



Oriental Century Limited
Annual Report 2008

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Corporate Information

Board of Directors

Mr Lai Seng Kwoon *Independent Director*
Prof. Tan Teck Meng *Independent Director*
Mr Leow Poh Chin *Non-Executive Director*

Joint Company Secretaries

Chan Kheng Yong Hock *Certified Public Accountant*
Lotus Isabella Lim Mei Hua

Principal Banker

Standard Chartered Bank, Singapore

Scotts Mall Branch
1 Scotts Road #01-01 Shaw Centre
Singapore 228208

Auditors

KPMG LLP

Public Accountants and Certified Public Accountants

16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Ms Chiu Sok Hua
(Appointed since 2008)

Share Registrar

M & C Services Private Limited

138 Robinson Road #17-00
The Corporate Office
Singapore 068906

Registered Office

8 Cross Street
#11-00 PWC Building
Singapore 048424
Fax: (65) 6236 4399

Board of Directors

Mr Lai Seng Kwoon was appointed as an Independent Director of our Company on 29 March 2006. He is a certified public accountant practising under the name and style of SK Lai & Co. He has more than 27 years of extensive and varied experience in accounting, tax, corporate and financial matters and had previously worked with KPMG in Singapore and in the United States of America before he set up his own practice in 1994.

Mr Lai is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, and the Institute of Certified Public Accountants of Singapore (ICPAS).

Prof. Tan Teck Meng was appointed as an Independent Director of our Company on 5 April 2007. He is currently Professor of Accounting in the School of Accountancy at Singapore Management University. He chairs the K K Women's & Children Hospital's Medifund Committee and the Advisory Committee of Meridian Junior College and serves as an Independent Director on a number of other listed companies.

Professor Tan has a Bachelor of Accountancy (BAcc) Degree from the University of Singapore and a Masters of Commerce (MCom) (Honours) from the University of New South Wales in Australia.

Leow Poh Chin was appointed first appointed as a Director of our Company on 2 October 2003 and was subsequently re-appointed on 18 May 2005. He is currently a Non-Executive Director of the Company. He has more than a decade of experience in the private equity, venture capital investments and fund management sectors with cross-disciplinary training in engineering, design, and project management.

Mr Leow has MBAs in Investment & Finance and in General Business Administration from University of Hull, United Kingdom, and a Masters of Engineering in Marine Technology from University of Newcastle Upon Tyne, United Kingdom.

Business Review

Operating and Financial Review

On 10 March 2009, the former Executive Chairman and Chief Executive Officer, Mr Wang Yuean, notified the Board that the accounting and related records of the Company's subsidiaries in the People's Republic of China had been extensively falsified and he had, over the years, inflated sales and cash balances of the subsidiaries and diverted unspecified sums to an interested party.

Given the state of the accounting records of its subsidiaries and the extent of the falsification, the Board is unable to prepare or present any meaningful consolidated financial statements incorporating the results and financial positions of the Company and its subsidiaries for the financial year ended December 31, 2008. Consequently, only the financial statements for the financial year ended December 31, 2008 of the Company have been prepared and presented. In preparing and presenting the Company's financial statements, the Board has considered it prudent to reflect the value of all assets at their estimated liquidated amounts and to present liabilities at their estimated settlement amounts.

Investments in subsidiaries of RMB49.9 million and amounts due from a subsidiary of RMB 37.6 million have been fully written off and charged to the income statement. Other assets have also been written down to their estimated realisable values.

As at 31 December 2008, the Company has a net equity of approximately RMB 73,000.

Please refer to the statement by directors on page 9 and notes 2 and 3.1 to the financial statements for further information.

Directors' And Key Executives' Remuneration

A breakdown showing the level and mix of each individual director's remuneration payable for FY 2008 is as follows:

	FY2007	FY2008
\$500,000 and above	0	0
\$250,000 to below \$500,000	1	1
Below \$250,000	7	3
Total	8	4

Business Review

Directors' And Key Executives' Remuneration (cont'd)

Name	Remuneration Band S\$	Directors' Fees %	Total %
Wang Yuean	Below \$250,000	0	100
Leow Poh Chin	Below \$250,000	100	100
Lai Seng Kwoon	Below \$250,000	100	100
Prof. Tan Teck Meng	Below \$250,000	100	100

Remuneration of the top 5 key executives

Name	Remuneration Band	Salary %	Bonus %	Total %
Wang Yuean	\$250,000 to below \$500,000	100	0	100
Chan Kheng Yong Hock	Below \$250,000	100	0	100
Ma Xiangdong*	Below \$250,000	100	0	100
Zhao Zhong*	Below \$250,000	100	0	100
Lei Hua**	Below \$250,000	100	0	100

Note :- * Mr Ma and Mr Zhao resigned from the Company in 2008.

** Mr Lei Hua was appointed as Chief Investment Officer on 20 March 2008 and was appointed as Acting CEO on 11 March 2009.

Dealing in Securities

In line with the Listing Rule 1207(18) of the Listing Manual, the Company has in place a policy prohibiting share dealings by Directors and employees of the Company for a period of two weeks before the announcement of the company's financial statements for each of the first three quarters of its financial year, and for the period of one month prior to the announcement of the Company's yearly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

Material Contracts

In the light of the falsification of the accounting and related records at its subsidiaries, the Board is (except for those as disclosed in the accompanying financial statements) unable to determine whether there are any material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chief Executive Officer, any director (other than the existing directors as at the date of this report) or controlling shareholder, either still subsisting at the end of the year or entered into since the end of the previous financial year.

Business Review

Interested Person Transactions

Known interested person transactions for the financial year ended 31 December 2008 are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Oriental Pearl College	RMB'000	RMB'000
Management Fees received and receivable	0	46,912*
Operating Lease Income received and receivable	0	3,750*
Bai Sheng Investments Development Co., Ltd		
Operating Lease Expense paid and payable	0	3,750*

Note:- * These are unaudited numbers provided by the Company's subsidiaries and should be read in conjunction with note 2 to the accompanying financial statements.

USE OF IPO PROCEEDS

The usage of net IPO proceeds was as follows:

Purpose	Allocated net IPO proceeds* S\$'000	Amount utilised S\$'000
Expansion of school network	2,000	See note**
Refurbishment and retrofitting of Humen Kindergarten	1,800	See note**
General Working Capital	3,700	See note**
Total	7,500	7,500

Note:- * Per Prospectus dated 22 May 2006

** Having regard to the matters as set out in note 2 to the accompanying financial statements, the actual utilisation of IPO proceeds in the PRC cannot be reasonably determined.

Directors' report

We hereby submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2008.

Directors

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

Leow Poh Chin
Lai Seng Kwoon
Tan Teck Meng

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary shares		
Wang Yuean (Resigned on 11 March 2009)	42,209,698	42,209,698

By virtue of Section 7 of the Act, Wang Yuean is deemed to have interests in the shares held by the Company in all its subsidiaries at the beginning and at the end of the financial year.

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

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2009.

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

Directors' report

Directors' interests (cont'd)

A subsidiary of the Company had entered into a lease agreement dated 31 December 2003 and an education management services agreement dated 1 January 2004 with entities in which a former director of the Company, namely Wang Yuean has substantial financial interests. It is not determinable as to whether Wang Yuean has received or become entitled to receive any benefits arising out of these transactions other than those to which he is ordinarily entitled to as shareholder of those entities.

Except for fees as disclosed in this report and in note 14 to the financial statements, since the end of the last financial year, none of the directors as at the date of this report has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The members of the Audit Committee at the date of this report are:

Lai Seng Kwoon (Chairman)	Independent director
Tan Teck Meng	Independent director
Leow Poh Chin	Non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

Directors' report

Audit Committee (cont'd)

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Non-Audit Fees

Non-audit fees paid to the auditors during FY2008 amounted to RMB8,902.

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Lai Seng Kwoon

Director

Leow Poh Chin

Director

15 June 2009

Statement by Directors

- (a) having regard to the matters set out in note 2 to the financial statements, the financial statements set out on pages 13 to 30 have not complied with the requirements of FRS 27 *Consolidated and Separate Financial Statements*. Accordingly, for this reason, they are not drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2008, and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards;
- (b) except for the non-compliance with the requirement of FRS1 *Presentation of Financial Statements* set out in note 17, the financial statements set out on pages 13 to 30 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2008, and the results, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (c) at the date of this statement, having regard to the matters as set out in note 3.1 to the financial statements, there are no 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.

On behalf of the Board of Directors

Lai Seng Kwoon

Director

Leow Poh Chin

Director

15 June 2009

Independent auditors' report

Members of the Company **Oriental Century Limited**

We were engaged to audit the accompanying financial statements of Oriental Century Limited (the Company), which comprise the balance sheet as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 30.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

- (a) 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 profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

We conducted our audit in accordance with Singapore Standards on Auditing, except for restrictions on our work as set out below. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

As set out further in this report, we have not obtained all the information or explanations to enable us to form an audit opinion on the accompanying financial statements.

Independent auditors' report

Basis for disclaimer of opinion

1. Non-preparation of consolidated financial statements

The Company is a holding company with a number of subsidiaries and is therefore required to present consolidated financial statements.

However, the Company has not prepared and presented the consolidated financial statements required by FRS 27, *Consolidated and Separate Financial Statements*. As the consolidated financial statements have not been prepared and presented in the accompanying financial statements, we have been unable to carry out any work in this regard and have not issued any opinion thereon. It is impracticable to quantify the omitted information.

2. Non-inclusion of comparatives

The relevant comparative financial information in respect of the balance sheet of the Company as at 31 December 2007, and the results, changes in equity and cash flows of the Company for the year then ended (the Comparative Figures), have not been presented in the accompanying financial statements. The inclusion of the Comparative Figures is required under FRS 1, *Presentation of Financial Statements*.

3. Reliability of accounting records

A former key executive has made claims of the falsification of certain records of certain entities in the Group over a number of years. The auditors of key subsidiaries have not been able to complete their work and report satisfactorily on the financial statements of the respective subsidiaries. We have not been able to obtain adequate information and explanations from management on the possible existence of dual sets of records and there were no practicable procedures available to us in the absence of management representations on the reliability of key accounting records in the Group.

4. Going concern and realisable values of assets

The ability of the Company to continue as a going concern is dependent on the Company and its subsidiaries being able to successfully secure new financing from investors and financial institutions, and the provision of fresh capital by its current equity holders.

The Board is of the view, as at the date of this report, that there are no reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due. Accordingly, the financial statements of the Company have not been prepared on a going concern basis. The value of all assets has been stated by the Board at their estimated realisable values and liabilities are presented by the Board at their estimated settlement amounts. As at 31 December 2008, based on estimated realisable values provided by the Board, the Company has written down its investments in subsidiaries and amounts due from a subsidiary to nil.

We were unable to obtain verifiable information and explanations from management or other form of sufficient audit evidence with respect to the appropriateness of the assumptions and reasonableness of the estimates made by the Board as set out above.

Independent auditors' report

Disclaimer of opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we are not in a position to, and do not, express an opinion on the accompanying financial statements.

In our opinion, except for the effect of the matters described in the Basis for Disclaimer of 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.

KPMG LLP

*Public Accountants and
Certified Public Accountants*

Singapore

15 June 2009

Balance sheet

As at 31 December 2008

	Note	2008 RMB'000
Non-current assets		
Plant and equipment	4	—
Subsidiaries	5	—
		—
Current assets		
Other receivables	6	32
Amounts due from a subsidiary	7	—
Cash and cash equivalents	8	1,609
		1,641
Total assets		1,641
Equity attributable to equity holders of the Company		
Share capital	9	84,451
Accumulated losses		(84,378)
Total equity		73
Current liabilities		
Other payables and accruals		1,568
Total liabilities		1,568
Total equity and liabilities		1,641

The accompanying notes form an integral part of these financial statements.

Income statement

Year ended 31 December 2008

	Note	2008 RMB'000
Other operating income		45
Administrative expenses		(6,386)
Other expenses		(87,907)
Loss before income tax		(94,248)
Income tax expense	11	(8)
Loss for the year	10	(94,256)
Earnings per share		
Basic/Diluted loss per share (RMB Cents)	12	(56.72)

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

Year ended 31 December 2008

	Share capital RMB'000	Accumulated (losses)/profits RMB'000	Total RMB'000
At 1 January 2008	84,451	14,112	98,563
<i>Net loss for the year/Total recognised expense for the year</i>	–	(94,256)	(94,256)
Final one-tier tax exempt dividend paid of RMB2.56 cents per share in respect of 2007	–	(4,234)	(4,234)
At 31 December 2008	84,451	(84,378)	73

The accompanying notes form an integral part of these financial statements.

Cash flow statement

Year ended 31 December 2008

	Note	2008 RMB'000
Operating activities		
Loss for the year		(94,256)
Adjustments for:		
Depreciation of plant and equipment		11
Plant and equipment written off		23
Investment in subsidiaries written off		49,867
Amounts due from a subsidiary written off		37,630
Interest income		(45)
Income tax expense		8
		(6,762)
Changes in working capital:		
Other receivables and prepayments		200
Other payables and accruals		(772)
Cash generated from operations		(7,334)
Income tax paid		(8)
Cash flows from operating activities		(7,342)
Investing activities		
Interest received		45
Non-trade amount due from a subsidiary		(767)
Cash flows from investing activities		(722)
Financing activities		
Dividends paid		(4,234)
Cash flows from financing activities		(4,234)
Net decrease in cash and cash equivalents		(12,298)
Cash and cash equivalents at beginning of year		13,907
Cash and cash equivalents at end of year	8	1,609

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

Year ended 31 December 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 June 2009.

1 Domicile and activities

Oriental Century Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 8 Cross Street, #11-00 PWC Building, Singapore 048424.

The principal activities of the Company are those of an investment holding company. The principal activities of its subsidiaries are set out in note 5 to the financial statements.

2 Consolidated financial statements

The Company is a holding company with a number of subsidiaries and is therefore required by Singapore Financial Reporting Standards to present consolidated financial statements.

The Company has not prepared consolidated financial statements, because of concerns over the accuracy and reliability of such statements in the circumstances described in the following paragraphs.

On 10 March 2009, the former Chief Executive Officer and Executive Chairman notified the Board that the accounting and related records of the Company's subsidiaries had been extensively falsified and that he had, over the years, inflated sales and cash balances of the subsidiaries and diverted unspecified sums to an interested party.

The above revelation, in the view of the Board, casts serious doubts over the reliability and accuracy of the accounting records presented in past years, and of the financial statements of the Company and of the Group for the current and prior years. As a consequence, the Board considers the financial statements issued in previous years incorrect and misleading.

Management is in the process of reconstructing the accounting records of its subsidiaries for the current and prior years. However, given their questions over the reliability of the subsidiaries' accounting and other records, the Board believes that, as at the date of this report, it may be almost impossible, if not impractical, to ascertain the correct revenue and profit (and the resultant assets and liabilities) for the current and prior years for inclusion in the consolidated financial statements of the Group. In these circumstances, the Board believes that it is not practical to prepare and present consolidated financial statements.

Notes to the financial statements

Year ended 31 December 2008

3 Summary of significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared by management in accordance with Singapore Financial Reporting Standards (FRS) except for the omission of consolidated financial statements required under FRS 27, *Consolidated and Separate Financial Statements* and the omission of comparative financial information required under FRS 1 *Presentation of Financial Statements*, for the reasons set out in note 2 and note 17.

The financial statements are presented in Chinese Renminbi (RMB) which is the Company's functional currency. All financial information presented in RMB has been rounded to the nearest thousand, unless otherwise stated.

The ability of the Company to operate as a going concern is dependent on the Company and its subsidiaries being able to successfully secure new financing from investors and financial institutions, and the provision of fresh capital by its current equity holders, the outcome of which is inherently uncertain as of the date of these financial statements. As the Board is of the view, as at the date of these financial statements, that there are no reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, the financial statements of the Company have not been prepared on a going concern basis.

The value of all assets is stated by the Board at their estimated realisable values and liabilities are presented by the Board at their estimated settlement amounts. No provisions have been made for future claims/costs that might arise in the event that the Company is unable to continue as a going concern.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 5 – Measurement of realisable value of investments in subsidiaries
- Note 7 – Measurement of realisable value of amounts due from a subsidiary

Notes to the financial statements

Year ended 31 December 2008

3 Summary of significant accounting policies (cont'd)

3.2 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account.

3.3 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Foreign currency differences arising on retranslation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

3.4 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise other receivables, cash and cash equivalents and other payables.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the financial statements

Year ended 31 December 2008

3 Summary of significant accounting policies (cont'd)

3.5 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.6 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.7 Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Notes to the financial statements

Year ended 31 December 2008

3 Summary of significant accounting policies (cont'd)

3.7 Income tax (cont'd)

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.8 Interest income

Interest income is recognised as it accrues, using the effective interest method.

3.9 Operating leases

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the period in which they are incurred.

Notes to the financial statements

Year ended 31 December 2008

4 Plant and equipment

	Equipment RMB'000
Cost	
At 1 January 2008	55
Write-off	(55)
At 31 December 2008	–
Accumulated depreciation	
At 1 January 2008	21
Depreciation charge for the year	11
Write-off	(32)
At 31 December 2008	–
Carrying amount	
At 1 January 2008	34
At 31 December 2008	–

5 Subsidiaries

	2008 RMB'000
Unquoted equity investments at realisable value	–

During the financial year ended 31 December 2008, due to the matters set out in note 2 and note 3.1 to the financial statements, the Board has assessed the realisable value of the investments in the subsidiaries to be nil. The Board is of the view that the subsidiaries face severe cash flow problems that may potentially jeopardise their on going operations.

Based on this assessment, the carrying amount of the investments in subsidiaries amounting to RMB49,867,000 was fully written off to the Company's income statement during the year.

Notes to the financial statements

Year ended 31 December 2008

5 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of establishment	Effective equity held
			2008 %
Oriental Dragon Management Co., Ltd. ⁽¹⁾ and its subsidiaries	Provision of education management services, development and sales of school management system software and investment holding	People's Republic of China	99.65
Nanchang No.3 Oriental Pearl High School ⁽²⁾	Provision of senior high school education	People's Republic of China	99.65
Dongguan Oriental Dragon Co., Ltd. ⁽³⁾	Investment holding	People's Republic of China	99.74

The auditors for statutory purposes are:

- (1) 北京普洋会计师事务所, a member of the Chinese Institute of Certified Public Accountants.
- (2) 江西大信诚信会计师事务所有限责任公司, a member of the Chinese Institute of Certified Public Accountants.
- (3) 东莞市大正会计师事务所, a member of the Chinese Institute of Certified Public Accountants.

6 Other receivables

	2008 RMB'000
Other receivables	32

7 Amounts due from a subsidiary

	2008 RMB'000
Amounts due from a subsidiary	—

During the financial year ended 31 December 2008, due to the matters set out in note 2 and note 3.1 to the financial statements, the Board has assessed the realisable value of the amounts due from a subsidiary to be nil.

Based on this assessment, amounts due from a subsidiary amounting to RMB37,630,000 was fully written off to the Company's income statement during the year.

Notes to the financial statements

Year ended 31 December 2008

8 Cash and cash equivalents

	2008 RMB'000
Cash at banks	1,609

9 Share capital

	No. of shares (‘000)	2008 RMB'000
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	166,177	84,451

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company incurred a net loss of RMB94,256,000 and has generated negative operating cash flows for the year ended 31 December 2008. Following the aforementioned, changes were made in the objectives, policies or processes relating to the management of the Company's capital structure during the year. Management intends to seek capital injection from new investors or existing equity holders of the Company and secure new financing from financial institutions to meet the Company's working capital requirements having regard to its operating cost and expected cash flows.

The Board regularly reviews the Company's capital structure which is defined by the Board as total shareholders' equity and makes adjustments to reflect economic conditions, business strategies and future commitments.

The Company is not subject to externally imposed capital requirements.

Notes to the financial statements

Year ended 31 December 2008

10 Loss for the year

The following items have been included in arriving at profit for the year:

	2008 RMB'000
Interest income from bank deposits	(45)
Investment in subsidiaries written off	49,867
Amounts due from a subsidiary written off	37,630
Foreign exchange loss	191
Depreciation of plant and equipment	11
Plant and equipment written off	23
Operating lease expenses	165
Staff costs	2,814
Contributions to defined contribution plans, included in staff costs	79

11 Income tax expense

	2008 RMB'000
Current tax expense	
Under provided in prior years	8
Total income tax expense	8

Reconciliation of effective tax rate

Loss for the year	(94,256)
Total income tax expense	8
Loss excluding income tax	(94,248)
Tax calculated using Singapore tax rate of 18%	(16,965)
Expenses not deductible for tax purposes	16,965
Under provided in prior years	8
	8

Notes to the financial statements

Year ended 31 December 2008

12 Earnings per share

2008
RMB'000

Basic earnings per share is based on:

Net loss attributable to ordinary shareholders	(94,256)
--	----------

No. of
Shares
('000)

Issued ordinary shares at 31 December	166,177
---------------------------------------	---------

Basic and diluted loss per share (RMB cents)	(56.72)
--	---------

13 Commitments

Operating lease commitments

At the balance sheet date, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

2008
RMB'000

Payable within 1 year	80
-----------------------	----

14 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant transactions carried out with related parties in the normal course of business on terms agreed between the parties during the year:

Notes to the financial statements

Year ended 31 December 2008

14 Significant related party transactions (cont'd)

Key management personnel compensation

Compensation payable to key management personnel comprise:

	2008 RMB'000
Directors' fee	985
Short-term employee benefits	2,735
Post-employment benefits	79
	3,799

Included in short-term employee benefits and post-employment benefits are directors' remuneration of RMB1,320,000.

15 Financial risk management

The main risks arising from the Company's financial instruments are credit, liquidity, market, interest and foreign currency risks. The policies for managing each of these risks are summarised below.

Credit risk

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets. Cash is placed with regulated financial institutions.

Working capital management

The Company incurred a net loss of RMB94,256,000 and has generated negative operating cash flows for the year ended 31 December 2008. Management intends to seek capital injection from new investors or existing equity holders to the Company and secure new financing from banks and financial institutions to meet the Company's working capital requirements having regard to its operating cost and expected cash flows of the Company.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Company is not exposed to risk of significant changes in interest rates.

Notes to the financial statements

Year ended 31 December 2008

15 Financial risk management (cont'd)

Foreign currency risk

The Company is exposed to foreign currency risk on cash at banks, other receivables and other payables that are denominated in a currency other than RMB. The currency giving rise to this risk is primarily the Singapore dollar (SGD). The Company does not use derivative financial instruments to hedge its foreign currency risk.

The Company's exposures to foreign currency are as follows:

	2008 SGD RMB'000
Other receivables	32
Cash and cash equivalents	1,609
Other payables	(1,568)
	73

Sensitivity analysis

A 10% strengthening of RMB against the following currency at the reporting date would increase/(decrease) loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2008 SGD RMB'000
Loss before tax	7

A 10% weakening of RMB against the above currency would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant. There are no other effects on the equity of the Company.

16 New accounting standards and interpretations not yet adopted

The Company has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 (revised 2007) *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

Notes to the financial statements

Year ended 31 December 2008

16 New accounting standards and interpretations not yet adopted (cont'd)

- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 102 *Share-based Payment – Vesting Conditions and Cancellations*
- FRS 108 *Operating Segments*
- Improvements to FRSs 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*

FRS 1 (revised 2008) will become effective for the Company's financial statements for the year ending 31 December 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Company's financial position or results.

The amendments to FRS 101 and FRS 27 on the cost of an investment in a subsidiary, jointly controlled entity or associate will become effective for the Company's financial statements for the year ending 31 December 2009. The amendments remove the definition of "cost method" currently set out in FRS 27, and instead require an entity to recognise all dividend from a subsidiary, jointly controlled entity or associate as income in its separate financial statements when its right to receive the dividend is established. The application of these amendments does not have any impact on the Company's financial statements.

Improvements to FRSs 2008 will become effective for the Company's financial statements for the year ending 31 December 2009, except for the amendment to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* which will become effective for the year ending 31 December 2010. Improvements to FRSs 2008 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Company is in the process of assessing the impact of these amendments.

Notes to the financial statements

Year ended 31 December 2008

16 New accounting standards and interpretations not yet adopted (cont'd)

Other than the changes in disclosures relating to FRS 1 and the improvements to FRSs 2008, the initial application of these standards (including their consequential amendments) and Interpretation is not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of accounting standards issued after the balance sheet date.

17 Comparative information

Comparative information have not been presented as the Board is of the view that the comparative information previously issued may be incorrect and misleading and it is impractical to prepare accurate revised information in the circumstances described in note 2.

Shareholding Statistics

As at 5 June 2009

Class of shares : Ordinary Shares
Voting rights : 1 vote per share

Shareholding Held in Hands of Public

Based on information available to the Company as at 5 June 2009, 44.68% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	8	0.95	2,877	0.00
1,000 – 10,000	481	57.40	2,896,017	1.74
10,001 – 1,000,000	336	40.10	21,028,567	12.65
1,000,001 and above	13	1.55	142,249,539	85.60
	838	100.00	166,177,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Raffles Education Corporation Limited	49,712,000	29.92
2	UOB Kay Hian Pte Ltd	42,247,000	25.42
3	Waterworth Pte Ltd	8,300,000	4.99
4	DMG & Partners Securities Pte Ltd	7,662,000	4.61
5	Raffles Nominees Pte Ltd	7,310,000	4.40
6	HSBC (Singapore) Nominees Pte Ltd	7,293,000	4.39
7	DBS Nominees Pte Ltd	4,839,150	2.91
8	Citibank Nominees Singapore Pte Ltd	4,421,000	2.66
9	HL Bank Nominees (S) Pte Ltd	3,764,389	2.27
10	Yap Chong Hin Gabriel	2,000,000	1.20
11	Kim Eng Securities Pte. Ltd.	1,730,000	1.04
12	OCBC Securities Pte Ltd	1,571,000	0.95
13	Yap Chin Kok	1,400,000	0.84
14	United Overseas Bank Nominees Pte Ltd	952,000	0.57
15	Ramesh s/o Pritamdas	625,000	0.38
16	Chang Yeh Hong	565,000	0.34
17	Tan Joon Yang	461,852	0.28
18	DBS Vickers Securities (S) Pte Ltd	424,000	0.26
19	Phillip Securities Pte Ltd	415,000	0.25
20	Ng Cheau Teng	384,000	0.23
		146,076,391	87.91

Shareholding Statistics

As at 5 June 2009

SUBSTANTIAL SHAREHOLDERS

	No. of Shares		%
	Direct Interests	Deemed Interests	
Wang Yuean	42,209,698		25.40
Raffles Education Corporation Limited	49,712,000		29.92
Chew Hua Seng		49,712,000	29.92

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at 8th Floor, No.1 Kallang Way 2A Singapore 347495 on 30 June 2009 at 4.00 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2008 and the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Mr Leow Poh Chin retiring pursuant to Article 93 of the Company's Articles of Association. **(Resolution 2)**

Mr Leow Poh Chin will, upon re-election as a Non-Executive Director of the Company, remain as Chairman of the Nominating Committee and Member of Audit Committee and Remuneration Committee respectively. He will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To re-appoint Messrs KPMG LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 3)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

4. **Authority to allot and issue shares**
 - (a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

Notice Of Annual General Meeting

- (b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;
 - a) new shares arising from the conversion or exercise of convertible securities, or
 - b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and
 - c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and
- (ii) the 50% limit in (i) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issue and unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note)

(Resolution 4)

- 5. To consider and, if thought fit, to pass the following ordinary resolution with or without modifications:-

Renewal of Shareholders' Mandate for Interested Person Transactions

- (a) "That approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, for the Company and its subsidiaries and associated companies (if any) or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Circular to Shareholders dated 15 June 2009 (the "Circular"), with any party who is of the class of Interested Persons described in the Circular, provided that such transactions are made at arm's length on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Circular;

Notice Of Annual General Meeting

- (b) That such approval given in the paragraph (a) above (the “Shareholders’ Mandate”) shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) That the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Shareholders’ Mandate and/or this Resolution.”

(Resolution 5)

- 6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

Singapore, 15 June 2009

Notes:

- 1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.
- 2. A proxy need not be a member of the Company.
- 3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- 4. The instrument appointing a proxy must be deposited at the registered office of the Company at 8 Cross Street #11-00 PWC Building Singapore 048424 not later than 48 hours before the time appointed for the Meeting.

Notice Of Annual General Meeting

Explanatory Notes:-

The ordinary resolution in item no. 4 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of total number of issued shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

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Oriental Century Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 200303707R)

IMPORTANT

1. For investors who have used their CPF monies to buy Oriental Century Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*I/We _____ of

being * a member/members of Oriental Century Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

--	--	--	--

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Sixth Annual General Meeting of the Company to be held at 8th Floor, No.1 Kallang Way 2A Singapore 347495 on 30 June 2009 at 4.00 p.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and consider the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of Directors and Auditors thereon.		
2.	To re-elect Mr Leow Poh Chin pursuant to Article 93 of the Company's Articles of Association.		
3.	To re-appoint Messrs KPMG LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
4.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.		
5.	Approval of Renewal of Shareholders' Mandate for Interested Person Transactions.		

Dated this _____ day of _____ 2009

Total Number of Shares Held

Signature(s) of Member(s)/Common Seal

* Delete accordingly

IMPORTANT. Please read notes overleaf

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 8 Cross Street #11-00 PWC Building Singapore 048424 not later than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

Fold along this line (1)

AFFIX
STAMP

The Company Secretary
ORIENTAL CENTURY LIMITED
8 Cross Street #11-00
PWC Building
Singapore 048424

Fold along this line (2)

ORIENTAL CENTURY LIMITED

Company Registration No.: 200303707R

Registered Office

8 Cross Street
#11-00, PWC Building
Singapore 048424

15 June 2009

This Appendix is circulated to the Shareholders of Oriental Century Limited (the “Company”) together with the Company’s Annual Report. The purpose of this Appendix is to provide Shareholders with information pertaining to, and to explain the rationale for the proposed renewal of the Shareholders’ Mandate (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company to be held on 30 June 2009 at 4.00 p.m. at 8th Floor, No. 1 Kallang Way 2A Singapore 347495.

The Notice of the Annual General Meeting and the Depository Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.



东方纪元
ORIENTAL CENTURY

Oriental Century Limited

(Incorporated in the Republic of Singapore on 23 April 2003)
(Registration No. 200303707R)

**APPENDIX IN RELATION TO DETAILS OF
THE PROPOSED RENEWAL OF
THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS**

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DEFINITIONS

The following definitions apply throughout this Appendix unless the context otherwise requires:

Companies

<i>“Group”</i>	:	Our Company and its subsidiary
<i>“Company” or “Oriental Century”</i>	:	Oriental Century Limited
<i>“Oriental Dragon”</i>	:	Oriental Dragon Management Co., Ltd

Other companies

<i>“Bai Sheng”</i>	:	Dongguan Bai Sheng Investment Development Co., Ltd
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited

General

<i>“AGM”</i>	:	The annual general meeting of the Company
<i>“Annual Report”</i>	:	The annual report of the Company for the financial year ended 31 December 2008
<i>“Audit Committee”</i>	:	The audit committee of our Company
<i>“Act”</i>	:	The Companies Act (Chapter 50 of Singapore)
<i>“associates”</i>	:	<div style="margin-left: 20px;"><div>(a) In relation to a director, chief executive officer, Substantial Shareholder or Controlling Shareholder of a corporation who is an individual, means his immediate family (being his spouse, child, adopted child, step-child, sibling and parent); a trustee, when acting in his capacity as such trustee, of any trust of which the individual or his immediate family is a beneficiary or, in the case of a beneficial trust, is a discretionary object; or any corporation in which he and his immediate family together (directly or indirectly) have an interest of 30% or more</div><div>(b) In relation to a Substantial Shareholder or Controlling Shareholder, which is a corporation, means, any other corporation which is its subsidiary or holding corporation or is a subsidiary of such holding corporation or one in the equity of which it and/or such other corporation or corporations taken together (directly or indirectly) have an interest of 30% or more</div></div>
<i>“Board”</i>	:	The Board of Directors of the Company
<i>“CDP”</i>	:	The Central Depository (Pte) Limited

<i>“Controlling Shareholder”</i>	: In relation to a corporation, means:- (a) a person who has an interest in the voting shares of a corporation and who exercises control over the corporation; or (b) a person who has an interest in 15% or more of the aggregate of the nominal amount of all the voting shares in a corporation, unless he does not exercise control over the corporation
<i>“Directors”</i>	: The directors of our Company as at the date of this Appendix
<i>“Depositor”</i>	: The terms “Depositor” and “Depository Agent” shall have the meanings ascribed to them respectively in Section 130A of the Singapore Act.
<i>“Founders”</i>	: The founders of the Group, namely, Messrs Wang Yuean, Zhu Xiaolin, Ma Xiangdong and Zhao Zhong, who established the Oriental Pearl College in Dongguan City, Guangdong Province back in October 1994.
<i>“FY”</i>	: Financial year ended or ending 31 December
<i>“Listing Manual”</i>	: The SGX-ST listing manual
<i>“NTA”</i>	: Net tangible assets
<i>“PRC” or “China”</i>	: People’s Republic of China, excluding Hong Kong and Macau for geographical reference only
<i>“Pre-IPO Investors”</i>	: UOB Venture (Shenzhen) Limited, UOB Capital Investments Pte. Ltd., HL Bank Nominees, Asianalysis Investment Management Pte. Ltd. and Aventures 1 Pte. Ltd.
<i>“SGX-ST”</i>	: Singapore Exchange Securities Trading Limited
<i>“SGX-SESDAQ”</i>	: SGX-ST Dealing and Automated Quotation System
<i>“Shares”</i>	: Ordinary shares in the capital of our Company
<i>“Shareholders”</i>	: Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositor whose securities accounts maintained with CDP are credited with the Shares

<i>“subsidiary”</i>	:	A corporation is deemed to be a subsidiary of another corporation if that other corporation controls the composition of the board of directors of the first-mentioned corporation; controls more than half of the voting power of the first-mentioned corporation; or holds more than half of the issued share capital of the first-mentioned corporation (excluding any part thereof which consists of preference shares); or the first-mentioned corporation is a subsidiary of any corporation which is that other corporation’s subsidiary
<i>“Substantial Shareholders”</i>	:	A person who has an interest in Shares, the total votes attached to those shares is not less than five per cent. (5%) of the total votes attached to all the shares of our Company
<i>“Securities Account”</i>	:	Securities accounts maintained by Depositors with CDP, but not including securities accounts maintained by a Depository Agent
<i>“Shareholders’ Mandate”</i>	:	The general mandate pursuant to Chapter 9 of the Listing Manual permitting the Company and its subsidiary or any of them to enter into certain interested person transactions of the types described in the Company’s prospectus to Shareholders dated 22 May 2006

Currencies, Units and Others

<i>“\$” or “SGD” and “cents”</i>	:	Singapore dollars and cents, respectively
<i>“RMB”</i>	:	PRC Renminbi
<i>“%” or “per cent.”</i>	:	Per centum or percentage

Words importing the singular shall, where applicable, include the plural and *vice versa*.

Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall, where applicable, include corporations.

Any reference to a time of day and date in this Appendix is made by reference to Singapore time and date respectively, unless otherwise stated.

LETTER TO SHAREHOLDERS

ORIENTAL CENTURY LIMITED

(Incorporated in the Republic of Singapore on 23 April 2003)
(Registration No. 200303707R)

Directors:

Mr. Lai Seng Kwoon
Mr. Leow Poh Chin
Prof. Tan Teck Meng

Registered Office:

8 Cross Street
#11-00 PWC Building
Singapore 048424

15 June 2009

To: The Shareholders of Oriental Century Limited

Dear Sir/Madam

PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

- 1.1 The purpose of this Appendix is to provide Shareholders with the relevant information pertaining to, and to seek Shareholders' approval for the renewal of the Shareholders' Mandate.
- 1.2 The Shareholders' Mandate was last approved by way of a resolution passed at the Annual General Meeting ("AGM") held on 28 April 2008, and expressed to take effect until the date of the next AGM. Accordingly the Directors propose that the Shareholders' Mandate be renewed at the forthcoming AGM to be held on 30 June 2009, to take effect until the next AGM of the Company.
- 1.3 The details of the Shareholders' Mandate were set out in the Company's registered prospectus dated 22 May 2006. The prospectus contained, *inter alia*, the review procedures implemented by the Company to ensure that the interested person transactions with the interested persons covered by the Shareholders' Mandate were transacted on normal commercial terms. The particulars of the interested person transactions in respect of which the Shareholders' Mandate is sought to be renewed, remain unchanged.

1.4 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual ("Chapter 9") applies to transactions entered or to be entered into by a listed company or any of its subsidiaries or associated companies with a party who is an interested person of the listed company. Save for transactions which are excluded under Chapter 9, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds. General information pertaining to Chapter 9, including the said financial thresholds and the meanings of certain terms, is summarised in Annexure 1 of this Appendix.

Chapter 9 allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day to day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses, which may be carried out with the listed company's interested persons.

1.5 Information on the Group

- 1.5.1 The Group is principally engaged in the business of providing education management services to educational institutions in the PRC such as basic educational institutions as well as other educational institutions. In connection with our provision of services to other educational institutions, we may also invest in the establishment of such institutions.

1.5.2 The Group's education management services are premised upon the MSM system designed and developed by the Founders, based on their "hands-on" experience in the management of Oriental Pearl College in the PRC since the latter's inception over a decade ago, as well as the Group's research and development efforts in the application of quality control procedures for industrial enterprises and modern management techniques for corporate organisations to the management of educational institutions. The Group provides its education management services based on its MSM system to basic educational institutions and other educational institutions.

1.5.3 The Group entered into the following present and on-going transactions with Bai Sheng and Oriental Pearl College in the ordinary course of its business:-

- a) lease agreement between Oriental Dragon and Bai Sheng dated 31 December 2003.

Oriental Dragon entered into a lease agreement with Bai Sheng on 31 December 2003, in relation to the land and buildings located at 1 Mingzhu Road, Shatian Town, Dongguan City, Guangdong Province, PRC, which are being occupied by the Oriental Pearl College (the "Oriental Pearl College Premises"). The lease of the Oriental Pearl College Premises is for a term of 20 years commencing on 1 January 2004 and expiring on 31 December 2023. The annual rental of RMB3.75 million for the lease of the Oriental Pearl College Premises was negotiated between Bai Sheng, the Founders and the Group, taking into consideration the views of the Pre-IPO Investors and in particular the valuation by an independent third party valuer, DTZ Debenham Tie Leung Limited. Accordingly, our Directors are of the opinion that this transaction has been carried out on an arm's length basis.

- b) education management services agreement between Oriental Dragon and Oriental Pearl College dated 1 January 2004.

Oriental Dragon entered into an education management services agreement with Oriental Pearl College on 1 January 2004, to provide education management services in relation to the operations of Oriental Pearl College, which is wholly-owned by Bai Sheng.

Oriental Dragon will provide education management services to Oriental Pearl College for a period of 20 years (commencing on 1 January 2004 and expiring on 31 December 2023), for a management fee comprising a variable component (the "Variable Component") and a fixed component (the "Fixed Component"), calculated as follows:-

Variable Component = (RMB9,700 per year per primary school student x weighted average number of primary school students) + (RMB7,300 per year per junior high school student x weighted average number of junior high school students)

Fixed Component = $(0.9 \times X) - (0.9 \times Y)$

X = Revenue from other educational services such as kindergarten, senior high school, winter (summer) education camps, short courses, cultural courses, foreign exchange programmes and other school related activities not defined in the education management services agreement, before deduction of business tax, if any.

Y = Annual operating expenses attributable to the provision of the educational services included in X and normal expenses defined in the education management services agreement.

Retainer Fee Component = RMB375,000 per year

The chargeable fees per primary school student and per junior high school student ("Fees Per Student") under the Variable Component is subject to revision every six months.

In addition to seeking the approval of Shareholders for our provision of education management services to Oriental Pearl College under the Shareholders' mandate, our Company has also adopted the following policies:-

- i. In the first two years of our admission to the Official List of the SGX-SESDAQ, in the event that the Fees Per Student changes by more than 10% (the "10% Threshold") at any of the half-yearly revision, we would appoint an independent financial adviser to opine and seek Shareholders' approval for such revised fees. For changes in the Fees Per Student that are less than or equal to the 10% Threshold, the revised fees would have to be approved by our Audit Committee. The 10% Threshold shall remain unchanged during these initial two years.
- ii. In the third year and onwards, we will continue to apply the policy outlined in (i) above but the 10% Threshold may be revised upwards with the approval of our Shareholders.
- iii. Save for the revised fees that are approved by the Shareholders, Shareholders will be notified of any revision in Fees Per Student.

The above policy will not be implemented if the transaction with Oriental Pearl College contributes less than 30% of our Group's revenue and profit before tax. However, in the event that the transaction with Oriental Pearl College amounts to 30% or more of our Group's revenue or profit before tax, this policy will be re-implemented. The Company has also obtained undertakings from certain interested persons to further protect the interests of our Shareholders.

The management fees for provision of education management services to Oriental Pearl College were determined in accordance with our Group's usual business practices and policies in relation to the provision of education management services. Accordingly, our Directors are of the opinion that this transaction is being carried out on an arm's length basis.

The education management services agreement may be renewed automatically for another 10 years upon its expiry provided that neither party raises any written objections in respect of the terms of the education management services agreement within 30 days prior to its expiry. The education management services agreement and its extension thereof may be terminated under the following circumstances:

- 1) the agreement has been fully performed;
 - 2) the agreement is terminated with the mutual consent of both parties;
 - 3) in the event that one party breaches the agreement such that it is difficult for the non-defaulting party to perform its obligations, the nondefaulting party may elect to terminate the agreement; and
 - 4) the lease agreement in respect of the Oriental Pearl College Premises, save by way of default on the part of Oriental Dragon, is terminated before its expiry, unless both parties agree otherwise. The education management services agreement is governed by PRC laws.
- c) Pursuant to the trademark transfer agreement entered into between Oriental Dragon and Oriental Pearl College dated 31 March 2003 under which Oriental Dragon acquired the "Oriental Pearl" trademark for a nominal consideration of RMB1, Oriental

Dragon granted a licence to Oriental Pearl College for the use of the “Oriental Pearl” trademark. The licence is valid for so long as the education management services agreement described in paragraph (b) above is in force.

Our Directors are of the view that the above transaction is being carried out on an arm’s length basis.

1.5.4 In connection with the provision of education management services to Oriental Pearl College, the latter accounted for more than five per cent (5%) of the Group’s total revenue in FY2005, FY2006, FY2007 and FY2008.

1.5.5 The Shareholders’ Mandate and the renewal of the Shareholders’ Mandate on an annual basis will eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek shareholders’ approval as and when the potential Interested Person Transactions with the Interested Persons arise. This helps to substantially reduce administrative time and expenses associated with the convening of such general meetings to seek Shareholders’ prior approval for each separate Interested Person Transaction, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

2 Scope of the Shareholders’ Mandate

2.1 The Shareholders’ Mandate applies to the Group’s transactions with Bai Sheng and its associates ((the “Interested Persons”), as some of our Shareholders are also the shareholders of Bai Sheng.

2.2 The transactions with Interested Persons which will be covered by the Shareholders’ Mandate (the “Interested Person Transactions”) are:

- a) the lease of the Oriental Pearl College Premises from Bai Sheng; and
- b) the provision of education management services to Oriental Pearl College.

Transactions with Interested Persons that do not fall within the Shareholders’ Mandate shall be subjected to the relevant provisions of Chapter 9 of the SGX-ST Listing Manual.

2.3 The Interested Person Transactions have been entered into in the ordinary course of our Group’s business. Our Directors are of the view that our Group will be able to benefit from its transactions with Bai Sheng. The provision of education management services to Oriental Pearl College, which is wholly owned by Bai Sheng, is in addition to the education management services which we provide to other educational institutions and represents a source of revenue which accounted for a significant portion of our Group’s revenue for the past three financial years. The lease of the Oriental Pearl College Premises from Bai Sheng is in connection with the provision of education management services which Oriental Dragon is providing to Oriental Pearl College.

2.4 The Shareholders’ Mandate is intended to facilitate transactions in our Group’s ordinary course of business which are transacted from time to time with the Interested Persons, provided that they are carried out on normal commercial terms and will not be prejudicial to our Company and our minority Shareholders.

Disclosure will be made in our annual report of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders’ Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders’ Mandate is in force.

3 Review procedures for the Interested Person Transactions under the Shareholders’ Mandate

3.1 Lease of the Oriental Pearl College Premises from Bai Sheng

3.1.1 The annual rental for the lease of the Oriental Pearl College Premises is governed by the lease agreement between Oriental Dragon and Bai Sheng dated 31 December 2003 (“Lease Agreement”).

- 3.1.2 The Audit Committee shall review and approve the rental on an annual basis to ensure that such rental is no less favourable than the prevailing market rental rate, based on similar property in terms of size and location. The Audit Committee's review measures should include making relevant inquiries with landlords of similar property and obtaining necessary reports or reviews published by property agents (including an independent valuation report by property valuers, where considered appropriate).
- 3.1.3 In the event that the rental is less favourable than the prevailing market rental rate, the Company will renegotiate the terms and conditions of the Lease Agreement to ensure that the new lease agreement is on an arm's length basis and is not prejudicial to the interests of the Company and its minority Shareholders.

3.2 Provision of education management services to Oriental Pearl College

- 3.2.1 The provision of education management services by the Group to Oriental Pearl College is to be carried out in accordance with the education management services agreement between Oriental Dragon and Oriental Pearl College dated 1 January 2004 ("Education Management Services Agreement").
- 3.2.2 As per the Education Management Services Agreement, the monthly management fee shall be pro-rated from the bi-annual management fee determined and agreed as per the last review period. Each review is conducted at the end of a six-month period ending every June and December of each calendar year and both Oriental Pearl College and Oriental Dragon shall perform the review of the total management fee invoiced during the review period, inclusive of the sixth month.
- 3.2.3 Oriental Pearl College and Oriental Dragon shall perform the review, analysis and adjustments to the management fee of the current review period to ensure that the total amount charged for the current review period is reflective of the agreed commercial basis under the Education Management Services Agreement.
- 3.2.4 Oriental Pearl College and Oriental Dragon agree to document the proposed adjustments to be made to the management fee under the Education Management Services Agreement, as well as the respective approvals obtained, and strictly implement the revised basis of charge and payment for the next six months until the end of the next review period whereby the above process shall be repeated.
- 3.2.5 The annual non-statutory financial statements of Oriental Pearl College shall be prepared in accordance with International Financial Reporting Standards and audited by the Group's auditors in accordance with International Standards on Auditing. Such auditors of the Group shall be an international accounting firm. Oriental Pearl College will only incur operating expenses which are reasonable. In addition, Oriental Pearl College and Oriental Dragon have set up an escrow account whereby Oriental Pearl College shall be responsible for injecting a sum equivalent to the total amount of three months of management fees into the escrow account. In the event of partial payment, non-payment, or delays in payment of the monthly invoiced amount from Oriental Pearl College to Oriental Dragon, the Group has the right to drawdown from the escrow account the corresponding amount.
- 3.2.6 The Chief Financial Officer shall review and approve all monthly transactions with Oriental Pearl College that do not show significant variance to the agreed terms in the Education Management Services Agreement as part of the overall review over the two review periods.
- 3.2.7 In the event that there is significant variance to the agreed terms, approval must be sought from the Audit Committee and the Audit Committee must be satisfied that the reasons or rationale thereof do not prejudice the interests of the Company and its minority Shareholders. In addition, the Audit Committee shall have the right, at the costs and expense of Oriental Pearl College, to inspect and/or procure the Group's auditors to inspect any records kept by Oriental Pearl College in relation to the accounting items used in computing the total management fee.

3.2.8 The Audit Committee shall review and approve all the transactions with Oriental Pearl College at the end of each review period. The Audit Committee must be satisfied that the adjustment to the management fee of the current review period is reflective of the agreed commercial basis under the Education Management Services Agreement.

3.2.9 If in the opinion of the Audit Committee the terms and conditions of the Education Management Services Agreement are no longer relevant or are not sufficient to ensure that all transactions to be carried out are not prejudicial to the interests of the Company and its minority Shareholders, the Company will renegotiate the terms and conditions of the Education Management Services Agreement, and if necessary, seek a fresh Shareholders' mandate to ensure that the transactions to be carried out are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3.2.10 The Company shall, prior to agreeing to make any significant changes to terms in the Education Management Services Agreement other than those covered under the Shareholders' Mandate, seek Shareholders' approval in respect of those changes.

4 Additional Procedures

- a) Unless stated otherwise, all Interested Person Transactions will be reviewed half-yearly by the Audit Committee to ensure that they are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. All relevant non-quantitative factors will also be taken into account. In addition, the Audit Committee will include the review of Interested Person Transactions as part of its standard procedures while examining the adequacy of its internal controls. The Audit Committee must be satisfied during its half-yearly review, that any qualifications in the half-yearly report, if any, must be justified by acceptable reasons or rationale by the management. Under no circumstances should the Interested Person Transactions prejudice the interests of the Company and its minority Shareholders.
- b) The annual internal audit plan shall incorporate a review of all Interested Person Transactions entered into pursuant to the Shareholders' Mandate. The Audit Committee and the Board of Directors shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Interested Person Transactions have been complied with.
- c) The Audit Committee shall also periodically review the methods and procedures stated above. Pursuant to Rule 920(1)(b)(iv) and (vii) of the SGX-ST Listing Manual, the Group will obtain the approval of the Group's Shareholders for a new mandate if the Audit Committee is of the view that the methods and procedures as stated above are not sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.
- d) The Audit Committee and the Board shall have overall responsibility for the determination of the methods and procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate. The Board of Directors will also ensure that all approvals and disclosure requirements on interested person transactions, including those required by prevailing legislation, the SGX-ST Listing Manual and accounting standards, are complied with.
- e) In the event that the Chief Executive Officer, the Chief Financial Officer, a member of the Board of Directors or a member of the Audit Committee (where applicable) has an interest in the transaction to be reviewed, he will abstain from reviewing and any decision-making by the Board of Directors or the Audit Committee in respect of that particular transaction.

4.1 Identification and recording of Interested Person Transactions

We have also implemented the following procedures for the identification of interested persons and recording of our interested person transactions:-

- a) The Chief Financial Officer will maintain a list of the Group's directors and Controlling Shareholders (which is to be updated immediately if there are any changes), and disclose the list to relevant personnel to enable identification of interested persons. The master list of interested persons which is maintained shall be reviewed at least annually;
- b) The Chief Financial Officer will also obtain signed letters of confirmation from key management personnel, Substantial Shareholders and the directors of the Group on an annual basis as to their interests in any transaction with the Group;
- c) The Chief Financial Officer will compile a list of all interested person transactions prior to submission to the Audit Committee. Subsidiaries and subsidiary entities would be required to inform the Chief Financial Officer of any significant upcoming transactions with interested persons to facilitate timely announcements and/or the obtaining of Shareholders' approval, where necessary;
- d) The review of interested person transactions is to be conducted by the Chief Financial Officer, and shall comprise the comparing of the arrangements relating to the Group's interested person transactions with industry practice and unrelated third parties. The analysis will be presented to the Board of Directors and Audit Committee for review;
- e) The list of interested person transactions, as well as the rationale for and review of interested person transactions shall be documented and filed in a register of interested person transactions (the "Interested Person Transactions Register");
- f) Unless stated otherwise, the Audit Committee would be responsible for reviewing the Group's interested person transactions at least half-yearly and the outcome of such review shall be documented and filed in the Interested Person Transactions Register; and
- g) The Board of Directors would also be responsible for obtaining Shareholders' approval for recurring interested person transactions which are carried out in the normal course of business.

5 Review by Audit Committee

- 5.1 Save for the present and on-going interested person transactions above, all other future transactions with interested person shall comply with the requirements of the SGX-ST Listing Manual. In compliance with Rule 210(7) or the Listing Manual, our Articles of Association require our Director to abstain from voting in any contract or arrangement in which he has a personal material interest.
- 5.2 In the event that there are interested person transactions in future, they will be properly documented and submitted to our Audit Committee for periodic review to ensure that they are on an arm's length basis and on normal commercial terms. Our Audit Committee will adopt the following procedures when reviewing interested person transactions:-
 - i. when purchasing items from or engaging the services of an interested person, two other quotations from non-interested persons will be obtained for comparison, where practicable. The purchase price or fee for services shall not be higher than the most competitive price or fee, all pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration;
 - ii. when selling items or supplying services to an interested person, the price or fee and terms of two other successful transactions of a similar nature with non-interested persons will be used, where practicable. The sale price or fee for the supply of services shall not be lower than the lowest sale price or fee of the two other successful transactions with non-interested persons; and
 - iii. when renting properties from or to an interested person, we shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties

and obtaining suitable reports or reviews published by property agents (as necessary). The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries.

- 5.3 Our Audit Committee will also assist our Board of Directors in overseeing the risk management framework of our Group by reviewing any matters of significance affecting our business and financial position including transactions between Oriental Pearl College and its related parties which may have an impact on the financial position and operations of our Group.
- 5.4 Our Audit Committee will review all interested person transactions, if any, at least half-yearly to ensure that they are carried out at arm's length and in accordance with the procedures outlined above.
- 5.5 Approval from the Audit Committee will be obtained before any transaction outside the ordinary course of business of our Group is made. In the event that a member of the Audit Committee is interested in any interested person transactions, he/she will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement will also be recorded for review by the Audit Committee.
- 5.6 Our Directors will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the SGX-ST Listing Manual and accounting standards, are complied with. In addition, such transactions will also be subject to Shareholders' approval if deemed necessary by the SGX-ST Listing Manual.

6 Directors' and Substantial Shareholder's Interests

Information on the Directors' and Substantial Shareholders' interests in the Shares, as at 31 December 2008, can be found on page 6 of the Annual Report.

7 Abstention from Voting

Rule 919 of the Listing Manual requires that interested persons must not vote on any shareholders' resolution approving any mandate in respect of any interested person transactions. Mr. Wang Yuean has substantial financial interest in Bai Sheng and continues to do so as at 31 December 2008. Accordingly, Mr. Wang Yuean will abstain, and has undertaken to ensure that his associates will abstain, from voting at the forthcoming AGM in respect of the Shares held by them respectively on ordinary resolution 5 relating to the proposed renewal of, the Shareholders' Mandate, set out in the Notice of AGM.

8 Statement of the Audit Committee

In relation to the Shareholders' Mandate, the Audit Committee confirms that:

- a) the methods or procedures for determining the interested Person Transactions under the Shareholders' Mandate have not changed since the approval by way of a resolution passed at the AGM held on 28 April 2008; and
- b) the methods or procedures referred to in sub-paragraph above are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. If during the periodic reviews by the Audit Committee, if it is of the view that the established review procedures are no longer appropriate or adequate to ensure that the Interested Person Transactions will be transacted on normal commercial terms and on terms or conditions that would not be prejudicial to the interests of the Company and minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new review procedures.

9 Directors' Recommendation

All the Directors, Messrs. Leow Poh Chin, Lai Seng Kwoon and Tan Teck Meng are considered independent for the purpose of the new Shareholders' Mandate. The Directors are of the opinion that the new Shareholders' Mandate is in the best interest of the Company. They accordingly recommend that Shareholders vote in favour of ordinary resolution 5 relating to the proposed modification to, and renewal of, the Shareholders' Mandate, set out in the Notice of AGM.

10 Directors' Responsibility Statement

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Appendix are fair and accurate in all material respects as at the date of this Appendix and that there are no material facts the omission of which would make any statement in this Appendix misleading.

11 Documents for Inspection

The following documents may be inspected at the office of the Company's Registrar and Share Transfer office, M & C Services Private Limited at 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, during normal business hours from the date of this Appendix up to and including the date of the AGM:-

- a) the Prospectus;
- b) the Memorandum of Association of the Company; and
- c) the annual report of the Company for the financial year ended 31 December 2008.

Yours faithfully
ORIENTAL CENTURY LIMITED

Lai Seng Kwoon
Lead Independent Director/
Chairman of Audit Committee

ANNEXURE 1

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

The following is a summary of Chapter 9 of the Listing Manual ("**Chapter 9**"). This summary does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by, the more detailed information contained in the Listing Manual.

1. INTRODUCTION

Chapter 9 applies to transactions entered into between a listed company or any of its subsidiaries (other than a subsidiary that is listed on the SGX-ST or an approved stock exchange (as defined below)) or associated companies (other than an associated company that is listed on the SGX-ST or an approved stock exchange or over which the listed group, or the listed group and its interested person(s) (as defined below), has no control) with a party who is an interested person of the listed company (the "**Interested Person Transactions**" or individually, the "**Interested Person Transaction**").

2. TERMS USED IN CHAPTER 9 OF THE LISTING MANUAL

- "approved stock exchange"* : means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9;
- "associate"* : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family (i.e., spouse, children, adopted children, step-children, siblings and parents);
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- "associated company"* : means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- "chief executive officer"* : means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the issuer;

<i>“control”</i>	:	means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
<i>“controlling shareholder”</i>	:	means a person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the listed company (unless otherwise excepted by SGX-ST); or (b) in fact exercises control over a company;
<i>“interested person”</i>	:	means a director, chief executive officer or controlling shareholder of the listed company, or an associate of such director, chief executive officer or controlling shareholder.

3. MATERIALITY THRESHOLDS, DISCLOSURE REQUIREMENTS AND SHAREHOLDERS’ APPROVAL

Save for certain Interested Person Transactions which are excluded under Chapter 9, an immediate announcement and/or shareholders’ approval would be required in respect of transactions with interested persons if the value of the Interested Person Transaction is equal to or exceeds certain financial thresholds.

An immediate announcement is required where:

- a) the value of a proposed Interested Person Transaction is equal to, or more than, 3% of the listed group’s latest audited consolidated NTA; or
- b) the aggregate value of all Interested Person Transactions entered into with the same interested person during the same financial year, is equal to, or more than, 3% of the listed group’s latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year.

Shareholders’ approval (in addition to an immediate announcement) is required where:

- a) the value of a proposed Interested Person Transaction is equal to, or more than, 5% of the listed group’s latest audited consolidated NTA; or
- b) the value of a proposed Interested Person Transaction, when aggregated with other Interested Person Transaction entered into with the same interested person during the same financial year, is equal to, or more than, 5% of the listed group’s latest audited consolidated NTA. The aggregation will exclude any Interested Person Transaction that has been approved by shareholders previously, or is the subject of aggregation with another Interested Person Transaction that has been previously approved by shareholders.

The requirements for an immediate announcement and/or shareholders’ approval do not apply to Interested Person Transactions below \$100,000 each.

4. SHAREHOLDERS’ MANDATE

Part VIII of Chapter 9 permits a listed company to seek a mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses.