

# ORIENTAL CENTURY LIMITED

Company Registration No. 200303707R



## PRESS RELEASE

### **PRC-BASED EDUCATION MANAGEMENT SERVICES PROVIDER ORIENTAL CENTURY LAUNCHES INITIAL PUBLIC OFFERING**

- **33,280,000 shares offered at S\$0.35 per share**
- **Scalable business model and strong financial performance testament to Group's positive prospects**

**Singapore, 22 May 2006** – Oriental Century Limited (“Oriental Century”) (东方纪元有限公司) and its subsidiary (together the “Group”), a provider of education management services (教育管理服务) based in the People’s Republic Of China (“PRC”), launches its Initial Public Offering (“IPO”) today in conjunction with its proposed listing on the Stock Exchange of Singapore Dealing and Automated Quotation System (“SGX-SESDAQ”).

#### **Scalable Business Model**

The Group is principally engaged in the provision of education management services to a diverse range of educational institutions in the PRC, such as kindergartens, primary, junior high and senior high schools. Under an asset-light business expansion strategy, the Group also invests in the setting up of kindergartens and senior high schools under its well-established “Oriental Pearl” (东方明珠) brand name. At the same time, the Group designs, organises and administers ancillary courses such as summer camps, short-term courses and overseas study trips.

Currently, the Group manages Oriental Pearl College (东方明珠学校), a renowned full boarding school in Dongguan city, Guangdong Province. It has also invested in and manages Nanchang No.3-Oriental Pearl High School (“Nanchang High School”) (南昌三中东方明珠学校), one of the leading private high schools in Nanchang city, Jiangxi Province. The Group is currently in the process of establishing a kindergarten in Humen (虎门), Dongguan city.

Behind the Group’s success is its proprietary Modern School Management (“MSM”) system (现代教育管理系统). Drawing upon key concepts of the ISO:9001 international quality standard, the MSM system is a comprehensive framework that emphasises the delivery of quality, processes and results in the administration, operation and management of an educational institution. Its modular nature also allows for flexibility in implementing the system across various kinds of educational institutions.

Under the Group’s management, its schools have received various awards and accolades. Oriental Pearl College was noted as a “High Efficiency School” by the Asia-Pacific Economic Committee in 2002, while Nanchang High School was ranked first in the Nanchang City Private High School Composite Index Survey conducted by the Social Survey Institute of China in 2004.

Commenting on Oriental Century’s IPO, Group Chairman and Chief Executive Officer Mr Wang Yue’an says, “Listing in Singapore serves to fulfill our aspirations in two aspects. Firstly, we will be able to tap the capital market for its various opportunities in helping us pursue growth in future. Secondly, with its cosmopolitan identity and strong focus on education, we believe that Singapore forms the ideal platform for us to extend our reach internationally.”

### **Strong Financial Performance**

Supported by a scalable business model proven successful through the establishment of Nanchang High School, the Group achieved sound financial growth in the last three financial years, where it recorded compounded annual growth rates of 38.0% and 55.9% for its revenue and net profit respectively. Its gross profit margins have also been consistently maintained at above 70% in the period under review.

For the financial year ended 31 December 2004 (“FY2004”), the Group posted proforma revenue of RMB 42.1 million, gross profit of RMB 31.6 million and profit attributable to equity

holders of the parent of RMB 25.5 million. This translates into a gross profit margin of 75.1% and net profit margin of 60.6%. Its operations have also yielded strong, recurrent cash inflows; the Group maintains a healthy cash position and has zero gearing currently.

## **Prospects and Plans**

With its identification as a key engine of economic growth, the PRC education industry has undergone liberalisation in recent years. Private organisations' participation in the provision of education services is encouraged, and operators will continue to ride high on a growing demand for quality private education in the PRC that is bolstered by rising affluence and furtherance of the one-child policy.

“We believe that Oriental Century has the unique advantages to stand out as one of the leading players in this very promising industry. Our methodological approach to education management allows us to deliver consistent quality and results, while keeping in mind the evolving needs of our students and, more importantly, of society. On one hand, we endeavour to provide all-rounded education for our students, nurturing a generation of talents who will be able to respond to the demands of a fast-changing societal landscape. On the other, we are committed to growing our business, generating long-term value for our shareholders,” says Mr Wang.

Through this IPO, Oriental Century expects to raise approximately S\$7.5 million in net proceeds. Of the funds raised,

- (i) approximately S\$2.0 million will be used in the expansion of the Group's school network;
- (ii) approximately S\$1.8 million will be used in the refurbishment and retrofitting of the proposed kindergarten in Humen; and
- (iii) the balance of approximately S\$3.7 million is to be used as general working capital required in the expansion of the Group's businesses.

## **Issue Information**

Oriental Century's offering will comprise 33,280,000 new shares – priced at S\$0.35 per share – of which 1,280,000 shares are to be offered to the public, while the remaining 32,000,000

shares will be classed under the placement tranche. No vendor shares will be offered in this issue.

The invitation, which represents 20.0% of Oriental Century's enlarged share capital of 166,177,000 shares, is being offered at a historical price-to-earnings ratio of 9.07 times, calculated based on its proforma Group net earnings for FY2004 and a pre-invitation share capital of 132,897,000 shares.

Applications for the subscription of Oriental Century's public share offer will open on 23 May 2006 and close at 12 noon on 30 May 2006. Trading on the SGX-SESDAQ is expected to commence on 1 June 2006.

HL Bank, a member of the Hong Leong Group Malaysia, is the Manager, Underwriter and Placement Agent for Oriental's IPO.

**### End of Release ###**

*Issued on behalf of Oriental Century Ltd by WeR1 Consultants Pte Ltd*

**Media Contact**

WeR1 Consultants Pte Ltd

29 Scotts Road

Singapore 228224

Tel: (65) 6737 4844

Fax: (65) 6737 4944

Tan Chin Lee ([tancl@wer1.net](mailto:tancl@wer1.net))

Ang Hwee Chuin ([anghc@wer1.net](mailto:anghc@wer1.net)), H/P (65) 9698 1025

Roger Ng ([rogerng@wer1.net](mailto:rogerng@wer1.net)), H/P (65) 9005 0132