedings affecting CGIF or the Issuer;

(h) any change in the taxation status of CGIF or the Issuer; or

(i) the replacement of the Guaranteed Party as trustee for and on behalf of the Bondholders.

2.8 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of the Issuer and/or CGIF or any security for those obligations or otherwise) is made by the Guaranteed Party in whole or in part in respect of a Guaranteed Amount on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, then the liability of CGIF under Clauses 2 (*Guarantee*) and 3 (*Payment under this Guarantee*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

2.9 Additional Security

This Agreement is in addition to and is not in any way prejudiced by any other security in respect of the Issuer's and/or Obligors' obligations under the Bond Documents now or subsequently held by the Guaranteed Party (or any trustee or agent on its behalf).

2.10 Pari Passu Ranking

Without limiting any other provision contained in this Agreement or any other Bond Documents, CGIF's payment obligations under this Agreement are direct, unconditional and general obligations of CGIF and rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law (if any).

3. PAYMENT UNDER THIS GUARANTEE

3.1 General

CGIF agrees that the Guaranteed Party is not required to proceed against, enforce any other rights or security, or claim payment from any person before claiming from CGIF under this Agreement, irrespective of any law or any provision of any Bond Document to the contrary, provided that CGIF shall only be required to make payments to the Guaranteed Party in accordance with the terms of this Agreement and the Bond Conditions.

3.2 Payment of Guaranteed Amount

Subject to Clause 2.1 (*Guarantee*) of this Agreement, and clauses 3.2 (*Missed Payment Event*) and 3.3 (*Acceleration*) of the Trust Deed, if a Missed Payment Event has occurred and is continuing, CGIF shall pay the Guaranteed Amount relating to the Missed Payment Event to the Guaranteed Party or to its order within 30 calendar days of such Missed Payment Event.

3.3 Guarantor Default Interest

(a) Subject to paragraph (b) below, if CGIF fails to make a payment in accordance with Clause 3.2 (*Payment of Guaranteed Amount*), CGIF will pay interest on the overdue Guaranteed Amount (other than any Trustee Expenses) for the period from (and including) the date the relevant Non-Payment Event occurred to (but excluding) the Guarantor Payment Date at the Guarantor Default Rate.

(b) CGIF will pay interest on the overdue Trustee Expenses from the period from (and including) the date the relevant Non-Payment Event occurred to (but excluding) the Guarantor Payment Date at the rate of the Trustee's cost of funds, provided that the Trustee furnishes evidence as to its cost of funds to the reasonable satisfaction of CGIF.

4. SUBROGATION AND TRANSFERS

4.1 Subrogation

(a) Immediately upon the receipt by the Guaranteed Party under this Agreement of all or any part of the Guaranteed Amount in accordance with the Agreement (a **Paid Guaranteed Amount**), CGIF shall be subrogated to:

  (i) all of the rights, powers and remedies of the Guaranteed Party, on behalf of the Bondholders, and of the Bondholders themselves, in respect of the Bonds and each Bond Document (in each case, to the extent relating and proportionate to that Paid Guaranteed Amount), against any relevant person, including (and to the extent relating and proportionate to that Paid Guaranteed Amount) any rights or claims, whether accrued, contingent or otherwise; and

  (ii) all of the Guaranteed Party's privileges, rights and security against the Issuer or with respect to the Bonds, in each case insofar as they extend to an amount equal to that Paid Guaranteed Amount.

(b) The Guaranteed Party shall use its reasonable endeavours, at the written request and expense of CGIF, to execute such instruments or documents and take such other actions as CGIF may require to give effect to, facilitate or evidence the subrogation referred to in this Clause 4 and to perfect the rights of CGIF to receive such amounts equal to the Paid Guaranteed Amount under the Bond Documents.

(c) For the avoidance of doubt, no Bondholder shall be obliged to transfer or assign any rights or any legal title in the Bonds, except to the extent that it has received payment of any amounts from CGIF in respect thereof.

4.2 Transfer

(a) Upon the receipt by the Guaranteed Party of a Paid Guaranteed Amount, the Guaranteed Party shall, to the extent available to it, at the written request and the expense of CGIF and in consideration of such payment:

(i) transfer and assign, free from any Security, to CGIF all its rights:

(A) under the Bond Documents; and

(B) in respect of any Security securing the Bonds or any other amounts payable under the Bond Documents (including any right, title and interest to any asset which has arisen as a result of enforcement of such Security),

insofar as those rights relate and are proportionate to that Paid Guaranteed Amount; and

(ii) execute such instruments or documents and take such other actions as necessary for CGIF to give effect to, facilitate or evidence the transfer and assignment referred to in this Clause 4 and to perfect the rights of CGIF to receive such amounts equal to the Paid Guaranteed Amount under the Bond Documents.

(b) The Guaranteed Party shall not do anything that could lessen or impair any of the rights referred to in subparagraph (a)(i) above, CGIF's rights of subrogation or any other right of CGIF to recover any Paid Guaranteed Amount, unless the Guaranteed Party is acting in accordance with the terms of the Trust Deed.

5. APPLICATION OF FUNDS AND RECOVERIES

5.1 Application of funds

Following payment by CGIF of any Paid Guaranteed Amount or payment by CGIF under this Agreement of all or any part of the Guarantor Default Interest Amount pursuant to the terms of this Agreement, the Guaranteed Party must hold such amounts on trust for itself and the Bondholders on the terms set out in the Trust Deed and must (as soon as practicable after receipt) apply them in or towards payment of the Guaranteed Amount(s) relating to such Paid Guaranteed Amount in accordance with the terms of the Trust Deed.

5.2 Recoveries

(a) After the occurrence of a Missed Payment Event, if the Guaranteed Party recovers any money or asset from the Issuer or any other person in respect of any Guaranteed Amount relating to that Missed Payment Event (a **Recovered Amount**), the Guaranteed Party must as soon as reasonably practicable (and in any case within ten calendar days from the date of its receipt of such Recovered Amount) supply details of the recovery to CGIF and pay to CGIF (or any other person at the instruction of CGIF) an amount equal to such Recovered Amount.

(b) Following payment by CGIF of any Paid Guaranteed Amount, if CGIF discovers that the Guaranteed Party had no right to receive a payment of the relevant Guaranteed Amount (or any portion thereof) to which such Paid Guaranteed Amount relates, CGIF shall be entitled, upon notice to the Guaranteed Party, to recover from the Guaranteed Party the relevant payment (or the relevant portion thereof) to the extent that the Guaranteed Party still holds such amounts itself or to its order (and provided only that it has the ability to direct the payment of the relevant amounts).

(c) To the extent any part of a Guaranteed Amount has been recovered from any source (it being recognised that the Guaranteed Party is under no duty whatsoever to seek to recover from any such source), the Guaranteed Party may not seek to recover such amounts from CGIF under this Agreement.

6. TAXES

6.1 CGIF shall make all payments to be made by it under this Agreement without any Tax Deduction, unless a Tax Deduction is required by law. If a Tax Deduction is required by law to be made by CGIF, the amount of the payment due from CGIF under this Agreement shall be increased to an amount which (after making the relevant Tax Deduction) would result in the recipient receiving an amount equal to the payment which would have been due if no Tax Deduction had been required, except that no increased payment shall be payable by CGIF in respect of any Bond:

(a) held by a Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of payments made by CGIF by reason of it having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond; or

(b) where (in the case of a payment of principal or interest on redemption) the relevant Certificate is surrendered for payment more than thirty (30) days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such increased payment if it had surrendered the relevant Certificate on the last day of such period of thirty (30) days.

For these purposes **Relevant Date** means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders.

6.2 If CGIF is aware that it must make a Tax Deduction (or that there is a change in the rate or the basis of a Tax Deduction), it must promptly notify the Guaranteed Party.

6.3 If CGIF is required to make a Tax Deduction, it must make the minimum Tax Deduction allowed by law and must make any payment required in connection with that Tax Deduction within the time allowed by law.

6.4 Nothing in this Clause 6 shall be considered to constitute a waiver of the privileges, immunities and exemptions applicable to CGIF pursuant to the Articles of Agreement.

7. PAYMENTS

7.1 Payment by CGIF and other Parties

(a) A payment by CGIF of a Paid Guaranteed Amount or a payment by CGIF under this Agreement of all or any part of the Guarantor Default Interest Amount in accordance with this Agreement will discharge the payment obligations of CGIF under this Agreement to the extent of such payment, whether or not such payment is properly applied by or on behalf of the Guaranteed Party.

(b) All payments to be made by a Party under this Agreement must be made on the due date for payment in immediately available funds to such account as the receiving Party may direct such account to be notified by the receiving Party to the other Party at least five Business Days prior to the relevant due date for payment.

7.2 Currency

All payments to be made by a Party under this Agreement must be made in the currency in which the amounts are incurred in relation to costs, fees, expenses, liabilities and other indemnities.

7.3 Certificates and determinations

Any certification, determination or notification by a Party of a rate or amount made pursuant to the terms of this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

7.4 Business Days

If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment will instead be the preceding Business Day.

8. AMENDMENTS AND WAIVERS

8.1 No amendment to Bond Documents

The Guaranteed Party shall not, without the prior written consent of CGIF, concur in any amendment, modification, variation, novation, waiver or termination of any term of a Bond Document to which it is a party unless in accordance with clause 12.1 (*Waiver and Modification*) of the Trust Deed and Condition 13(b) (*Modification and waiver*) of the Bond Conditions.

8.2 Amendments

Any term of this Agreement may be amended or waived with the written agreement of the Parties and the Issuer.

8.3 Waivers and remedies cumulative

(a) The rights and remedies of each Party under this Agreement:

(i) may be exercised as often as necessary;

(ii) are cumulative and not exclusive of its rights and remedies under the general law; and

(iii) may be waived only in writing and specifically.

(b) No delay in exercising or non-exercise by a Party of any right or remedy under this Agreement shall operate as a waiver of that right or remedy, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy other than where any rights (including, without limitation, the right to require payment of any Guaranteed Amount) are to be exercised in accordance with specified requirements under this Agreement.

9. ASSIGNMENT OR TRANSFER

No Party may assign or transfer any of its rights and obligations under this Agreement without the prior consent of the other Party except that:

(a) CGIF may assign or transfer any of its rights and benefits under this Agreement (including its right of subrogation) to any person without the prior written consent of the Guaranteed Party or any other person; and

(b) the Guaranteed Party may assign or transfer any of its rights and obligations under this Guarantee to any replacement trustee duly appointed in accordance with the Trust Deed.

10. TERMINATION

10.1 Except as otherwise provided in Clause 2.5 (Limited recourse), Clause 2.6 (*No personal liability of Asian Development Bank or any other contributors to CGIF*), Clause 4 (*Subrogation and Transfers*), Clause 16 (*Governing Law*) and Clause 17 (*Dispute Resolution*) and Clause 18 (*ADB and CGIF Immunities*), all rights and obligations of each Party will cease and expire on the last day of the Guarantee Term.

10.2 Termination or expiry of this Guarantee pursuant to the terms of this Agreement is without prejudice to the rights of any Party which have accrued prior to such termination or expiry, whether arising under this Agreement, at law or otherwise.

11. SET-OFF

No Party may set off any obligation owed to it by the other Party under this Agreement against any obligation owed by it to that other Party.

12. SEVERABILITY

If a term of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any jurisdiction, it shall not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement; or

(b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Agreement.

13. COUNTERPARTS

This Agreement may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

14. NOTICES

14.1 In writing

(a) Any communication in connection with this Agreement must be in writing, with copies sent to the Issuer and the Obligors, and, unless otherwise stated, may be given:

(i) in person, by post or fax; or

(ii) to the extent agreed by the Parties making and receiving communication, by email or other electronic communication.

(b) For the purpose of this Agreement, an electronic communication will be treated as being in writing.

(c) Unless it is agreed to the contrary, any consent or agreement required under this Agreement must be given in writing.

14.2 Contact details

(a) The contact details of CGIF for all notices in connection with this Agreement are:

Address:	Asian Development Bank Building, 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines
Fax number:	+632-8683-1377
Email:	nexus.sgd@cgif-abmi.org

Attention: CEO and Vice President, Operations

(b) The contact details of the Guaranteed Party for all notices in connection with this Agreement are:

Address:
Fax number:
Email:
Attention:

(c) The contact details of the Obligors for all notices in connection with this Agreement are:

Address:
Fax number:
Email:
Attention:

(d) Any Party may change its contact details by giving five Business Days' notice to the other Party.

(e) Where a Party nominates a particular department or officer to receive a communication, a communication will not be effective if it fails to specify that department or officer.

14.3 Effectiveness

(a) Except as provided below, any communication in connection with this Agreement will be deemed to be given as follows:

(i) if delivered in person, at the time of delivery;

(ii) if posted, five Business Days after being deposited in the post, postage prepaid, in a correctly addressed envelope;

(iii) if by fax, when received in legible form; and

(iv) if by e-mail or any other electronic communication, when received in legible form.

(b) A communication given under paragraph (a) above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

(c) A communication to CGIF will only be effective on actual receipt by it.

14.4 English Language

(a) Any notice given in connection with this Agreement must be in English.

(b) Any other document provided in connection with this Agreement must be:

(i) in English; or

(ii) in the language of the jurisdiction in which the Bonds are issued, accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other publicly available official document.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Unless expressly provided to the contrary in a Guarantee Document, a person who is not a party to a Guarantee Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 and, notwithstanding any term of any Guarantee Document, no consent of any third party is required for any amendment (including any release or compromise of any liability) or termination of any Guarantee Document. Notwithstanding the foregoing, the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents may enforce Clauses 2.5 (*Limited recourse*), 2.6 (*No personal liability of Asian Development Bank or any other contributors to CGIF*) , 17.2(j) (*Arbitration*), and 18 (ADB and CGIF Immunities) of this Agreement.

16. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by English law.

17. DISPUTE RESOLUTION

17.1 Governing law

This Clause 17 and any non-contractual obligations arising out of or in connection with it shall be governed by Singapore law.

17.2 Arbitration

(a) Any dispute, claim, difference or controversy arising out of, relating to, or having any connection with this Agreement (which includes this Clause 17) and any Guarantee Document other than this Agreement, including any dispute as to their existence, validity, interpretation, performance, breach or termination, or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them (for the purpose of this Clause 17, a **Dispute**), shall be referred to and be finally resolved by arbitration administered by the Singapore International Arbitration Centre (**SIAC**) under the Arbitration Rules of the SIAC in force when the Notice of Arbitration is submitted (for the purpose of this Clause 17, the **Rules**).

(b) The Parties further agree that following the commencement of arbitration, and following the exchange of the Notice of Arbitration and Response to the Notice of Arbitration, they will initially attempt in good faith to resolve the Dispute through mediation at the Singapore International Mediation Centre (**SIMC**), in accordance with the SIAC-SIMC Arb-Med-Arb Protocol (the **Protocol**) for the time being in force which shall last for a period not exceeding sixty-five (65) Business Days from the commencement of the mediation proceedings (the **Mediation Period**). Where a settlement has been reached between the Parties within the Mediation Period, such terms of settlement shall be referred to the arbitral tribunal and the arbitral tribunal may make a consent award on such agreed terms. In the absence of a settlement by the Parties within the Mediation Period, the Dispute shall revert back to arbitration pursuant to the Protocol. Unless otherwise agreed by the Parties, the arbitration shall resume by arbitrators who were not involved in the mediation process above.

(c) The Rules and the Protocol are incorporated by reference into this Clause 17 and capitalised terms used in this Clause 17 (which are not otherwise defined in this Agreement or any Guarantee Document) shall have the meaning given to them in the Rules and the Protocol.

(d) The number of arbitrators shall be three. The claimant(s) shall nominate one arbitrator. The respondent(s) shall nominate one arbitrator. The arbitrators nominated by the parties in accordance with the Rules shall jointly nominate the third arbitrator who, subject to confirmation by the President of the Court of Arbitration of SIAC (the **President**), will act as president of the arbitral tribunal. If the third arbitrator is not chosen by the two arbitrators nominated by the parties within

30 days of the date of appointment of the later of the two party-appointed arbitrators to be appointed, the third arbitrator shall be appointed by the President.

(e) The seat of arbitration shall be Singapore and all hearings shall take place in Singapore unless the arbitral tribunal in its absolute discretion decides that a different location will be appropriate.

(f) Except as modified by the provisions of this Clause 17 and the Rules, Part II of the International Arbitration Act (Cap. 143A) of Singapore shall apply to any arbitration proceedings commenced under this Clause 17. Neither party shall be required to give general discovery of documents, but may be required only to produce specific, identified documents which are relevant to the Dispute.

(g) The language used in the arbitral proceedings shall be English. All documents submitted in connection with the proceedings shall be in the English language, or, if in another language, accompanied by an English translation and in which case, the English translation shall prevail.

(h) Service of any Notice of Arbitration made pursuant to this Clause 17 shall be made in accordance with the Rules and at the addresses given for the sending of notices under this Agreement at Clause 14 (Notices).

(i) The arbitration award(s) rendered by the arbitral tribunal shall be final and binding on the parties. To the fullest extent permitted under any applicable law, the parties irrevocably exclude and agree not to exercise any right to refer points of law or to appeal to any court or other judicial authority.

(j) The arbitral tribunal and any emergency arbitrator appointed in accordance with the Rules shall not be authorized to order, and the Guaranteed Party agrees for itself and on behalf of each Bondholder that it shall not seek from the arbitral tribunal or any judicial authority:

(i) any order of whatsoever nature against the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents; or

(ii) any interim order to sell, attach, freeze or otherwise enforce against the CGIF Assets.

(k) The Rules shall not prohibit CGIF from disclosing any information relating to any arbitral proceedings and/or arbitral award arising out of this Clause 17 to the board of directors of CGIF (the **CGIF Board**) as part of its approval process and portfolio administration, or to the Asian Development Bank or any other contributors to CGIF or any of their respective officers, employees, advisers, agents or representatives. The members of the CGIF Board may seek instructions from their constituents for the purpose of CGIF Board approval and portfolio administration and the Board documents and other relevant information may be distributed to any representatives of the relevant member countries of CGIF for the said purpose only, provided that such information and documents distributed by the CGIF Board insofar as they relate to any arbitral proceedings and/or arbitral award shall be clearly marked "CONFIDENTIAL".

18. ADB AND CGIF IMMUNITIES

Nothing in this Agreement, or any agreement, understanding or communication relating to this Agreement (whether before or after the date of this Agreement), shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges or exemptions accorded to the Asian Development Bank under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law, or accorded to CGIF under the Articles of Agreement.

THIS AGREEMENT has been executed as a deed by the Parties hereto and is intended to be and is hereby delivered on the date first above written.

SCHEDULE 1

FORM OF CGIF CERTIFICATE

To: Citicorp International Limited in its capacity as the trustee for and on behalf of the holders of the Bonds (as defined below) (in this capacity the **Guaranteed Party**).

From: Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank **(CGIF)**

Copy: Nexus International School (Singapore) Pte. Ltd. (the **Issuer**)

Date: ____________________

Dear Sirs,

Nexus International School (Singapore) Pte. Ltd. (the Issuer) – Reimbursement and Indemnity Agreement dated ______________ 2019 (the Indemnity Agreement) between the Issuer, the other Obligors named thereunder and CGIF in connection with the up to S$[●] bonds issued by Nexus International School (Singapore) Pte. Ltd. (the Bonds)

I refer to the Indemnity Agreement and the guarantee agreement dated ______________ 2019 between CGIF and the Guaranteed Party (the **Guarantee Agreement**).

I am a duly authorised officer of CGIF. I am authorised to give this certificate and certify that CGIF has received (or waived receipt of) all of the documents and evidence set out in schedule 2 (*Conditions Precedent*) to the Indemnity Agreement in form and substance satisfactory to CGIF.

This also serves as notification to the Guaranteed Party in accordance with Clause 2.2 (*Term of this Guarantee*) of the Guarantee Agreement that the guarantee pursuant to the Guarantee Agreement is in effect, subject to the issuance of the Bonds, and to the Issuer that CGIF has no objection to the issuance of the Bonds.

Unless we notify you to the contrary in writing, you may assume that this certificate remains true and correct.

This certificate, and any non-contractual obligations arising out of or in connection to it, should be governed by and construed in accordance with English law.

For

CREDIT GUARANTEE AND INVESTMENT FACILITY,
a trust fund of the Asian Development Bank

____

Name:
Title:

SIGNATORIES

CGIF

EXECUTED as a **DEED** by)
CREDIT GUARANTEE AND)
INVESTMENT FACILITY,)
a trust fund of the Asian Development Bank)
and **SIGNED** and **DELIVERED** as a **DEED**)
on its behalf by)

____

In the presence of:

Witness' signature:

....

Witness' name:

....

Witness' address:

....

....

....

THE GUARANTEED PARTY

CITICORP INTERNATIONAL LIMITED

By: ______________________________
Name:
Title:

INDEX TO THE FINANCIAL STATEMENTS

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
Registration No. 201009668C
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016
TOGETHER WITH DIRECTORS' STATEMENT
AND AUDITOR'S REPORT

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their statement to the member together with the audited financial statements of Nexus International School (Singapore) Pte. Ltd. (the "Company") for the financial year ended 31 December 2016.

In the opinion of the directors,

(a) the financial statements of the Company as set out on pages 6 to 34 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the financial year then ended; 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.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Loy Teik Ngan
Abby Lew Tong
Gan Boon Kiat
Lim Kok Min John
Thomas Yeoh Eng Leong (appointed on 30 May 2017)

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures or share options of the Company or its related corporations, except as follows:

	Direct interests		Deemed interests	
	At 1 January 2016	At 31 December 2016	At 1 January 2016	At 31 December 2016
Company				
Ordinary shares of $1.00 each				
Abby Lew Tong [i]	-	-	16,480,000	41,780,000
Loy Teik Ngan [i]	-	-	16,480,000	41,780,000
Holding Company				
- Taylor's Education Pte Ltd				
Ordinary shares of $1.00 each				
Abby Lew Tong	-	-	59,742,033	96,452,943
Loy Teik Ngan	-	-	59,742,033	96,452,943

Directors' interests in shares or debentures (Continued)

	Direct interests		Deemed interests	
	At 1 January 2016	At 31 December 2016	At 1 January 2016	At 31 December 2016
Ultimate Holding Company				
- Educrest Sdn. Bhd.				
Ordinary shares of RM1.00 each				
Abby Lew Tong [(i)]	280,000	280,000	720,000	720,000
Loy Teik Ngan [(i)]	-	-	1,000,000	1,000,000

[(i)] Abby Lew Tong and Loy Teik Ngan are deemed to have interest by virtue of their shareholdings held in the ultimate holding company, Educrest Sdn Bhd, a company incorporated in Malaysia. By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Abby Lew Tong and Loy Teik Ngan are also deemed to have interests in the share capital of all the related corporations of the Company.

Arrangements to enable directors to acquire benefits by means of the acquisition of 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 object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share options

During the financial year, no options to take up unissued shares of the Company were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

LIM KOK MIN JOHN
Director

GAN BOON KIAT
Director

8 June 2017

Crowe Horwath.

Crowe Horwath First Trust LLP
Chartered Accountants of Singapore
Member Crowe Horwath International

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#05-01 AXA Tower
Singapore 068811
+65 6221 0338
+65 6221 1080 Fax
www.crowehorwath.com.sg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nexus International School (Singapore) Pte. Ltd. (the Company) set out on pages 6 to 34, which comprise the statement of financial position of the Company as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the financial 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 Company 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.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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.

Crowe Horwath.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD. (Continued)

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 FRSs, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 Company's internal control.

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

Crowe Horwath.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD. (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Company'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 Company to cease to continue as a going concern.

- 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.

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.

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 have been properly kept in accordance with the provisions of the Act.

Crowe Horwath First Trust LLP

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

8 June 2017

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(Amounts in Singapore dollars)

	Note	2016	2015
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	3	31,727,736	4,729,451
Long-term prepayments		24,284	19,950
		31,752,020	4,749,401
Current assets			
Inventories		15,642	18,671
Trade and other receivables	4	8,079,038	6,459,042
Prepayments		145,794	253,982
Cash and cash equivalents	5	4,209,623	4,617,403
		12,450,097	11,349,098
TOTAL ASSETS		44,202,117	16,098,499
LIABILITIES			
Current liabilities			
Other payables and accruals	6	6,271,559	3,715,256
Fees received in advance		12,776,370	11,727,830
Lease obligations	7	96,837	77,442
Borrowings	8	1,000,000	-
		20,144,766	15,520,528
Non-current liability			
Lease obligations	7	64,486	83,644
TOTAL LIABILITIES		20,209,252	15,604,172
NET ASSETS		23,992,865	494,327

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2016
(Amounts in Singapore dollars)

	Note	2016 $	2015 $
EQUITY			
Capital and reserves			
Share capital	9	41,780,000	16,480,000
Accumulated losses		(17,787,135)	(15,985,673)
TOTAL EQUITY		23,992,865	494,327

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(Amounts in Singapore dollars)

	Note	2016	2015
		$	$
Revenue			
Fees income		26,320,800	22,813,241
Other income	10	346,087	376,617
Personnel expenses	11	(18,729,851)	(16,831,533)
Other operating expenses	12	(9,595,418)	(8,066,573)
Finance costs		(143,080)	(111,081)
Loss before tax		(1,801,462)	(1,819,329)
Income tax expense	13	-	-
Loss for the financial year, representing total comprehensive loss for the financial year		(1,801,462)	(1,819,329)

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(Amounts in Singapore dollars)

	Share capital	Accumulated losses	Total equity
	$	$	$
Balance at 1 January 2015	16,480,000	(14,166,344)	2,313,656
Loss for the financial year, representing total comprehensive loss for the financial year	-	(1,819,329)	(1,819,329)
Balance at 31 December 2015	16,480,000	(15,985,673)	494,327
Balance at 1 January 2016	16,480,000	(15,985,673)	494,327
Contribution by and distribution to owners			
Issuance of new share capital	25,300,000	-	25,300,000
Loss for the financial year, representing total comprehensive loss for the financial year	-	(1,801,462)	(1,801,462)
Balance at 31 December 2016	41,780,000	(17,787,135)	23,992,865

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(Amounts in Singapore dollars)

	Note	2016	2015
		$	$
Cash flows from operating activities			
Loss before tax		(1,801,462)	(1,819,329)
Adjustments:			
Depreciation of property, plant and equipment		1,806,903	1,323,452
Interest expense		137,488	111,081
Bad debt		-	14,151
Allowance for doubtful debts		44,819	18,832
Operating profit / (loss) before working capital changes		187,748	(351,813)
Inventories		3,029	(5,031)
Trade and other receivables		(1,674,577)	1,010,222
Prepayments		108,188	(21,915)
Other payables and accruals		110,245	(113,217)
Fees received in advance		1,048,540	2,670,296
Long-term prepayments		(4,334)	45,291
Cash (used in) / from operating activities		(221,161)	3,233,833
Interest paid		(8,399)	(5,815)
Net cash (used in) / from operating activities		(229,560)	3,228,018
Cash flows from investing activities			
Purchase of property, plant and equipment		(28,710,788)	(1,473,208)
Cash at bank pledged		(425)	(850,318)
Withdrawal of pledged deposit		-	1,696,254
Net cash used in investing activities		(28,711,213)	(627,272)
Cash flows from financing activities			
Proceed from issuance of share capital		25,300,000	-
Proceed from short-term borrowings		1,000,000	-
Repayment of finance lease obligations		(94,163)	(59,548)
Loan from holding company		2,314,380	-
Repayment to holding company		-	(2,065,876)
Repayment from related companies		12,351	436,973
Net cash from / (used in) financing activities		28,532,568	(1,688,451)
Net (decrease) / increase in cash and cash equivalents		(408,205)	912,295
Cash and cash equivalents at beginning of year		3,727,085	2,814,790
Cash and cash equivalents at end of year	5	3,318,880	3,727,085

The accompanying notes are an integral part of the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements

1. GENERAL INFORMATION

Nexus International School (Singapore) Pte. Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore. The address of the Company's registered office and its principal place of business is 201 Ulu Pandan Road, Singapore 596468.

The Company's immediate and ultimate holding company are Taylor's Education Pte. Ltd. and Educrest Sdn. Bhd, incorporated in Singapore and Malaysia respectively.

The principal activities of the Company are provision of private education. There has been no significant changes in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 8 June 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in Singapore dollars ("$").

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 January 2016, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective

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

Descriptions	Effective for annual periods beginning on or after
Amendments to FRS 7: *Disclosure Initiative*	1 January 2017
Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to FRSs (Dec 2016)	
- FRS 112 *Disclosure of Interests in Other Entities*	1 January 2017
FRS 115 *Revenue from Contracts with Customers (including Clarifications)*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 102: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40: *Transfers of Investment Property*	1 January 2018
Improvements to FRSs (Dec 2016)	
- FRS 101 *First-time Adoption of Financial Reporting Standards*	1 January 2018
- FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122: *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to FRS 104: *Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts*	1 January 2018
FRS 116 *Leases*	1 January 2019

Except for FRS 115 and FRS 116, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 116 is described below.

FRS 115 *Revenue from Contracts with Customers (including Clarifications)*

FRS 115 establishes a single comprehensive model in accounting for revenue arising from contracts with customers, and will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective in 2018.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under FRS 115, an entity recognises revenue when (or as) a performance obligations is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers.

The application of FRS 115 may have a material impact on the amounts reported and disclosures in the Company's consolidated financial statements. The Company is in the process of assessing the impact of the new standard for the future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

FRS 116 *Leases*

This new standard on leases supersedes the previous standard (FRS 17) and interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease. For leasees, FRS 116 reforms leasee accounting by introducing a single model similar to the existing finance lease model. Specifically, lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets and the associated obligations for lease payments, with limited exemptions. However, lessor accounting, with the distinction between operating and finance leases, remains largely unchanged. FRS 116 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that apply FRS 115 *Revenue from Contracts with Customers* at or before the date of initial application of this standard. The Company will apply the new FRS 116 when it becomes effective in 2019, which may have a material impact on the amounts reported and disclosures in the Company's financial statements. The Company is in the process of assessing the impact of the new standard for the future periods.

Currency translation

(i) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency 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 reporting date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Company recognises such parts as individual assets with specific 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 expenses are recognised in profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Construction in progress includes all cost of construction and other direct costs. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Construction in progress is reclassified to the appropriate category of property, plant and equipment when complete and ready to use.

Construction in progress is not depreciated. All other items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Leasehold land	30
Leasehold improvement	From when it is available for use up to July 2020
Computers and equipment	3
Office equipment	5
Furniture and fittings	4 to 5

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income / (expenses)".

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company 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 to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This 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 and loss.

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every reporting date. As at the reporting date, the Company has financial assets in the category of loans and receivables only.

(ii) Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables, including amounts due from related companies.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Consumable goods comprise purchase costs accounted for on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

(ii) Subsequent measurement

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, 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 derecognition 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.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) As lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which

(ii) As lessee

Finance leases, which transfers to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognised when the Company has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date 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. Where 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.

Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

Share capital

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and the associated costs can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually define terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Fee income

Tuition fee is recognised on the accrual basis. Fee received in advance are recognised as fee received in advance on the statement of financial position.

(ii) Rental income

Rental income arises from the use of the school premises and facilities.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits

(i) Retirement benefits

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution retirement schemes.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

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

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the reporting date. 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.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions, excluding pledged cash deposits. Cash and cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

Contingencies

A contingent liability is a possible obligation that arises 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 Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(b) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be from when it is available for use up to July 2020. These are common life expectancies applied to similar categories of property, plant and equipment. Changes in the government's policy on usage of land in which the school premises is located, expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipment at the reporting date is disclosed in Note 3 to the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Leasehold Improvement*	Computers and equipment	Office equipment	Furniture and fittings	Constructions in progress	Total
	$	$	$	$	$	$	$
Cost							
As at 1 January 2015	-	5,687,695	934,247	1,639,312	377,352	-	8,638,606
Additions	-	344,466	399,636	314,750	173,992	332,390	1,565,234
As at 31 December 2015	-	6,032,161	1,333,883	1,954,062	551,344	332,390	10,203,840
As at 1 January 2016	-	6,032,161	1,333,883	1,954,062	551,344	332,390	10,203,840
Additions	24,401,005	641,812	278,328	241,554	122,112	3,120,377	28,805,188
As at 31 December 2016	24,401,005	6,673,973	1,612,211	2,195,616	673,456	3,452,767	39,009,028
Accumulated depreciation							
As at 1 January 2015	-	2,586,105	494,941	849,261	220,630	-	4,150,937
Charge for the year	-	727,677	295,065	265,393	35,317	-	1,323,452
As at 31 December 2015	-	3,313,782	790,006	1,114,654	255,947	-	5,474,389
As at 1 January 2016	-	3,313,782	790,006	1,114,654	255,947	-	5,474,389
Charge for the year	67,781	992,995	352,881	299,650	93,596	-	1,806,903
As at 31 December 2016	67,781	4,306,777	1,142,887	1,414,304	349,543	-	7,281,292
Net carrying amount							
As at 31 December 2016	24,333,224	2,367,196	469,324	781,312	323,913	3,452,767	31,727,736
As at 31 December 2015	-	2,718,379	543,877	839,408	295,397	332,390	4,729,451

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Assets held under finance leases

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of $94,400 (2015: $92,026) by means of finance lease.

The carrying amount of property, plant and equipment held under finance lease at the reporting date was $164,171 (2015: $161,086) respectively.

* Revised useful life

During the year, the Company was awarded the lease of land to build the new school premise. The Company expected the new school premise will be ready for use in July 2020. Accordingly, the Company revised the estimated useful lives of leasehold improvement such that the related assets will be fully depreciated by July 2020, based on the assumption that the current lease for the existing school premise at 201 Ulu Pandan Road, Singapore 596468 will be renewed for a further term up to July 2020 upon its expiry on 30 September 2019. The revised depreciation rate is applied prospectively without adjustments to previously reported amounts. The change in this accounting estimate resulted in a decrease in depreciation and a decrease on the Company's loss by $55,049.

The effect of the above revision on depreciation charge in current and future periods are as follows:

	2016 $	2017 $	2018 $	2019 $	2020 $
Decrease in depreciation expenses	55,049	660,588	660,588	660,588	385,343

4. TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Trade receivables	7,031,361	6,281,491
Allowance for impairment (Note 16(ii))	(63,651)	(18,832)
	6,967,710	6,262,659
Deposits	54,458	173,126
Loan to staffs	36,314	22,512
GST receivables	1,008,500	-
Other debtors	9,300	-
Amount due from related companies	2,756	745
	8,079,038	6,459,042

Trade receivables

Trade receivables are non-interest bearing are generally within 30 days' terms (2015: 30 days' terms). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

4. TRADE AND OTHER RECEIVABLES (Continued)

Amount due from related companies

The amount is non-trade related, unsecured, non-interest bearing and repayable on demand.

5. CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash and bank balances	3,318,880	3,727,085
Fixed deposits	890,743	890,318
	4,209,623	4,617,403
Less: Fixed deposits (pledged)	(890,743)	(890,318)
Cash and cash equivalents	3,318,880	3,727,085

Fixed deposits (pledged)

Fixed deposits of $890,743 (2015: $890,318) are pledged in connection with credit facilities granted by two banks, of which:-

- $850,743 (2015: $850,318) are pledged in connection with overdraft facilities
- $40,000 (2015: $40,000) are pledged in connection with corporate credit card facility

Fixed deposits have an average maturity period of 1 year, and yield interest income at effective rates range from 0.05% to 0.25% per annum (2015: 0.05% to 0.25% per annum).

6. OTHER PAYABLES AND ACCRUALS

	2016 $	2015 $
Amount due to holding company	4,366,642	1,953,385
Amount due to a related company	958,033	431,477
Other payables	455,188	941,130
Accruals	491,696	389,264
	6,271,559	3,715,256

Amount due to holding company

The amount is non-trade, unsecured, bears a fixed interest rate at 4.94% (2015: 5.15%) per annum and repayable on demand.

Amount due to a related company

The amount is non-trade, unsecured, non-interest bearing and repayable on demand.

6. OTHER PAYABLES AND ACCRUALS (Continued)

Other payables

The amounts are non-interest bearing. Other payables have an average term of 1 month (2015: 1 month).

7. LEASE OBLIGATIONS

	Minimum lease payments	Interest	Present value of payments
	$	$	$
2016			
Non-current portion:			
- Later than 1 year and not later than 5 years	72,317	(7,831)	64,486
Current portion:			
- Not later than 1 year	107,288	(10,451)	96,837
	179,605	(18,282)	161,323
2015			
Non-current portion:			
- Later than 1 year and not later than 5 years	91,814	(8,170)	83,644
Current portion:			
- Not later than 1 year	85,005	(7,563)	77,442
	176,819	(15,733)	161,086

The Company leases certain equipment under finance lease. Lease term is 3 years with option to purchase at the end of the lease term. Lease term does not contain restrictions concerning dividends, additional debt or further leasing.

8. BORROWINGS

The borrowings of the Company of $1,000,000 (2015: Nil) is repayable on 1 February 2017 and bears interest at 3.19% per annum.

On 1 February 2017, the borrowings had been settled with compliance to the agreed tenure.

9. SHARE CAPITAL

	2016		2015	
	Number of ordinary shares	$	Number of ordinary shares	$
At beginning of the financial year	16,480,000	16,480,000	16,480,000	16,480,000
Issuance of new share capital	25,300,000	25,300,000	-	-
At end of the financial year	41,780,000	41,780,000	16,480,000	16,480,000

On 30 November 2016, the Company issued an additional 25,300,000 ordinary shares amounting to $25,300,000 by way of cash for purposes of acquiring leasehold land and building the new school premise as disclosed in Note 3. The newly issued shares rank pari passu in all respects with previously issued shares.

All issued ordinary shares are fully paid. 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 restrictions. There is no par value for these ordinary shares.

10. OTHER INCOME

	2016	2015
	$	$
Rental fees	175,648	180,338
Exam fees	35,794	47,101
Wage credit scheme	108,327	66,681
Miscellaneous	26,318	82,497
	346,087	376,617

11. PERSONNEL EXPENSES

	2016	2015
	$	$
Salaries and other short-term benefits	16,425,377	14,630,994
Central provident fund contributions	499,649	439,804
Director's fee	20,000	20,000
Director's remuneration	88,395	65,823
Other staff costs	1,696,430	1,674,912
	18,729,851	16,831,533

12. OTHER OPERATING EXPENSES

The followings have been included in arriving at other operating expenses:

	2016	2015
	$	$
Agent commission	307,000	407,400
Impairment of trade receivables		
- Bad debt	-	14,151
- Allowance for doubtful debts	44,819	18,832
Depreciation of property, plant and equipment	1,806,903	1,323,452
Repair and maintenance	261,603	233,358
Utilities and system maintenance	960,535	828,189
Rental of premises	3,394,656	2,582,274
Rental of equipment	90,486	109,612
Advertising expenses	539,535	530,949
Management fees	496,945	435,070

13. INCOME TAX EXPENSE

Major components of income tax expense for the year ended 31 December were:

	2016	2015
	$	$
Current tax		
- Current year	-	-

The reconciliation of the tax expense and the product of accounting loss multiplied by the applicable rate is as follows:

	2016	2015
	$	$
Accounting loss	(1,801,462)	(1,819,329)
Tax at the applicable tax rate of 17% (2015: 17%)	(306,249)	(309,286)
Tax effect of		
- Tax incentives	(171,903)	(136,278)
- Expenses not deductible for tax purposes	180,332	123,705
- Income not subject to tax	(5,130)	(11,336)
- Deferred tax assets not recognised	302,950	333,195
Tax expense	-	-

13. INCOME TAX EXPENSE (Continued)

At the reporting date, the Company has deductible temporary differences on property, plant and equipment and unused tax losses of approximately $5,945,000 and $12,534,000 (2015: $5,199,000 and $11,523,000) respectively, that are available for offset against future taxable profits of the Company. The related deferred tax asset has not been recognised in the financial statements due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in Singapore. These tax losses have no expiry date.

14. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, significant transaction with the related parties (as defined in Note 2 above), on terms agreed between the parties, were as follows:

	2016	2015
	$	$
Holding company		
Loan from holding company	2,314,380	-
Loan interest	98,877	105,266
Repayment of loan from holding company	-	2,170,000
Payment on behalf (for) / by holding company	(2,644)	104,124
Related parties		
Management fees	496,946	435,070
Payment on behalf by related companies	329	132
Payment on behalf for related companies	15,363	13,023

Key management personnel compensation

	2016	2015
	$	$
Key management personnel compensation		
Director's fee	20,000	20,000
Director's remuneration	88,395	65,820

15. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Contingent liabilities

On 28 December 2016, the Company has received a writ summon from the solicitor representing the parents of a student to claim against the Company's public liability insurance on the injuries accident occurred on 11 December 2015 at the school premises.

15. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(i) Contingent liabilities (Continued)

As at reporting date, the case is still ongoing and the trial date has not been set, therefore, it is not practicable to state the timing of any payment. The estimated contingent liability is assessed and determined as $94,570 should the plaintiff succeeds on its claims. The Company has been advised by the insurance company's legal counsel that it is possible, but not probable, that the claim will succeed and accordingly no provision for liability has been made in these financial statements.

(ii) Non-cancellable operating lease commitments

The Company has operating lease agreements for equipment and property.

	2016 $	2015 $
Future minimum lease payments		
- Not later than 1 year	4,582,577	3,451,059
- Later than 1 year and not later than 5 years	6,488,418	895,654
	11,070,995	4,346,713

(iii) Future capital expenditure

	2016 $	2015 $
Capital expenditure contracted but not provided for in the financial statements:		
- Relocation of campus	9,768,446	10,761,765
Capital expenditure approved but not contracted nor provided for in the financial statements:		
- Relocation of campus	160,081,065	161,510,235

16. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company's overall financial risk management programme seeks to minimise potential adverse effects of the financial performance of the Company. The main risk arising from the Company's financial statements are foreign exchange risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below. It is the Company's policy not to trade in derivative contracts.

(i) Foreign exchange risk

The Company has exposure to foreign exchange risk from transactions denominated in foreign currencies. The currencies giving rise to this risk are Malaysian ringgit, Great British pounds, United States dollars, New Zealand dollars and Thai baht. Accordingly, the Company's statement of financial position can be affected by movement of this exchange rate.

16. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Foreign exchange risk (Continued)

2016	Singapore dollars $	Malaysian ringgit $	Great British pounds $	Others $	Total $
Financial assets					
Cash and cash equivalents	4,209,623	-	-		4,209,623
Trade and other receivables	7,070,538	-	-		7,070,538
	11,280,161	-	-		11,280,161
Financial liabilities					
Other payables and accruals	5,263,514	977,174	18,934	11,937	6,271,559
Lease obligations	161,323	-	-	-	161,323
Borrowings	1,000,000	-	-	-	1,000,000
	6,424,837	977,174	18,934	11,937	7,432,882
Net financial assets / (liabilities)	4,855,324	(977,174)	(18,934)	(11,937)	3,847,279
Less: Net financial assets denominated in the Company's functional currency	(4,855,324)	-	-	-	(4,855,324)
Foreign currency exposure	-	(977,174)	(18,934)	(11,937)	(1,008,045)

Others comprise of United States dollars, New Zealand dollars and Thai baht.

2015	Singapore dollars $	Malaysian ringgit $	Thai baht $	Total $
Financial assets				
Cash and cash equivalents	4,613,946	-	3,457	4,617,403
Trade and other receivables	6,459,042	-	-	6,459,042
	11,072,988	-	3,457	11,076,445
Financial liabilities				
Other payables and accruals	2,604,095	431,477	-	3,035,572
Lease obligations	161,086	-	-	161,086
	2,765,181	431,477	-	3,196,658

16. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Foreign exchange risk (Continued)

2015	Singapore dollars $	Malaysian ringgit $	Thai baht $	Total $
Net financial assets / (liabilities)	8,307,807	(431,477)	3,457	7,879,787
Less: Net financial assets denominated in the Company's functional currency	(8,307,807)	-	-	(8,307,807)
Foreign currency exposure	-	(431,477)	3,457	(428,020)

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Singapore dollars against the relevant foreign currencies, with all the variable including tax rate being held constant, loss after tax for the financial year will increase / (decrease) by:

	2016 $	2015 $
Against Malaysian ringgit		
Strengthened 10% (2015: 10%)	(81,105)	(35,813)
Weakened 10% (2015: 10%)	81,105	35,813
Against Great British pounds		
Strengthened 10% (2015: 10%)	(1,572)	-
Weakened 10% (2015: 10%)	1,572	-
Against other currencies		
Strengthened 10% (2015: 10%)	(991)	-
Weakened 10% (2015: 10%)	991	-
Against Thai baht		
Strengthened 10% (2015: 10%)	-	287
Weakened 10% (2015: 10%)	-	(287)

(ii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables and cash and cash equivalents.

The Company's credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Receivables are monitored on an ongoing basis via Company's management reporting procedures.

The average credit period granted to students is within 30 days (2015: 30 days).

16. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

The carrying amounts of cash and bank balances, trade and other receivables, including amount due from related companies, represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its students to make payments when due. The management mitigates the risk by collecting tuition fees from students at the beginning of the school term. The outstanding student fees which are generally insignificant are regularly monitored and therefore, the management does not expect the Company to incur significant credit losses.

The age analysis of trade receivables is as follows:

	2016 $	2015 $
Not past due and not impaired	6,898,754	6,123,552
Past due and impaired	63,651	18,832
Past due but not impaired		
- Past due 0 to 3 months	44,745	46,124
- Past due 3 to 6 months	24,211	92,983
	68,956	139,107
Gross trade receivables	7,031,361	6,281,491
Less: Allowance for impairment of trade receivables	(63,651)	(18,832)
	6,967,710	6,262,659

The movement in allowance for impairment of trade receivables is as follows:

	2016 $	2015 $
At beginning of the financial year	18,832	96,555
Allowance written back during the financial year	(7,380)	-
Allowance for impairment of trade receivables during the financial year	52,199	18,832
Allowance written off during the financial year	-	(96,555)
At end of the financial year	63,651	18,832

16. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

Included in trade receivables was an amount of $68,956 (2015: $139,107) that were past due but not impaired which relates to a number of independent students who are existing students of the Company and have been so for a number of years. The amounts that are neither past due nor impaired represents balances owing from students who were billed in advance for the following semester's fees. Based on past experience and historical trend, the management believes that no impairment allowance is necessary in respect of the remaining outstanding balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral over these balances.

(iii) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay..

	Weighted average effective interest rate	On demand or not later than 1 year	Later than 1 year and not later than 5 years
	%	$	$
2016			
Other payables and accruals		1,904,917	-
Amount due to holding company	4.94%	4,582,353	-
Lease obligations (fixed rate)	6.51%	107,288	72,317
Borrowings	3.19%	1,000,000	
		7,594,558	72,317
2015			
Other payables and accruals		1,761,871	-
Amount due to holding company	5.15%	2,053,984	-
Lease obligations (fixed rate)	6.15%	85,005	91,814
		3,900,860	91,814

16. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iv) Financial instruments by category

The carrying amount of the different categories of financial instruments as at 31 December is as follows:

	2016 $	2015 $
Loans and receivables	11,280,161	11,076,445
Financial liabilities at amortised cost	7,432,882	3,196,658

Capital risk management policies and objectives

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Board of Directors reviews the capital structure on an annual basis. As part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through new share issues. The Company's overall strategy remains unchanged from 2015.

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities approximate their carrying amounts in the financial statements due to the relatively short-term maturity of these financial instruments.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
Registration No. 201009668C
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2017
TOGETHER WITH DIRECTORS' STATEMENT
AND AUDITOR'S REPORT

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The directors present their statement to the member together with the audited financial statements of Nexus International School (Singapore) Pte. Ltd. (the "Company") for the financial year ended 31 December 2017.

In the opinion of the directors,

(a) the financial statements of the Company as set out on pages 6 to 37 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Company for the financial year then ended; 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.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Loy Teik Ngan
Abby Lew Tong
Gan Boon Kiat
Lim Kok Min John
Thomas Yeoh Eng Leong (appointed on 30 May 2017)

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures or share options of the Company or its related corporations, except as follows:

	Direct interests		Deemed interests	
	At 1 January 2017	At 31 December 2017	At 1 January 2017	At 31 December 2017
Company				
Ordinary shares of $1.00 each				
Abby Lew Tong [i]	-	-	41,780,000	41,780,000
Loy Teik Ngan [i]	-	-	41,780,000	41,780,000
Immediate Holding Company				
- Taylor's Education Pte Ltd				
Ordinary shares of $1.00 each				
Abby Lew Tong	-	-	96,452,943	96,452,943
Loy Teik Ngan	-	-	96,452,943	96,452,943

Directors' interests in shares or debentures (Continued)

	Direct interests		Deemed interests	
	At 1 January 2017	At 31 December 2017	At 1 January 2017	At 31 December 2017
Ultimate Holding Company				
- Educrest Sdn. Bhd.				
Ordinary shares of RM1.00 each				
Abby Lew Tong [(i)]	280,000	280,000	720,000	720,000
Loy Teik Ngan [(i)]	-	-	1,000,000	1,000,000

[(i)] Abby Lew Tong and Loy Teik Ngan are deemed to have interest by virtue of their shareholdings held in the ultimate holding company, Educrest Sdn Bhd, a company incorporated in Malaysia. By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Abby Lew Tong and Loy Teik Ngan are also deemed to have interests in the share capital of all the related corporations of the Company.

Arrangements to enable directors to acquire benefits by means of the acquisition of 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 object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share options

During the financial year, no options to take up unissued shares of the Company were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

LIM KOK MIN JOHN
Director

GAN BOON KIAT
Director

25 May 2018

Crowe Horwath.

Crowe Horwath First Trust LLP
Chartered Accountants of Singapore
Member Crowe Horwath International

8 Shenton Way
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nexus International School (Singapore) Pte. Ltd. (the Company) set out on pages 6 to 37, which comprise the statement of financial position of the Company as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Company for the financial 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 Company 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.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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.

Crowe Horwath.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD. (Continued)

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 FRSs, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 Company's internal control.

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

Crowe Horwath.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD. (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Company'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 Company to cease to continue as a going concern.

- 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.

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.

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 have been properly kept in accordance with the provisions of the Act.

Crowe Horwath First Trust LLP

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

25 May 2018

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(Amounts in Singapore dollars)

	Note	2017	2016
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	3	42,117,453	31,727,736
Long-term prepayments		26,433	24,284
		42,143,886	31,752,020
Current assets			
Inventories		12,016	15,642
Trade and other receivables	4	7,539,220	8,079,038
Prepayments		146,650	145,794
Cash and cash equivalents	5	9,509,740	4,209,623
		17,207,626	12,450,097
TOTAL ASSETS		59,351,512	44,202,117
LIABILITIES			
Current liabilities			
Other payables and accruals	6	3,300,828	6,271,559
Fees received in advance		13,164,181	12,776,370
Lease obligations	7	49,361	96,837
Borrowings	8	4,639,853	1,000,000
		21,154,223	20,144,766
Non-current liabilities			
Lease obligations	7	15,125	64,486
TOTAL LIABILITIES		21,169,348	20,209,252
NET ASSETS		38,182,164	23,992,865

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2017
(Amounts in Singapore dollars)

	Note	2017 $	2016 $
EQUITY			
Capital and reserves			
Share capital	9	58,121,069	41,780,000
Accumulated losses		(19,938,905)	(17,787,135)
TOTAL EQUITY		38,182,164	23,992,865

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(Amounts in Singapore dollars)

	Note	2017 $	2016 $
Revenue			
Fee income		27,257,265	26,320,800
Other income	10	299,731	346,087
Personnel expenses	11	(19,339,090)	(18,729,851)
Other operating expenses		(10,000,930)	(9,595,418)
Finance costs		(368,746)	(143,080)
Loss before tax	12	(2,151,770)	(1,801,462)
Income tax expense	13	-	-
Loss for the financial year, representing total comprehensive loss for the financial year		(2,151,770)	(1,801,462)

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(Amounts in Singapore dollars)

	Share capital	Accumulated losses	Total equity
	$	$	$
Balance at 1 January 2016	16,480,000	(15,985,673)	494,327
Total comprehensive loss for the year	-	(1,801,462)	(1,801,462)
Issuance of ordinary shares	25,300,000	-	25,300,000
Balance at 31 December 2016	41,780,000	(17,787,135)	23,992,865
Balance at 1 January 2017	41,780,000	(17,787,135)	23,992,865
Total comprehensive loss for the year	-	(2,151,770)	(2,151,770)
Issuance of preference shares	16,341,069	-	16,341,069
Balance at 31 December 2017	58,121,069	(19,938,905)	38,182,164

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(Amounts in Singapore dollars)

	Note	2017	2016
		$	$
Cash flows from operating activities			
Loss before tax		(2,151,770)	(1,801,462)
Adjustments:			
Depreciation of property, plant and equipment	3	2,193,524	1,806,903
Fixed asset written off		88	-
Interest expense		368,746	143,080
Allowance for doubtful debts		-	44,819
Operating profit before working capital changes		410,588	193,340
Inventories		3,626	3,029
Trade and other receivables		540,546	(1,674,577)
Prepayments		(856)	108,188
Other payables and accruals		1,319,843	110,245
Fees received in advance		387,811	1,048,540
Long-term prepayments		(2,149)	(4,334)
Cash from / (used in) operating activities		2,659,409	(215,569)
Interest paid		(16,482)	(13,991)
Net cash from / (used in) operating activities		2,642,927	(229,560)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(12,583,329)	(28,710,788)
Withdrawal / (Placement) of pledged deposits		850,743	(425)
Net cash used in investing activities		(11,732,586)	(28,711,213)
Cash flows from financing activities			
Proceed from issuance of share capital		-	25,300,000
Proceed from short-term borrowings		-	1,000,000
Proceed from long-term borrowings		4,639,853	-
Repayment of finance lease obligations		(96,837)	(94,163)
Loan from immediate holding company		11,685,620	2,314,380
Repayment from related companies		11,883	12,351
Repayment for short-term borrowings		(1,000,000)	-
Net cash from financing activities		15,240,519	28,532,568

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(Amounts in Singapore dollars)

	Note	2017 $	2016 $
Net increase / (decrease) in cash and cash equivalents		6,150,860	(408,205)
Cash and cash equivalents at beginning of year		3,318,880	3,727,085
Cash and cash equivalents at end of year	5	9,469,740	3,318,880

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(Amounts in Singapore dollars unless otherwise stated)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Nexus International School (Singapore) Pte. Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore. The address of the Company's registered office and its principal place of business is 201 Ulu Pandan Road, Singapore 596468.

The Company's immediate and ultimate holding company are Taylor's Education Pte. Ltd. and Educrest Sdn. Bhd. respectively, incorporated in Singapore and Malaysia respectively.

The principal activities of the Company are provision of private education. There has been no significant changes in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 25 May 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in Singapore dollars ("$").

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 January 2017, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective

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

Descriptions	Effective for annual periods beginning on or after
FRS 115: *Revenue from Contracts with Customers (including Clarifications)*	1 January 2018
FRS 109: *Financial Instruments*	1 January 2018
Amendments to FRS 102: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40: *Transfers of Investment Property*	1 January 2018
Improvements to FRSs (Dec 2016)	
- FRS 101: *First-time Adoption of Financial Reporting Standards*	1 January 2018
- FRS 28: *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122: *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to FRS 104: *Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts*	1 January 2018
FRS 116: *Leases*	1 January 2019
INT FRS 123: *Uncertainty Over Income Tax Treatments*	1 January 2019
Amendments to FRS 109: *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Improvements to FRSs (March 2018)	
- FRS 103: *Business Combinations*	1 January 2019
- FRS 111: *Joint Arrangements*	1 January 2019
- FRS 12: *Income Taxes*	1 January 2019
- FRS 23: *Borrowing Costs*	1 January 2019
FRS 117: *Insurance Contracts*	1 January 2021

Except for FRS 116, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 is described below.

FRS 116 *Leases*

This new standard on leases supersedes the previous standard (FRS 17) and interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease. For leasees, FRS 116 reforms leasee accounting by introducing a single model similar to the existing finance lease model. Specifically, lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets and the associated obligations for lease payments, with limited exemptions. However, lessor accounting, with the distinction between operating and finance leases, remains largely unchanged. FRS 116 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that apply FRS 115 *Revenue from Contracts with Customers* at or before the date of initial application of this standard. The Company will apply the new FRS 116 when it becomes effective in 2019, which may have a material impact on the amounts reported and disclosures in the Company's financial statements. The Company is in the process of assessing the impact of the new standard for the future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation

(i) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency 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 reporting date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Company recognises such parts as individual assets with specific 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 expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Construction in progress includes all cost of construction and other direct costs. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Construction in progress is reclassified to the appropriate category of property, plant and equipment when complete and ready to use.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Construction in progress is not depreciated. All other items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Leasehold land	30
Leasehold improvement	From when it is available for use up to July 2020
Computers and equipment	3
Office equipment	5
Furniture and fittings	4 to 5

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income / (expenses)".

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company 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 to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This 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 and loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every reporting date. As at the reporting date, the Company has financial assets in the category of loans and receivables only.

(ii) Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables, including amounts due from related companies.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition 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.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Consumable goods comprise purchase costs accounted for on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at reporting date, the company has no financial liabilities at fair value through profit or loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, 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 derecognition 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.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) As lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which they are earned.

(ii) As lessee

Finance leases, which transfers to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item 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.

Provisions

A provision is recognised when the Company has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date 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. Where 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

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 cost are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Share capital

(i) Ordinary shares

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

(ii) Redeemable preference shares – equity instruments

The redeemable preference shares ("RPSs") of the Company are assessed as equity instruments at inception. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. RPSs are recorded under share capital at the proceeds received, net of direct issue costs.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and the associated costs can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually define terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Fee income

Tuition fee is recognised on the accrual basis. Fee received in advance are recognised as fee received in advance on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(ii) Rental income

Rental income arises from the use of the school premises and facilities.

Employees' benefits

(i) Retirement benefits

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution retirement schemes.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

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

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the reporting date. 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.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise deposits with banks only, excluding pledged cash deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. The carrying amount of trade and other receivables at the reporting date is disclosed in Note 4 to the financial statements.

(b) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be from when it is available for use up to July 2020. These are common life expectancies applied to similar categories of property, plant and equipment. Changes in the government's policy on usage of land in which the school premises is located, expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipment at the reporting date is disclosed in Note 3 to the financial statements.

(ii) Critical judgements in applying the entity's accounting policies

The management is of the opinion that any instances of judgements, other than those arising from the estimates described above, are not expected to have significant effect on the amounts recognised in the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land (i)	Leasehold Improvement	Computers and equipment	Office equipment	Furniture and fittings	Constructions in progress (ii)	Total
	$	$	$	$	$	$	$
Cost							
As at 1 January 2016	-	6,032,161	1,333,883	1,954,062	551,344	332,390	10,203,840
Additions	24,401,005	641,812	278,328	241,554	122,112	3,120,377	28,805,188
As at 31 December 2016	24,401,005	6,673,973	1,612,211	2,195,616	673,456	3,452,767	39,009,028
As at 1 January 2017	24,401,005	6,673,973	1,612,211	2,195,616	673,456	3,452,767	39,009,028
Additions	-	133,508	287,150	130,092	67,626	11,964,953	12,583,329
Written off	-	-	-	(110)	-	-	(110)
As at 31 December 2017	24,401,005	6,807,481	1,899,361	2,325,598	741,082	15,417,720	51,592,247
Accumulated depreciation							
As at 1 January 2016	-	3,313,782	790,006	1,114,654	255,947	-	5,474,389
Charge for the year	67,781	992,995	352,881	299,650	93,596	-	1,806,903
As at 31 December 2016	67,781	4,306,777	1,142,887	1,414,304	349,543	-	7,281,292
As at 1 January 2017	67,781	4,306,777	1,142,887	1,414,304	349,543	-	7,281,292
Charge for the year	813,366	676,568	307,229	293,737	102,624	-	2,193,524
Written off	-	-	-	(22)	-	-	(22)
As at 31 December 2017	881,147	4,983,345	1,450,116	1,708,019	452,167	-	9,474,794
Net carrying amount							
As at 31 December 2017	23,519,858	1,824,136	449,245	617,579	288,915	15,417,720	42,117,453
As at 31 December 2016	24,333,224	2,367,196	469,324	781,312	323,913	3,452,767	31,727,736

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

(i) Leasehold land

Leasehold land is subject to mortgage as disclosed in Note 8.

(ii) Construction in progress

Included in construction in progress is borrowing costs capitalised during the financial year amounting to $15,322 (2016: Nil) arising from bank loan obtained specifically for the construction of new campus.

(iii) Assets held under finance leases

The carrying amount of property, plant and equipment held under finance lease at the reporting date was $68,813 (2016: $164,171) respectively.

4. TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Trade receivables	7,409,989	7,031,361
Allowance for impairment (Note 17(ii))	-	(63,651)
	7,409,989	6,967,710
Loan to staffs	16,574	36,314
Goods and services tax receivables	-	1,008,500
Amount due from related companies	3,484	2,756
Deposits and other debtors	109,173	63,758
	7,539,220	8,079,038

Trade receivables

Trade receivables are non-interest bearing are generally within 30 days' terms (2016: 30 days' terms). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amount due from related companies

The amount is non-trade related, unsecured, non-interest bearing and repayable on demand.

5. CASH AND CASH EQUIVALENTS

	2017	2016
	$	$
Cash and bank balances	9,469,740	3,318,880
Fixed deposits	40,000	890,743
	9,509,740	4,209,623
Less: Fixed deposits (pledged)	(40,000)	(890,743)
Cash and cash equivalents	9,469,740	3,318,880

Fixed deposits (pledged)

Fixed deposit of $40,000 (2016: $890,743*) is pledged in connection with corporate credit card facility.

* Included fixed deposit of $850,743 that pledged in connection with overdraft facilities

Fixed deposits have an average maturity period of 1 year, and yield interest income at effective rates at 0.25% per annum (2016: 0.05% to 0.25% per annum).

6. OTHER PAYABLES AND ACCRUALS

	2017	2016
	$	$
Amount due to holding company	-	4,366,642
Amount due to a related company	1,484,247	958,033
Goods and services tax payables	299,417	-
Other payables	793,164	455,188
Accruals	724,000	491,696
	3,300,828	6,271,559

Amount due to a related company

The amount is non-trade, unsecured, bears a fixed interest rate at 4.94% (2016: 4.94%) and repayable on demand.

Other payables

The amounts are non-interest bearing. Other payables have an average term of 1 month (2016: 1 month).

7. LEASE OBLIGATIONS

	Minimum lease payments	Interest	Present value of payments
	$	$	$
2017			
Non-current portion:			
- Later than 1 year and not later than 5 years	18,167	(3,042)	15,125
Current portion:			
- Not later than 1 year	54,759	(5,398)	49,361
	72,926	(8,440)	64,486
2016			
Non-current portion:			
- Later than 1 year and not later than 5 years	72,317	(7,831)	64,486
Current portion:			
- Not later than 1 year	107,288	(10,451)	96,837
	179,605	(18,282)	161,323

The Company leases certain equipment under finance lease. Lease term is 3 years with option to purchase at the end of the lease term. Lease term does not contain restrictions concerning dividends, additional debt or further leasing.

8. BORROWINGS

	2017	2016
	$	$
Not later than 1 year		
Loan I	4,639,853	-
Loan II	-	1,000,000
	4,639,853	1,000,000

8. BORROWINGS (Continued)

Loan I

On 12 July 2017, the Company entered into an agreement with a bank for loan facility of $110 million, for the purpose of financing the construction of new campus as disclosed in Note 3 to the financial statement. On 22 November 2017, the Company has made the First Utilisation by draw-down of $4,639,853.

This loan is secured by the following:-

i. Mortgage over leased land (or the banker's guarantee if mortgage over leased land fails to be perfected within the conditions precedent period) as disclosed in Note 3;
ii. Negative pledge from ultimate holding company;
iii. Charge over the company's shares held by immediate holding company;
iv. Deed of assignment and charge over revenue proceeds;
v. Deed of assignment and charge over designated accounts;
vi. Deed of assignment and charge over insurance policies;
vii. Deed of assignment and charge over performance guarantee; and
viii. Corporate guarantee from ultimate holding company.

The loan bears annual interest of 1.7% (2016: Nil) above the bank's prevailing Cost of Funds. The principal of loan is repayable in quarterly instalments commencing from year 2021 to year 2029. However, the Company has no unconditional right to defer settlement of above facility for at least 12 months after the reporting date. Consequently, the Company has classified this loan as current liability.

At 31 December 2017, the Company had available $105,360,147 (2016: Nil) of undrawn committed borrowing facility which is subject to certain pre-conditions not met as at the reporting date.

Loan II

On 1 February 2017, Loan II has been settled with compliance to the agreed tenure.

9. SHARE CAPITAL

	2017		2016	
	Number of shares	$	Number of shares	$
Issued and fully paid ordinary share capital				
At beginning of the financial year	41,780,000	41,780,000	16,480,000	16,480,000
Issued during the year	-	-	25,300,000	25,300,000
At end of the financial year	41,780,000	41,780,000	41,780,000	41,780,000
Issued and fully paid redeemable preference share capital				
At beginning of the financial year	-	-	-	-
Issuance of redeemable preference shares (i)	16,341,069	16,341,069	-	-
At end of the financial year	16,341,069	16,341,069	-	-
Total share capital	58,121,069	58,121,069	41,780,000	41,780,000

9. SHARE CAPITAL (Continued)

(i) Conversion of amounts due to holding company

During the year, the Company issued 16,341,069 redeemable preference shares ("RPS") by way of capitalisation of amounts due to holding company amounting to $16,341,069. The RPS holders are entitled to receive dividends as and when declared by the Company. All RPS holders shall have no right to vote at any General Meeting of the Company except with regards to the following proposals or resolutions:

- Any proposal to wind up the Company or during the winding-up of the Company;
- Any resolution involving an abrogation or variation of the rights and privileges attached to the RPS;
- Any resolution to reduce the share capital of the Company; and
- Any resolution for the purposes of sanctioning the disposal of the whole or a substantial part of the property, business, or undertaking of the Company.

With respect to the matters to which the RPS holders have the right to vote, the RPS holders shall have one vote per share and be entitled to vote together with the holders of ordinary shares. The preference shares is non-convertible and do not have any fixed maturity date. All preference shares shall be redeemable by the Company at any time with not less than one month's notice in writing.

10. OTHER INCOME

	2017 $	2016 $
Rental fees	168,618	175,648
Exam fees	37,451	35,794
Government grants	79,231	108,327
Miscellaneous	14,431	26,318
	299,731	346,087

11. PERSONNEL EXPENSES

	2017 $	2016 $
Salaries and other short-term benefits	17,029,077	16,425,377
Central provident fund contributions	482,909	499,649
Directors' fee	51,084	20,000
Directors' remuneration	216,000	88,395
Other staff costs	1,560,020	1,696,430
	19,339,090	18,729,851

12. LOSS BEFORE TAX

This is determined after charging the following:

	2017 $	2016 $
Agent commission	213,500	307,000
Impairment of trade receivables		
- Allowance for doubtful debts	-	44,819
Depreciation of property, plant and equipment	2,193,524	1,806,903
Repair and maintenance	229,834	261,603
Utilities and system maintenance	918,385	960,535
Rental of premises	3,609,231	3,394,656
Rental of equipment	70,827	90,486
Advertising expenses	624,685	539,535
Management fees	457,921	496,945
Property tax	216,963	-

13. INCOME TAX EXPENSE

Major components of income tax expense for the year ended 31 December were:

	2017 $	2016 $
Current tax		
- Current year	-	-

The reconciliation of the tax expense and the product of accounting loss multiplied by the applicable rate is as follows:

	2017 $	2016 $
Accounting loss	(2,151,770)	(1,801,462)
Tax at the applicable tax rate of 17% (2016: 17%)	(365,801)	(306,249)
Tax effect of		
- Tax incentives	(162,181)	(171,903)
- Expenses not deductible for tax purposes	253,289	180,332
- Income not subject to tax	(4,904)	(5,130)
- Deferred tax assets not recognised	279,597	302,950
Tax expense	-	-

13. INCOME TAX EXPENSE (Continued)

At the reporting date, the Company has deductible temporary differences on property, plant and equipment and unused tax losses of approximately $3,610,000 and $13,372,000 (2016: $2,907,000 and $12,430,000) respectively, that are available for offset against future taxable profits of the Company. The related deferred tax asset has not been recognised in the financial statements due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in Singapore. These tax losses have no expiry date.

14. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, significant transaction with the related parties (as defined in Note 2 above), on terms agreed between the parties, were as follows:

	2017	2016
	$	$
Holding company		
Loan from holding company	11,685,620	2,314,380
Loan interest charged by holding company	296,582	98,877
Payment on behalf by for holding company	7,775	2,644
Conversion of loan to preference shares	16,341,069	-
Related parties		
Management fees charged by a related company	457,921	496,946
Loan interest charged by a related company	55,682	-
Payment on behalf by related companies	8,743	329
Payment on behalf for related companies	12,440	15,363

Key management personnel compensation

	2017	2016
	$	$
Key management personnel compensation		
Directors' fee	51,084	20,000
Directors' remuneration	216,000	88,395

The remuneration of directors and key management is determined by the board having regard to the performance of individuals and market trends.

15. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Non-cancellable operating lease commitments

The Company has operating lease agreements for equipment and property.

	2017 $	2016 $
Future minimum lease payments		
- Not later than 1 year	3,793,025	4,582,577
- Later than 1 year and not later than 5 years	2,797,859	6,488,418
	6,590,884	11,070,995

(ii) Future capital expenditure

	2017 $	2016 $
Capital expenditure contracted but not provided for in the financial statements:		
- Relocation of campus	7,149,393	9,768,446
Capital expenditure approved but not contracted nor provided for in the financial statements:		
- Relocation of campus	160,053,065	160,081,065

16. SUBSEQUENT EVENTS

On 23 April 2018, the Company issued 5,600,000 additional redeemable preference shares by way of capitalisation of amounts due to holding company amounting to S$5,600,000.

17. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company's overall financial risk management programme seeks to minimise potential adverse effects of the financial performance of the Company. The main risk arising from the Company's financial statements are foreign exchange risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below. It is the Company's policy not to trade in derivative contracts.

(i) Foreign exchange risk

The Company has exposure to foreign exchange risk from transactions denominated in foreign currencies. The currencies giving rise to this risk are Malaysian ringgit, Great British pounds, United States dollars, New Zealand dollars and Thai baht. Accordingly, the Company's statement of financial position can be affected by movement of this exchange rate.

17. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Foreign exchange risk (Continued)

2017	Singapore dollars $	Malaysian ringgit $	Others $	Total $
Financial assets				
Cash and cash equivalents	9,509,740	-	-	9,509,740
Trade and other receivables	7,539,220	-	-	7,539,220
	17,048,960	-	-	17,048,960
Financial liabilities				
Other payables and accruals	1,811,035	1,484,686	5,107	3,300,828
Lease obligations	64,486	-	-	64,486
Borrowings	4,639,853	-	-	4,639,853
	6,515,374	1,484,686	5,107	8,005,167
Net financial assets / (liabilities)	10,533,586	(1,484,686)	(5,107)	9,043,793
Less: Net financial assets denominated in the Company's functional currency	(10,533,586)	-	-	(10,533,586)
Foreign currency exposure	-	(1,484,686)	(5,107)	(1,489,793)

Others comprise of Great British pounds, United States dollars, New Zealand dollars and Thai baht.

17. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Foreign exchange risk (Continued)

2016	Singapore dollars $	Malaysian ringgit $	Others $	Total $
Financial assets				
Cash and cash equivalents	4,209,623	-	-	4,209,623
Trade and other receivables	7,070,538	-	-	7,070,538
	11,280,161	-	-	11,280,161
Financial liabilities				
Other payables and accruals	5,263,514	977,174	30,871	6,271,559
Lease obligations	161,323	-	-	161,323
Borrowings	1,000,000	-	-	1,000,000
	6,424,837	977,174	30,871	7,432,882
Net financial assets / (liabilities)	4,855,324	(977,174)	(30,871)	3,847,279
Less: Net financial assets denominated in the Company's functional currency	(4,855,324)	-	-	(4,855,324)
Foreign currency exposure	-	(977,174)	(30,871)	(1,008,045)

Others comprise of Great British pounds, United States dollars, New Zealand dollars and Thai baht.

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% (2016: 10%) increase and decrease in the Singapore dollars against the relevant foreign currencies, with all the variable including tax rate being held constant, loss after tax for the financial year will increase / (decrease) by:

	2017 $	2016 $
Against Malaysian ringgit		
Strengthened 10% (2016: 10%)	(123,229)	(81,105)
Weakened 10% (2016: 10%)	123,229	81,105
Against other currencies		
Strengthened 10% (2016: 10%)	(424)	(2,563)
Weakened 10% (2016: 10%)	424	2,563

17. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity (Continued)

The following table details the sensitivity to a 10% (2016: 10%) increase and decrease in the Singapore dollars against the relevant foreign currencies, with all the variable including tax rate being held constant, loss after tax for the financial year will increase / (decrease) by:

	2017	2016
	$	$
Against Malaysian ringgit		
Strengthened 10% (2016: 10%)	(123,229)	(81,105)
Weakened 10% (2016: 10%)	123,229	81,105
Against other currencies		
Strengthened 10% (2016: 10%)	(424)	(2,563)
Weakened 10% (2016: 10%)	424	2,563

(ii) Interest rate risk

The Company obtains financing through bank borrowings for the construction of new campus as disclosed in Note 4. The Company constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 December 2017, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Summary quantitative data of the Company's interest-bearing financial instruments can be found in Note 8.

Interest risk sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If the interest rates had been 100 basis point higher or lower and all other variables were held constant, the Company's loss for the year ended 31 December 2017 would increase / decrease by $38,509 (2016: increase / decrease by $8,300). This mainly attributable to the Company's exposure to interest rates on its variable rates borrowings.

17. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables and cash and cash equivalents.

The Company's credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Receivables are monitored on an ongoing basis via Company's management reporting procedures.

The average credit period granted to students is within 30 days (2016: 30 days).

The carrying amounts of cash and bank balances, trade and other receivables, including amount due from related companies, represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its students to make payments when due. The management mitigates the risk by collecting tuition fees from students at the beginning of the school term. The outstanding student fees which are generally insignificant are regularly monitored and therefore, the management does not expect the Company to incur significant credit losses.

The age analysis of trade receivables is as follows:

	2017 $	2016 $
Not past due and not impaired	7,304,381	6,898,754
Past due and impaired	-	63,651
Past due but not impaired		
- Past due 0 to 3 months	86,615	44,745
- Past due 3 to 6 months	18,993	24,211
	105,608	68,956
Gross trade receivables	7,409,989	7,031,361
Less: Allowance for impairment of trade receivables	-	(63,651)
	7,409,989	6,967,710

17. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

The movement in allowance for impairment of trade receivables is as follows:

	2017	2016
	$	$
At beginning of the financial year	63,651	18,832
Allowance written back during the financial year	-	(7,380)
Allowance for impairment of trade receivables during the financial year	-	52,199
Allowance utilised during the financial year	(63,651)	-
At end of the financial year	-	63,651

Included in trade receivables was an amount of $105,608 (2016: $68,956) that were past due but not impaired which relates to a number of independent students who are existing students of the Company and have been so for a number of years. The amounts that are neither past due nor impaired represents balances owing from students who were billed in advance for the following semester's fees. Based on past experience and historical trend, the management believes that no impairment allowance is necessary in respect of the remaining outstanding balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral over these balances.

(iv) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Weighted average effective interest rate	On demand or not later than 1 year	Later than 1 year and not later than 5 years	After 5 years
	%	$	$	$
2017				
Other payables and accruals		1,816,581	-	-
Amount due to a related company	4.94%	1,484,247	-	-
Lease obligations (fixed rate)	6.51%	54,759	18,167	-
Borrowings	4.87%	228,469	1,086,336	5,468,148
		3,584,056	1,104,503	5,468,148

17. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iv) Liquidity risk (Continued)

	Weighted average effective interest rate	On demand or not later than 1 year	Later than 1 year and not later than 5 years	After 5 years
	%	$	$	$
2016				
Other payables and accruals		1,904,917	-	-
Amount due to holding company	4.94%	4,582,353	-	-
Lease obligations (fixed rate)	6.51%	107,288	72,926	-
Borrowings	3.19%	1,000,000	-	-
		7,594,558	72,926	-

(v) Financial instruments by category

The carrying amount of the different categories of financial instruments as at 31 December is as follows:

	2017	2016
	$	$
Loans and receivables	17,048,960	11,280,161
Financial liabilities at amortised cost	8,005,167	7,432,882

Capital risk management policies and objectives

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors reviews the capital structure on an annual basis. As part of this review, the directors considers the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through new share issues. The Company's overall strategy remains unchanged from 2016.

18. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities as at reporting date approximate their carrying amounts in the financial statements due to the relatively short-term maturity of these financial instruments.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
Registration No. 201009668C
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018
TOGETHER WITH DIRECTORS' STATEMENT
AND AUDITOR'S REPORT

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their statement to the member together with the audited financial statements of Nexus International School (Singapore) Pte. Ltd. (the "Company") for the financial year ended 31 December 2018.

In the opinion of the directors,

(a) the financial statements of the Company as set out on pages 6 to 44 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial year then ended; 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.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Loy Teik Ngan
Abby Lew Tong
Gan Boon Kiat
Lim Kok Min John
Thomas Yeoh Eng Leong
Karl Edward Engkvist (appointed on 18 July 2018)

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures or share options of the Company or its related corporations, except as follows:

	Direct interests		Deemed interests	
	At 1 January 2018	At 31 December 2018	At 1 January 2018	At 31 December 2018
Company				
Ordinary shares of $1.00 each				
Abby Lew Tong [i]	-	-	41,780,000	41,780,000
Loy Teik Ngan [i]	-	-	41,780,000	41,780,000
Immediate Holding Company				
- Taylor's Education Pte Ltd				
Ordinary shares of $1.00 each				
Abby Lew Tong	-	-	96,452,943	96,452,943
Loy Teik Ngan	-	-	96,452,943	96,452,943

Directors' interests in shares or debentures (Continued)

	Direct interests		Deemed interests	
	At 1 January 2018	At 31 December 2018	At 1 January 2018	At 31 December 2018
Ultimate Holding Company				
- Educrest Sdn. Bhd.				
Ordinary shares of RM1.00 each				
Abby Lew Tong [(i)]	280,000	280,000	720,000	720,000
Loy Teik Ngan [(i)]	-	-	1,000,000	1,000,000

[(i)] Abby Lew Tong and Loy Teik Ngan are deemed to have interest by virtue of their shareholdings held in the ultimate holding company, Educrest Sdn Bhd, a company incorporated in Malaysia. By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Abby Lew Tong and Loy Teik Ngan are also deemed to have interests in the share capital of all the related corporations of the Company.

Arrangements to enable directors to acquire benefits by means of the acquisition of 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 object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share options

During the financial year, no options to take up unissued shares of the Company were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

LIM KOK MIN JOHN
Director

GAN BOON KIAT
Director

17 May 2019

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nexus International School (Singapore) Pte. Ltd. (the Company) set out on pages 6 to 44, which comprise the statement of financial position of the Company as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial 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 Company 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.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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.

Crowe

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD. (Continued)

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 FRSs, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 Company's internal control.

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

Crowe

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD. (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Company'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 Company to cease to continue as a going concern.

- 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.

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.

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 have been properly kept in accordance with the provisions of the Act.

Crowe Horwath First Trust LLP

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

17 May 2019

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(Amounts in Singapore dollars)

	Note	2018	2017
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	3	82,130,252	42,117,453
Long-term prepayments		-	26,433
		82,130,252	42,143,886
Current assets			
Inventories		6,599	12,016
Trade and other receivables	4	1,927,338	7,539,220
Prepayments		136,887	146,650
Cash and cash equivalents	5	19,287,260	9,509,740
		21,358,084	17,207,626
TOTAL ASSETS		103,488,336	59,351,512
LIABILITIES			
Current liabilities			
Other payables and accruals	6	22,975,876	3,300,828
Contract liabilities	10	8,551,951	-
Fees received in advance		-	13,164,181
Lease obligations	7	15,125	49,361
Borrowings	8	-	4,639,853
		31,542,952	21,154,223
Non-current liabilities			
Other payables	6	2,261,022	-
Contract liabilities	10	278,792	-
Lease obligations	7	-	15,125
Borrowings	8	20,431,856	-
		22,971,670	15,125
TOTAL LIABILITIES		54,514,622	21,169,348
NET ASSETS		48,973,714	38,182,164

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2018
(Amounts in Singapore dollars)

	Note	2018	2017
		$	$
EQUITY			
Capital and reserves			
Share capital	9	70,621,069	58,121,069
Accumulated losses		(21,647,355)	(19,938,905)
TOTAL EQUITY		48,973,714	38,182,164

The accompanying notes are an integral part of the financial statements

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(Amounts in Singapore dollars)

	Note	2018 $	2017 $
Revenue			
Fee income	10	26,789,647	27,257,265
Other income	11	449,591	299,731
Personnel expenses	12	(17,981,018)	(19,339,090)
Impairment of financial assets		(38,901)	-
Other operating expenses		(9,997,261)	(10,000,930)
Finance costs		(90,797)	(368,746)
Loss before tax	13	(868,739)	(2,151,770)
Income tax expense	14	-	-
Loss for the financial year, representing total comprehensive loss for the financial year		(868,739)	(2,151,770)

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(Amounts in Singapore dollars)

	Share capital	Accumulated losses	Total equity
	$	$	$
Balance at 1 January 2017	41,780,000	(17,787,135)	23,992,865
Total comprehensive loss for the year	-	(2,151,770)	(2,151,770)
Issuance of preference shares	16,341,069	-	16,341,069
Balance at 31 December 2017	58,121,069	(19,938,905)	38,182,164
Balance at 1 January 2018	58,121,069	(19,938,905)	38,182,164
Impact of adopting FRS 115 (Note 2)	-	(839,711)	(839,711)
Balance at 1 January 2018, adjusted	58,121,069	(20,778,616)	37,342,453
Total comprehensive loss for the year	-	(868,739)	(868,739)
Issuance of preference shares	12,500,000	-	12,500,000
Balance at 31 December 2018	70,621,069	(21,647,355)	48,973,714

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(Amounts in Singapore dollars)

	Note	2018	2017
		$	$
Cash flows from operating activities			
Loss before tax		(868,739)	(2,151,770)
Adjustments:			
Depreciation of property, plant and equipment	3	2,057,922	2,193,524
Fixed asset written off		-	88
Loss on disposal of property, plant and equipment		2,116	-
Interest expense		90,797	368,746
Impairment of financial assets		38,901	-
Operating profit before working capital changes		1,320,997	410,588
Inventories		5,417	3,626
Trade and other receivables		5,569,497	540,546
Prepayments		9,763	(856)
Other payables and accruals		6,512,571	1,319,843
Contract liabilities		(5,173,149)	387,811
Long-term prepayments		26,433	(2,149)
Cash generated from operating activities		8,271,529	2,659,409
Interest paid		(5,398)	(16,482)
Net cash generated from operating activities		8,266,131	2,642,927
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(37,552,793)	(12,583,329)
Proceed from disposal of property, plant and equipment		2,000	-
Withdrawal of pledged deposits		-	850,743
Net cash used in investing activities		(37,550,793)	(11,732,586)
Cash flows from financing activities			
Proceed from long-term borrowings		15,792,003	4,639,853
Repayment of finance lease obligations		(49,361)	(96,837)
Loan from immediate holding company		23,100,000	11,685,620
Repayment from related companies		-	11,883
Advances from related companies		219,540	-
Repayment for short-term borrowings		-	(1,000,000)
Net cash from financing activities		39,062,182	15,240,519

The accompanying notes are an integral part of the financial statements.

NEXUS INTERNATIONAL SCHOOL (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(Amounts in Singapore dollars)

	Note	2018 $	2017 $
Net increase in cash and cash equivalents		9,777,520	6,150,860
Cash and cash equivalents at beginning of year		9,469,740	3,318,880
Cash and cash equivalents at end of year	5	19,247,260	9,469,740

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(Amounts in Singapore dollars unless otherwise stated)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Nexus International School (Singapore) Pte. Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore. The address of the Company's registered office and its principal place of business is 201 Ulu Pandan Road, Singapore 596468.

The Company's immediate and ultimate holding company are Taylor's Education Pte. Ltd. and Educrest Sdn. Bhd. respectively, incorporated in Singapore and Malaysia respectively.

The principal activities of the Company are provision of private education. There has been no significant changes in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 17 May 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in Singapore dollars ("$").

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 January 2018, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new and revised standards (Continued)

Adoption of FRS 115

FRS 115 *Revenue from Contracts with Customers (including Clarifications)*

FRS 115 establishes a single comprehensive model in accounting for revenue arising from contracts with customers, and will supersede the revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers.

The key impact of adopting FRS 115 is detailed as follows:

Application and registration fees

The Company previously recorded application and registration fee at the date when the student's application is accepted by the school. Under FRS 115, application and registration fee is recognised over the estimated average student life in the school. Upon adoption of FRS 115, the Company recognised an adjustment to increase contract liabilities of $839,711 in the statement of financial position as at 1 January 2018. A corresponding adjustment to accumulated losses of $839,711 was also made as at 1 January 2018.

Adoption of FRS 109

FRS 109 Financial instruments

Classification and measurement of financial assets

All recognised financial assets that are within the scope of FRS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets, at the following categories:

- Amortised costs
- Fair value through profit or loss (FVPL)
- Fair value through Other Comprehensive Income (FVOCI) – Debt investments
- FVOCI – Equity investments

FRS 109 eliminates the previous categories of financial assets, namely loans & receivables (L&R), held-to-maturity (HTM) financial assets and available-for-sale (AFS) financial assets. As allowed by FRS 109, the Group adopts the classification and measurement categories on 1 January 2018 based on facts and circumstances existed at the date for the determination of the business model, and does not restate comparative information for prior periods. No difference in carrying amounts of financial assets resulting from such classification as at 1 January 2018.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new and revised standards (Continued)

Adoption of FRS 109 (Continued)

FRS 109 Financial instruments (Continued)

Classification and measurement of financial assets (Continued)

The Company does not own any equity or debt investment. The financial assets of the Company mainly comprise cash and cash equivalents, pledged deposit, and trade and other receivables. These are previously classified as loans and receivables under FRS 39 and is now classified as financial assets at amortised costs under FRS 109.

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under FRS 39 that were subject to reclassification, or which the Group has elected to reclassify upon the application of FRS 109. There were no financial assets or financial liabilities which the Group has elected to designate as at FVPL on 1 January 2018 upon the adoption of FRS 109.

Impairment of financial assets

The "incurred loss" model in FRS 39 was replaced by the "Expected Credit Losses (ECL)" model in FRS 109, which applies to financial assets measured at amortised costs, FVOCI (debt investment), contract assets and financial guarantee contracts. Impairment loss for trade receivables are provided using simplified approach at the life-time ECL.

For assets within the scope of FRS 109 impairment model, impairment losses are generally expected to be provided at a higher amount and earlier than what was provided using FRS 39. However, the management assessed and concluded that there are no material additional impairment resulting from adoption of FRS 109 to be adjusted to accumulated losses as at 1 January 2018.

Standards issued but not yet effective

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

Descriptions	Effective for annual periods beginning on or after
FRS 116: *Leases*	1 January 2019
INT FRS 123: *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 109: *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Improvements to FRSs (March 2018)	
- FRS 103: *Business Combinations*	1 January 2019
- FRS 111: *Joint Arrangements*	1 January 2019
- FRS 12: *Income Taxes*	1 January 2019
- FRS 23: *Borrowing Costs*	1 January 2019
Amendments to FRS 19: *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to FRS 103: *Definition of a Business*	1 January 2020
Amendments to FRS 1 and FRS 8: *Definition of Material*	1 January 2020
FRS 117: *Insurance Contracts*	1 January 2021
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

Except for FRS 116, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 is described below.

FRS 116 *Leases*

This new standard on leases supersedes the previous standard (FRS 17) and interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease. For leasees, FRS 116 reforms leasee accounting by introducing a single model similar to the existing finance lease model. Specifically, lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets and the associated obligations for lease payments, with limited exemptions. However, lessor accounting, with the distinction between operating and finance leases, remains largely unchanged. FRS 116 is effective for annual reporting periods beginning on or after 1 January 2019.

As at 31 December 2018, the Company has non-cancellable operating lease commitments as disclosed in Note 15(i). The Company will apply the new FRS 116 when it becomes effective in 2019 and will apply the modified retrospective approach for the transition. The Company expects to recognise right-of-use assets and lease liabilities for its leases currently classified as operating leases.

Currency translation

(i) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency 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 reporting date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Company recognises such parts as individual assets with specific 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 expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Construction in progress includes all cost of construction and other direct costs. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Construction in progress is reclassified to the appropriate category of property, plant and equipment when complete and ready to use.

Construction in progress is not depreciated. All other items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Leasehold land	30
Leasehold improvement	From when it is available for use up to July 2020
Computers and equipment	5
Office equipment	5
Furniture and fittings	4 to 5

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income / (expenses)".

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company 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 to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This 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 and loss.

Financial assets and liabilities (From 1 January 2018 onwards)

(i) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. Other financial assets and financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Trade receivables without financing component is initially measured at the transaction price in accordance with FRS 115. Other financial assets or financial liabilities are initially recognised at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) Classification and subsequent measurement

Financial assets

Financial assets are classified and subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, at the following categories:

- Amortised costs
- Fair value through Other Comprehensive Income (FVOCI) – Debt investments
- FVOCI – Equity investments
- Fair value through profit or loss (FVPL)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (From 1 January 2018 onwards) (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

The Company does not have financial assets carried at FVPL / FVOCI. Financial assets are not reclassified after initial recognition unless the Company changes its business model for managing financial assets, in which case such reclassification will be applied prospectively from the reclassification date.

Financial assets at amortised costs

Unless designated at FVPL, financial assets are measured at amortised costs if:
- It is held within a business model with an objective to hold the assets to collect contractual cash flows; and
- Its contractual cash flows comprise of solely principal and interest on the principal amount outstanding

These assets, mainly trade and other receivables including amount due from a related company, cash and bank balances, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by impairment losses. Interest income, foreign exchange differences, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

Unless designated at FVPL, a debt investment is measured at FVOCI if:
- It is held within a business model with objectives of both collecting contractual cash flows and selling financial assets; and
- Its contractual cash flows comprise of solely principal and interest on the principal amount outstanding

These assets are subsequently measured at fair value. Interest income calculated on effective interest rate method, foreign exchange differences and impairment are recognised in profit or loss. Other net gains and losses (including changes in fair value) are recognised in OCI. The cumulative amounts in OCI are reclassified to profit or loss upon derecognition.

Equity investments at FVOCI

Unless held-for-trading, the Company may irrevocably elect on initial recognition, on an investment-by-investment basis, to present subsequent changes of fair value of the equity investments in OCI.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses (including changes in fair value) are recognised in OCI which will never be reclassified to profit or loss.

Financial assets at FVPL

All financial assets not at amortised cost or FVOCI as described above are measured at fair value through profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI to be measured at FVPL, if doing so eliminates or significantly reduce accounting mismatch that would otherwise arise.

Financial assets held for trading or are managed and whose performance is evaluated on a fair value basis would be mandatorily measured at FVPL.

These assets are subsequently measured at fair value. Net gains or losses, including any interest income or dividend income are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (From 1 January 2018 onwards) (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial liabilities

Financial liabilities are subsequently measured at amortised costs unless it is held for trading (including derivative liabilities), or designated as financial liabilities at FVPL on initial recognition to significantly reduce accounting mismatch or when a group of financial liabilities are managed whose performance is evaluated on a fair value basis.

Financial liabilities at amortised costs are subsequently measured at amortised costs using the effective interest rate method. Interest expense and foreign exchange differences are recognised in profit or loss. These financial liabilities mainly comprise trade and other payables including amount due to related companies, and loans from a related company.

Financial liabilities at FVPL are measured at fair value with net gains and losses (including interest expense) recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

(iii) Derecognition

Financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the derecognition date and the sum of the consideration received is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Company also derecognises a financial liabilities when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished, or transferred and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (1 January 2018 onwards)

The Company applies impairment model in FRS 109 to measure the Expected Credit Losses (ECL) of the following categories of assets:

- Financial assets at amortised costs (including trade receivables)
- Contract assets (determined in accordance with FRS 115)
- Lease receivables
- Debt investments at FVOCI
- Intragroup financial guarantee contracts

ECLs are probability-weighted estimates of credit losses, which are measured at the present value of all cash shortfalls (difference between the cash flows due to the Company in accordance with the contracts and the cash flows that the Company expects to receive), discounted at effective interest rate of the financial asset. The expected cash flows include cash flows from the sale of collaterals held, if any, or other credit enhancements that are integral to the contractual terms.

Simplified approach

The Company applies simplified approach to all trade receivables. Impairment loss allowance is measured at Life time ECL, which represents ECLs that result from all possible default events over the expected life of a financial instrument ('life-time ECL'). The Company uses qualitative and quantitative information like profile of students, historical credit loss experience, payment history, and adjust for forward-looking information specific to the students and education industry, in measuring the ECL.

General approach

The Company applies general approach on all other financial instruments and recognise a 12-month ECL on initial recognition. 12-month ECL result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter.

Impairment loss allowance or reversals are recognised in profit or loss. Loss allowance on financial assets at amortised cost and contract assets are deducted from the gross carrying amount of those asset. Loss allowance on debt investments at FVOCI are recognised in OCI, and does not reduce the carrying amount of the financial assets.

Significant increase in credit risk (Stage 2)
For credit exposures for which there has been a significant increase in credit risk since initial recognition, impairment loss allowance is measured at life-time ECL. When a financial asset is determined to have a low credit risk at reporting date, the Company assumes that there has been no significant increase in credit risk since initial recognition. The Company uses reasonable and supportable forward-looking information available without undue cost or effort to determine, at each reporting date, whether there is significant increase in credit risk since initial recognition. In assessing whether there has been significant increase in credit risks, the Company takes into account factors such as:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations
- actual or expected significant adverse change in the regulatory, economic, or technological environment that are expected to cause a significant change in the debtor's ability to meet its debt obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (1 January 2018 onwards) (Continued)

Significant increase in credit risk (Stage 2) (Continued)
Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

If credit risk has not increased significantly since initial recognition or if the credit quality improves such that there is no longer significant increase in credit risk since initial recognition, loss allowance is measured at 12-month ECL.

Definition of default
The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligation in full, without recourse by the Company.

Credit-impaired (Stage 3)
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data including a breach of contract, such as a default or past due event.

Write-off policy
The Company write off the gross carrying amount of a financial assets to the extent that there is no realistic prospect of recovery, for example when the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the Company.

Financial assets (Before 1 January 2018)

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every reporting date. As at the reporting date, the Company has financial assets in the category of loans and receivables only.

(ii) Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables, including amounts due from related companies.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Before 1 January 2018) (Continued)

(ii) Subsequent measurement (Continued)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition 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.

Impairment of financial assets (Before 1 January 2018)

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Consumable goods comprise purchase costs accounted for on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

Financial liabilities (Before 1 January 2018)

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at reporting date, the company has no financial liabilities at fair value through profit or loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, 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 derecognition 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.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) As lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

(ii) As lessee

Finance leases, which transfers to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item 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.

Provisions

A provision is recognised when the Company has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date 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. Where 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.

Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cost are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Share capital

(i) Ordinary shares

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

(ii) Redeemable preference shares – equity instruments

The redeemable preference shares ("RPSs") of the Company are assessed as equity instruments at inception. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. RPSs are recorded under share capital at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

The Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Unless otherwise mentioned, the Company concludes that it is acting as a principal in the provision of goods or services in its contracts with customers.

Fee income

Revenue from fee income, consisted of mainly registration and tuition fees, is recognised over time based on periodically charges as the customer, i.e. students, simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs the education services to students.

Fee received in advance is not recognised as revenue as the performance obligation is not satisfied and therefore a contract liability is recognised over the period in which the conduct of classes representing the Company's obligation to the student to date. It was recognised as fees received in advance prior to 1 January 2018.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits

(i) Retirement benefits

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution retirement schemes.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

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

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the reporting date. 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.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise deposits with banks only, excluding pledged cash deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of financial assets

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rates. The Company uses judgement in making these assumptions, and measures ECL on trade receivables, using information like profile of students, historical credit loss experience, payment history, and adjust for forward-looking information specific to the students and education industry. As the Company does not hold any collateral to the financial assets, the expected loss rates will be the full amount of the financial assets if there are certain risk of default. The carrying amounts of ECL are disclosed in Note 17(iii).

(b) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of leasehold improvement to be from when it is available for use up to July 2020. Changes in the government's policy on usage of land in which the school premises is located, construction progress of new campus and expected level of usage could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipment at the reporting date is disclosed in Note 3 to the financial statements.

(c) Estimating average student life for application and registration fees recognition

The Company charges non-refundable fees to new students who apply and 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 in the past 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. The amount of application and registration fee recognised during the year and carrying amount of the contract liabilities at the reporting date are disclosed in Note 10 to the financial statements.

(ii) Critical judgements in applying the entity's accounting policies

The management is of the opinion that any instances of judgements, other than those arising from the estimates described above, are not expected to have significant effect on the amounts recognised in the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land (i)	Leasehold Improvement	Computers and equipment	Office equipment	Furniture and fittings	Constructions in progress (ii)	Total
	$	$	$	$	$	$	$
Cost							
As at 1 January 2017	24,401,005	6,673,973	1,612,211	2,195,616	673,456	3,452,767	39,009,028
Additions	-	133,508	287,150	130,092	67,626	11,964,953	12,583,329
Written off	-	-	-	(110)	-	-	(110)
As at 31 December 2017	24,401,005	6,807,481	1,899,361	2,325,598	741,082	15,417,720	51,592,247
As at 1 January 2018	24,401,005	6,807,481	1,899,361	2,325,598	741,082	15,417,720	51,592,247
Additions	-	76,761	147,076	165,602	31,754	41,653,644	42,074,837
Disposal	-	-	-	-	(10,289)	-	(10,289)
As at 31 December 2018	24,401,005	6,884,242	2,046,437	2,491,200	762,547	57,071,364	93,656,795
Accumulated depreciation							
As at 1 January 2017	67,781	4,306,777	1,142,887	1,414,304	349,543	-	7,281,292
Charge for the year	813,366	676,568	307,229	293,737	102,624	-	2,193,524
Written off	-	-	-	(22)	-	-	(22)
As at 31 December 2017	881,147	4,983,345	1,450,116	1,708,019	452,167	-	9,474,794
As at 1 January 2018	881,147	4,983,345	1,450,116	1,708,019	452,167	-	9,474,794
Charge for the year	813,367	732,958	122,277	282,443	106,877	-	2,057,922
Disposal	-	-	-	-	(6,173)	-	(6,173)
As at 31 December 2018	1,694,514	5,716,303	1,572,393	1,990,462	552,871	-	11,526,543
Net carrying amount							
As at 31 December 2018	22,706,491	1,167,939	474,044	500,738	209,676	57,071,364	82,130,252
As at 31 December 2017	23,519,858	1,824,136	449,245	617,579	288,915	15,417,720	42,117,453

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

(i) Leasehold land

Leasehold land is subject to mortgage as disclosed in Note 8.

(ii) Construction in progress

Included in construction in progress is borrowing costs capitalised during the financial year amounting to $629,339 (2017: $15,322) arising from bank loan obtained specifically for the construction of new campus. In 2018, the Company has recognised additional construction in progress of $41,653,644 (2017: $11,964,953) of which $4,522,044 (2017: Nil) is included in the amount of other payables as disclosed in Note 6(i) to the financial statements.

(iii) Assets held under finance leases

The carrying amount of property, plant and equipment held under finance lease at the reporting date was $15,733 (2017: $68,813) respectively.

4. TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Trade receivables	83,434	7,409,989
Allowance for impairment (Note 18(iii))	(38,901)	-
	44,533	7,409,989
Loan to staffs	5,000	16,574
Goods and services tax receivables	1,203,962	-
Amount due from related companies	-	3,484
Deposits and other debtors	673,843	109,173
	1,927,338	7,539,220

Trade receivables

Trade receivables are non-interest bearing are generally within 30 days' terms (2017: 30 days' terms). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amount due from related companies

The amount is non-trade related, unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash and bank balances	19,247,260	9,469,740
Fixed deposits	40,000	40,000
	19,287,260	9,509,740
Less: Fixed deposits (pledged)	(40,000)	(40,000)
Cash and cash equivalents	19,247,260	9,469,740

Fixed deposits (pledged)

Fixed deposit of $40,000 (2017: $40,000) is pledged in connection with corporate credit card facility.

Fixed deposits have an average maturity period of 1 year, and yield interest income at effective rates at 0.95% per annum (2017: 0.35% per annum).

6. OTHER PAYABLES AND ACCRUALS

	2018 $	2017 $
Retention monies payable (i)		
Non-current portion:		
- Later than 1 year and not later than 5 years	2,261,022	-
Current portion:		
- Not later than 1 year	2,261,022	-
	4,522,044	-
Amount due to holding company	10,600,000	-
Amount due to a related company (ii)	1,785,702	1,484,247
Goods and services tax payables	-	299,417
Other payables (iii)	7,495,791	793,164
Accruals	833,361	724,000
	25,236,898	3,300,828
Presented as:		
Non-current liabilities	2,261,022	-
Current liabilities	22,975,876	3,300,828
	25,236,898	3,300,828

6. OTHER PAYABLES AND ACCRUALS (Continued)

(i) Retention monies payable

The amount represents retention monies contractually payable to the contractor for construction of new campus as disclosed in Note 3.

(ii) Amount due to a related company

The amount is non-trade, unsecured, bears a fixed interest rate at 4.94% (2017: 4.94%) and repayable on demand.

(iii) Other payables

The amounts are non-interest bearing. Other payables have an average term of 1 month (2017: 1 month).

7. LEASE OBLIGATIONS

	Minimum lease payments	Interest	Present value of payments
	$	$	$
2018			
Non-current portion:			
- Later than 1 year and not later than 5 years	-	-	-
Current portion:			
- Not later than 1 year	17,558	(2,433)	15,125
	17,558	(2,433)	15,125
2017			
Non-current portion:			
- Later than 1 year and not later than 5 years	18,167	(3,042)	15,125
Current portion:			
- Not later than 1 year	54,759	(5,398)	49,361
	72,926	(8,440)	64,486

The Company leases certain equipment under finance lease. Lease term is 3 years with option to purchase at the end of the lease term. Lease term does not contain restrictions concerning dividends, additional debt or further leasing.

8. BORROWINGS

The loan represents the utilisation by draw-down of loan facility of $110 million, for the purpose of financing the construction of new campus as disclosed in Note 3 to the financial statements.

This loan is secured by the following:-

i. Mortgage over leased land (or the banker's guarantee if mortgage over leased land fails to be perfected within the conditions precedent period) as disclosed in Note 3;
ii. Negative pledge from ultimate holding company;
iii. Charge over the company's shares held by immediate holding company;
iv. Deed of assignment and charge over revenue proceeds;
v. Deed of assignment and charge over designated accounts;
vi. Deed of assignment and charge over insurance policies;
vii. Deed of assignment and charge over performance guarantee; and
viii. Corporate guarantee from ultimate holding company.

The loan bears annual interest of 1.75% (2017: 1.75%) above the bank's prevailing Cost of Funds. The principal of loan is repayable in quarterly instalments commencing from year 2021 to year 2029. In 2017, the Company has no unconditional right to defer settlement of above facility for at least 12 months after the reporting date. Consequently, the Company has classified this loan as current liability in 2017. In 2018, the Company has signed a notification letter with the bank and, in accordance with the revised terms, the Company has reclassified this loan as non-current liability in 2018.

At 31 December 2018, the Company had available $89,568,144 (2017: $105,360,147) of undrawn committed borrowing facility which is subject to certain pre-conditions not met as at the reporting date.

Reconciliation of liabilities arising from financing activities

	As at 1 January 2018	Reclassification	Financing cash flows	As at 31 December 2018
	$	$	$	$
Bank term loans				
- current	4,639,853	(4,639,853)	-	-
- non-current	-	4,639,853	15,792,003	20,431,856

9. SHARE CAPITAL

	2018		2017	
	Number of shares	$	Number of shares	$
Issued and fully paid ordinary share capital				
At beginning and end of the financial year	41,780,000	41,780,000	41,780,000	41,780,000
Issued and fully paid redeemable preference share capital				
At beginning of the financial year	16,341,069	16,341,069	-	-
Issuance of redeemable preference shares [(i)]	12,500,000	12,500,000	16,341,069	16,341,069
At end of the financial year	28,841,069	28,841,069	16,341,069	16,341,069
Total share capital	70,621,069	70,621,069	58,121,069	58,121,069

9. SHARE CAPITAL (Continued)

(i) Conversion of amounts due to holding company

During the year, the Company issued 12,500,000 (2017: 16,341,069) redeemable preference shares ("RPS") by way of capitalisation of amounts due to holding company amounting to $12,500,000 (2017: $16,341,069). The RPS holders are entitled to receive dividends as and when declared by the Company. All RPS holders shall have no right to vote at any General Meeting of the Company except with regards to the following proposals or resolutions:

- Any proposal to wind up the Company or during the winding-up of the Company;
- Any resolution involving an abrogation or variation of the rights and privileges attached to the RPS;
- Any resolution to reduce the share capital of the Company; and
- Any resolution for the purposes of sanctioning the disposal of the whole or a substantial part of the property, business, or undertaking of the Company.

With respect to the matters to which the RPS holders have the right to vote, the RPS holders shall have one vote per share and be entitled to vote together with the holders of ordinary shares. The preference shares is non-convertible and do not have any fixed maturity date. All preference shares shall be redeemable by the Company at any time with not less than one month's notice in writing.

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue

	Timing of recognition	2018 $	2017 $
Application and registration fees	Over time	836,377	846,380
Tuition and other related fees	Over time	25,953,270	26,410,885
		26,789,647	27,257,265

(b) Contract liabilities

	31 December 2018 $	1 January 2018 $
Contract liabilities		
Current portion (Not later than 1 year)		
- Application and registration fees	560,919	557,584
- Tuition and other related fees	7,991,032	13,164,181
	8,551,951	13,721,765
Non-current liabilities (Later than 1 year and not later than 5 years)		
- Application and registration fees	278,792	282,127
	8,830,743	14,003,892

10. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

(b) Contract liabilities (Continued)

Contract liabilities pertain to school fees collected in advance which the Company billed and received consideration ahead of the provision of services.

(i) Revenue recognised in relation to contract liabilities

	2018
	$
Revenue recognised in current financial year that was included in the contract liabilities balance at the beginning of the financial year	
- Application and registration fees	557,584
- Tuition and other related fees	13,164,181

(ii) Unsatisfied performance obligations

	31 December 2018	1 January 2018
	$	$
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied		
- Application and registration fees	839,711	839,711
- Tuition and other related fees	7,991,032	13,164,181
	8,830,743	14,003,892

Management expects that $8,551,951 (97%) from the unsatisfied performance obligations as of 31 December 2018 may be recognised as revenue in the financial year ending 31 December 2019. The remaining $278,792 (3%) may be recognised as revenue after the financial year ending 31 December 2019.

11. OTHER INCOME

	2018	2017
	$	$
Rental fees	174,543	168,618
Exam fees	51,293	37,451
Government grants	145,887	79,231
Co-curricular activities	32,022	-
Miscellaneous	25,846	14,431
Others	20,000	-
	449,591	299,731

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. PERSONNEL EXPENSES

	2018 $	2017 $
Salaries and other short-term benefits	16,127,771	17,029,077
Central provident fund contributions	472,706	482,909
Directors' fee	67,000	51,084
Directors' remuneration	179,676	216,000
Other staff costs	1,133,865	1,560,020
	17,981,018	19,339,090

13. LOSS BEFORE TAX

This is determined after charging the following:

	2018 $	2017 $
Agent commission	187,000	213,500
Impairment of financial assets	38,901	-
Depreciation of property, plant and equipment	2,057,922	2,193,524
Repair and maintenance	197,659	229,834
Utilities and maintenance	569,760	918,385
Rental of premises	3,682,188	3,609,231
Rental of equipment	98,808	70,827
Advertising expenses	626,429	624,685
Management fees	455,506	457,921
Property tax	198,372	216,963

14. INCOME TAX EXPENSE

Major components of income tax expense for the year ended 31 December were:

	2018 $	2017 $
Current tax		
- Current year	-	-

14. INCOME TAX EXPENSE (Continued)

The reconciliation of the tax expense and the product of accounting loss multiplied by the applicable rate is as follows:

	2018 $	2017 $
Accounting loss	(868,739)	(2,151,770)
Tax at the applicable tax rate of 17% (2017: 17%)	(147,686)	(365,801)
Tax effect of		
- Tax incentives	(126,951)	(162,181)
- Expenses not deductible for tax purposes	262,875	253,289
- Income not subject to tax	(24,801)	(4,904)
- Deferred tax assets not recognised	90,320	279,597
- Utilisation of previously unrecognised tax losses	(53,757)	-
Tax expense	-	-

At the reporting date, the Company has deductible temporary differences on property, plant and equipment and unused tax losses of approximately $4,122,000 and $10,049,000 (2017: $3,610,000 and $10,346,000) respectively, that are available for offset against future taxable profits of the Company. The related deferred tax asset has not been recognised in the financial statements due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in Singapore. These tax losses have no expiry date.

15. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, significant transaction with the related parties (as defined in Note 2 above), on terms agreed between the parties, were as follows:

	2018 $	2017 $
Holding company		
Loan from holding company	23,100,000	11,685,620
Loan interest charged by holding company	-	296,582
Payment on behalf by for holding company	-	7,775
Conversion of loan to preference shares	12,500,000	16,341,069
Related parties		
Management fees charged by a related company	455,506	457,921
Loan interest charged by a related company	85,399	55,682
Payment on behalf by related companies	1,529	8,743
Payment on behalf for related companies	703	12,440

15. RELATED PARTY TRANSACTIONS (Continued)

Key management personnel compensation

	2018	2017
	$	$
Key management personnel compensation		
Directors' fee	67,000	51,084
Directors' remuneration	179,676	216,000

The remuneration of directors and key management is determined by the board having regard to the performance of individuals and market trends.

16. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Non-cancellable operating lease commitments

The Company has operating lease agreements for equipment and property.

	2018	2017
	$	$
Future minimum lease payments		
- Not later than 1 year	2,819,929	3,793,025
- Later than 1 year and not later than 5 years	10,745	2,797,859
	2,830,674	6,590,884

(ii) Future capital expenditure

	2018	2017
	$	$
Capital expenditure approved but not provided for in the financial statements:		
- Relocation of campus	91,428,971	160,053,065

17. SUBSEQUENT EVENTS

On 5 March 2019, the Company issued 10,600,000 additional redeemable preference shares by way of capitalisation of amounts due to holding company amounting to $10,600,000.

18. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company's overall financial risk management programme seeks to minimise potential adverse effects of the financial performance of the Company. The main risk arising from the Company's financial statements are foreign exchange risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below. It is the Company's policy not to trade in derivative contracts.

(i) Foreign exchange risk

The Company has exposure to foreign exchange risk from transactions denominated in foreign currencies. The currencies giving rise to this risk are Malaysian ringgit, Great British pounds, United States dollars, New Zealand dollars and Thai baht. Accordingly, the Company's statement of financial position can be affected by movement of this exchange rate.

2018	Singapore dollars $	Malaysian ringgit $	Total $
Financial assets			
Cash and cash equivalents	19,287,260	-	19,287,260
Trade and other receivables	723,376	-	723,376
	20,010,636	-	20,010,636
Financial liabilities			
Other payables and accruals	12,851,196	1,785,702	14,636,898
Lease obligations	15,125	-	15,125
Borrowings	20,431,856	-	20,431,856
	33,298,177	1,785,702	35,083,879
Net financial liabilities	(13,287,541)	(1,785,702)	(15,073,243)
Less: Net financial assets denominated in the Company's functional currency	13,287,541	-	13,287,541
Foreign currency exposure	-	(1,785,702)	(1,785,702)

18. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Foreign exchange risk (Continued)

2017	Singapore dollars $	Malaysian ringgit $	Others $	Total $
Financial assets				
Cash and cash equivalents	9,509,740	-	-	9,509,740
Trade and other receivables	7,539,220	-	-	7,539,220
	17,048,960	-	-	17,048,960
Financial liabilities				
Other payables and accruals	1,811,035	1,484,686	5,107	3,300,828
Lease obligations	64,486	-	-	64,486
Borrowings	4,639,853	-	-	4,639,853
	6,515,374	1,484,686	5,107	8,005,167
Net financial assets / (liabilities)	10,533,586	(1,484,686)	(5,107)	9,043,793
Less: Net financial assets denominated in the Company's functional currency	(10,533,586)	-	-	(10,533,586)
Foreign currency exposure	-	(1,484,686)	(5,107)	(1,489,793)

Others comprise of Great British pounds, United States dollars, New Zealand dollars and Thai baht.

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% (2017: 10%) increase and decrease in the Singapore dollars against the relevant foreign currencies, with all the variable including tax rate being held constant, loss after tax for the financial year will increase / (decrease) by:

	2018 $	2017 $
Against Malaysian ringgit		
Strengthened 10% (2017: 10%)	(148,213)	(123,229)
Weakened 10% (2017: 10%)	148,123	123,229
Against other currencies		
Strengthened 10% (2017: 10%)	-	(424)
Weakened 10% (2017: 10%)	-	424

18. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Interest rate risk

The Company obtains financing through bank borrowings for the construction of new campus as disclosed in Note 3. The Company constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 December 2018, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Summary quantitative data of the Company's interest-bearing financial instruments can be found in Note 8.

Interest risk sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If the interest rates had been 100 basis point higher or lower and all other variables were held constant, the Company's loss for the year ended 31 December 2018 would increase / decrease by $169,584 (2017: increase / decrease by $38,509). This mainly attributable to the Company's exposure to interest rates on its variable rates borrowings.

(iii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables and cash and cash equivalents.

The Company's credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Receivables are monitored on an ongoing basis via Company's management reporting procedures.

The average credit period granted to students is within 30 days (2017: 30 days).

The carrying amounts of cash and bank balances, trade and other receivables, including amount due from related companies, represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its students to make payments when due. The management mitigates the risk by collecting tuition fees from students at the beginning of the school term. The outstanding student fees which are generally insignificant are regularly monitored and therefore, the management does not expect the Company to incur significant credit losses.

18. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses

The Group manages credit loss based on Expected Credit Losses (ECL) model. The Group and Company have the following financial assets subject to life time ECL under Simplified Approach:

	Total $
Gross amount of financial assets subject to ECL	762,277
Movement of life-time ECL:	
Balance at 31 December 2017 using FRS 39 / Balance at 1 January 2018, at initial adoption of FRS 109	-
ECL recognised during the year	38,901
Balance at 31 December 2018	38,901
Carrying amounts of financial assets, representing net exposure as at reporting date	723,376

The Company considers the above ECL to be Stage 3 ECL (credit impaired) considering that:

- Trade receivables which are unlikely to pay its credit obligation in full, without recourse by the Company
- Historical credit loss experience, payment trend and past due status.

The management assesses that there are no material ECL on cash and cash equivalents (Note 5).

Credit risk information for Financial Year 2017 under FRS 39

The age analysis of trade receivables is as follows:

	2017 $
Not past due and not impaired	7,304,381
Past due and impaired	-
Past due but not impaired	
- Past due 0 to 3 months	86,615
- Past due 3 to 6 months	18,993
	105,608
Gross trade receivables	7,409,989
Less: Allowance for impairment of trade receivables	-
	7,409,989

18. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Credit risk information for Financial Year 2017 under FRS 39 (Continued)

The movement in allowance for impairment of trade receivables is as follows:

	2017 $
At beginning of the financial year	63,651
Allowance utilised during the financial year	(63,651)
At end of the financial year	-

In the financial year 2017, included in trade receivables was an amount of $105,608 that were past due but not impaired which relates to a number of independent students who are existing students of the Company and have been so for a number of years. The amounts that are neither past due nor impaired represents balances owing from students who were billed in advance for the following semester's fees. Based on past experience and historical trend, the management believes that no impairment allowance is necessary in respect of the remaining outstanding balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral over these balances.

(iv) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Weighted average effective interest rate %	On demand or not later than 1 year $	Later than 1 year and not later than 5 years $	After 5 years $
2018				
Other payables and accruals		10,590,174	2,261,022	-
Amount due to a related company	4.94%	1,785,702	-	-
Lease obligations (fixed rate)	6.76%	17,558	-	-
Borrowings	5.32%	1,076,605	6,507,098	22,519,351
		13,470,039	8,768,120	22,519,351

18. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iv) Liquidity risk (Continued)

	Weighted average effective interest rate	On demand or not later than 1 year	Later than 1 year and not later than 5 years	After 5 years
	%	$	$	$
2017				
Other payables and accruals		1,816,581	-	-
Amount due to a related company	4.94%	1,484,247	-	-
Lease obligations (fixed rate)	6.51%	54,759	18,167	-
Borrowings	4.87%	228,469	1,086,336	5,468,148
		3,584,056	1,104,503	5,468,148

(v) Financial instruments by category

The carrying amount of the different categories of financial instruments as at 31 December is as follows:

	2018	2017
	$	$
Financial assets at amortised cost	20,010,636	-
Loans and receivables	-	17,048,960
Financial liabilities at amortised cost	35,083,879	8,005,167

Capital risk management policies and objectives

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through new share issues. The Company's overall strategy remains unchanged from 2017.

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities as at reporting date approximate their carrying amounts in the financial statements due to the relatively short-term maturity of these financial instruments.

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