MindChamps preschool

MINDCHAMPS PRESCHOOL LIMITED

(Company Registration Number: 200814577H)
(Incorporated in Singapore on 25 July 2008)

LARGEST OPERATOR AND FRANCHISOR OF PREMIUM RANGE PRESCHOOL CENTRES IN SINGAPORE[1]

OFFERING IN RESPECT OF 30,449,600 OFFERING SHARES, COMPRISING:
(i) 28,449,600 Placement Shares
(ii) 2,000,000 Public Offer Shares
payable in full on application
(subject to the Over-allotment Option)
Offering Price: S$0.83 per Offering Share

PROSPECTUS DATED 17 NOVEMBER 2017
(Registered by the Monetary Authority of Singapore on 17 November 2017)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

This is the initial public offering of the ordinary shares (the "**Shares**") of MindChamps PreSchool Limited (the "**Company**" and together with our subsidiaries, the "**Group**"). We are issuing and making an offering of 28,377,031 Shares (the "**New Shares**") and MindChamps Holdings Pte. Limited ("**MindChamps Holdings**" or the "**Vendor**") is making an offering of 2,072,569 Shares (the "**Vendor Shares**" and together with the New Shares, the "**Offering Shares**") for subscription and/or purchase by investors at the Offering Price (as defined below). The Offering (as defined below) comprises: (i) an international placement of 28,449,600 Offering Shares to investors (the "**Placement Shares**"), including institutional and other investors in Singapore (the "**Placement**"), including 2,438,000 Shares (the "**Reserved Shares**") reserved for the management, employees and business associates of our Group who have contributed to our success (to be determined by us at our sole discretion), and (ii) an offering of 2,000,000 Offering Shares (the "**Public Offer Shares**") by way of a public offer in Singapore (the "**Public Offering**" and together with the Placement, the "**Offering**"). The Offering will consist of an aggregate of 30,449,600 Offering Shares (subject to the Over-allotment Option). The Offering Shares may be re-allocated between the Placement and the Public Offering at the discretion of the Sole Issue Manager, Bookrunner and Underwriter (as defined below) (in consultation with us and the Vendor), subject to any applicable laws. See "*Plan of Distribution*". The offering price (the "**Offering Price**") for each Offering Share is S$0.83.

At the same time as but separate from the Offering, each of CFCG Investment Partners International (Singapore) Pte. Ltd. ("**CFCG**"), the Hillhouse Funds (as defined herein) and Target Asset Management Pte Ltd (collectively, the "**Cornerstone Investors**") has entered into a cornerstone subscription agreement with our Company (collectively, the "**Cornerstone Subscription Agreements**") to subscribe for an aggregate of 28,930,800 Shares (the "**Cornerstone Shares**") at the Offering Price, conditional upon, among others, the Underwriting Agreement (as defined herein) having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date.

The Offering is underwritten by DBS Bank Ltd. ("**DBS**" or the "**Sole Issue Manager, Bookrunner and Underwriter**") at the Offering Price.

In connection with the Offering, MindChamps Holdings has granted the Sole Issue Manager, Bookrunner and Underwriter an over-allotment option (the "**Over-allotment Option**") exercisable by it as stabilising manager (the "**Stabilising Manager**") (or persons acting on its behalf), in full or in part, on one or more occasions, to purchase up to an aggregate of 1,808,900 Shares (the "**Additional Shares**") at the Offering Price, representing approximately 5.9% of the total number of Offering Shares, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), and any regulations thereunder, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or persons acting on its behalf) has bought on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") an aggregate of 1,808,900 Shares, representing approximately 5.9% of the total number of Offering Shares, to undertake stabilising actions. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after the completion of the Offering.

Prior to the Offering, there was no public market for the Shares. An application has been made to the SGX-ST for permission to list all our issued Shares, the Offering Shares, the Cornerstone Shares, the Consideration Shares (as defined herein), the Shares (the "**Performance Shares**") which may be issued upon the vesting of awards to be granted under the MindChamps PreSchool Performance Share Plan (the "**PSP**") and the Shares (the "**Option Shares**") which may be issued upon the exercise of options to be granted under the MindChamps PreSchool Share Option Plan (the "**SOP**") on the Mainboard of the SGX-ST (the "**Listing**"). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among others, permission being granted by the SGX-ST to deal in and for quotation of all our issued Shares, the Offering Shares, the Cornerstone Shares, the Consideration Shares, the Performance Shares and the Option Shares. Monies paid in respect of any application accepted will be returned to you, at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the Offering is not completed because the said permission is not granted or for any other reason, and you will not have any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter. Our Company has received a letter of eligibility from the SGX-ST for the listing and quotation of all our issued Shares, the Offering Shares, the Cornerstone Shares, the Consideration Shares, the Performance Shares and the Option Shares on the Mainboard of the SGX-ST. Our Company's eligibility to list and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, any of our subsidiaries, the Shares (including the Offering Shares, the Cornerstone Shares, the Consideration Shares, the Additional Shares, the Performance Shares and the Option Shares), the PSP or the SOP. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "**MAS**") on 10 November 2017 and 17 November 2017, respectively. The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the MAS does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The MAS has not, in any way, considered the merits of the Shares being offered for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

No Shares will be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the MAS.

Investing in the Shares involves risks. See *"Risk Factors"* for a discussion of certain factors to be considered in connection with an investment in the Shares.

Nothing in this Prospectus constitutes an offer of securities for sale in the United States of America ("**United States**" or "**U.S.**") or any other jurisdiction where it is unlawful to do so. The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S or pursuant to another exemption. For further details about restrictions on offers, sales and transfers of the Shares, see "*Plan of Distribution*".

Prospective investors applying for Offering Shares by way of Application Forms or Electronic Applications (both as referred to in "*Appendix J – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore*") in the Public Offering will pay the Offering Price on application, subject to refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter), where (i) an application is rejected or accepted in part only, or (ii) the Offering does not proceed for any reason.

Sole Issue Manager, Bookrunner and Underwriter

DBS

[1] As at 15 September 2017. See Independent Market Research Report.

ABOUT MINDCHAMPS PRESCHOOL

- We are the **largest operator and franchisor of premium range preschool centres**[1] **in Singapore**[2].
- As at the date of this Prospectus, we have six company-owned-company-operated ("COCO") preschool centres, 30 franchisee-owned-franchisee-operated ("FOFO") preschool centres and eight FOFO reading and writing centres in Singapore.
- We are the only preschool operator globally to nurture children with and **own intellectual property on the Champion Mindset**, as researched by award-winning neuroscientist, **Professor Emeritus Allan Snyder FRS**. Our unique curriculum is the result of over a decade of **research and development in the four domains of early childhood education, neuroscience, child psychology and theatre**.
- Managed by a strong and experienced management team, we have the largest number of centres amongst players in the premium range category of preschool centres in Singapore, and have established ourselves as the market share leader with a **market share of 38.5%**[2].
- Leveraging on our strong branding and our robust franchise model, we have expanded our franchise network to overseas markets where we currently have four COCO and two FOFO centres in Australia, one FOFO centre in the United Arab Emirates (the "UAE") and three FOFO centres in the Philippines, as at the date of this Prospectus.

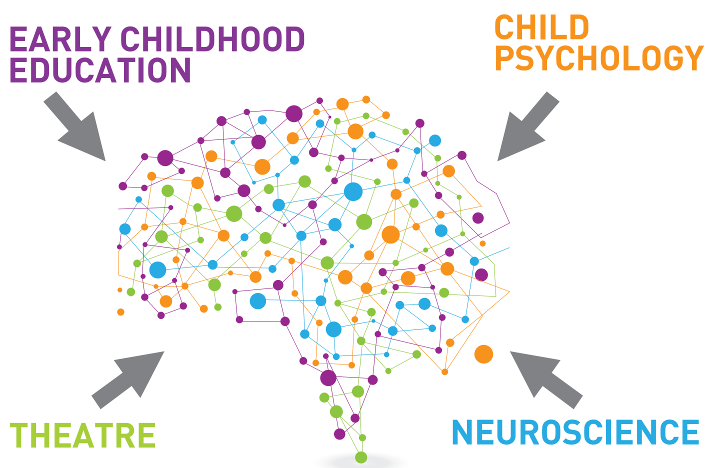
Notes:

[1] Defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above (based on non-promotional rates and before GST and government subsidies) per month for a 5-day week or 5.5-day week full-day programme

[2] As at 15 September 2017, according to the Independent Market Research Consultant

[3] From our inception in 2008 to the date of this Prospectus

Mr David Chiem Phu An, our founder, Executive Chairman & Chief Executive Officer, with Professor Emeritus Allan Snyder FRS



38.5% Market share in the premium range category of preschool centres in Singapore[2]

50.0% CAGR in the number of COCO and FOFO centres in Singapore[3]

S$18.4m Revenue generated in FY2016

44 FOFO centres In Singapore, Australia, the UAE and the Philippines

10 COCO centres In Singapore and Australia

S$5.8m Net profit in FY2016

67.6% Gross profit margin in FY2016

OUR BUSINESS MODEL

WE OPERATE A ROBUST AND HIGHLY SCALABLE BUSINESS THROUGH THREE BUSINESS SEGMENTS:

EDUCATION

Provision of premium child care, education and learning-related services for preschool children through our COCO centres.

FRANCHISE

Franchising of premium child care, education and learning-related services and enrichment classes and provision of administrative support services to our FOFO centres.

OTHERS

Provision of commercial schools offering higher education programmes, business and management consulting services, which currently comprise the adult training programmes in early childhood care and education, conducted by Champion Mindset Academy.

COMPETITIVE STRENGTHS

Largest operator and franchisor of premium range preschool centres in Singapore

- Market share leader with a market share of 38.5% in the premium range category of preschool centres[1] in Singapore[2].
- With our entrenched position in the premium early childhood education segment in Singapore, we are well positioned to ride on the growth in the early childhood education industry in Australia, China and globally.

Only preschool brand globally to own intellectual property on and nurture children with the Champion Mindset

- The "MindChamps" pedagogy was developed in collaboration with world experts working in the domains of neuroscience, child psychology and theatre, and synthesising their discoveries with education theory.
- Our curriculum nurtures all aspects of a child's development using specifically-designed, age-appropriate 'Crafted Play' activities and unique learning and enrichment programmes.

Scalability and quality earnings through our robust franchise business and franchise model

- 44 FOFO centres in Singapore, Australia, the UAE and the Philippines, as at the Latest Practicable Date which represents a compound annual growth rate ("CAGR") in the number of our FOFO centres of 54.1% over the period from January 2009 to the Latest Practicable Date.

Notes:

[1] Defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above (based on non-promotional rates and before GST and government subsidies) per month for a 5-day week or 5.5-day week full-day programme

[2] As at 15 September 2017, according to the Independent Market Research Consultant

- By charging franchisees a fixed percentage of their revenue, our franchise model allows us to generate high financial returns without bearing the cost of operating the centres, thereby effectively leveraging on the cashflow of our franchisees.
- Sold a total of 109 licences under unit franchise agreements and master franchise agreements as at the Latest Practicable Date.

Strong and experienced management team supported by an esteemed World Advisory Board

- Management team led by our founder, Executive Chairman and Chief Executive Officer, Mr. David Chiem Phu An, who is an award-winning entrepreneur with more than 19 years of experience in the education sector.
- Supported by an esteemed World Advisory Board, which is a non-executive board of advisors comprising highly established experts in the fields of education and arts and established scientists, from the United States, the United Kingdom, Australia and Singapore, who have deep experience, knowledge and credentials in their respective areas of expertise.

Proven track record and ability to grow our business in Singapore and overseas

- Grown rapidly via the opening of new centres and the sale of franchise licences to the 10 COCO centres and 44 FOFO centres as at the date of this Prospectus within a span of nine years.
- Achieved a CAGR in the number of COCO and FOFO centres of 53.3% in Singapore, Australia, the UAE and the Philippines (from one to 54 centres), from 2008 to the date of this Prospectus.
- One additional FOFO centre in the Philippines and one additional FOFO centre (through Bloom Education LLC) in the UAE to open by 1Q2018.
- Won various industry-wide and national awards in branding, intellectual property and franchise management, including FLA Franchisor of the Year (2013) and Dun & Bradstreet Business Eminence Awards (2017).

OUR WORLD ADVISORY BOARD

Professor Emeritus Allan Snyder FRS
Chair of Research of MindChamps and Member of World Advisory Board

- Fellow of the Royal Society (the prestigious scientific fellowship that counts Newton and Einstein amongst its many renowned present and former Fellows)
- Founder of the Centre for the Mind (an initiative of the University of Sydney and Australia National University) and holder of the 150th Anniversary Chair of Science at the University of Sydney
- Winner of the Marconi International Prize for his work in communication and information technology

PROFESSOR KATHY HIRSH-PASEK

PROFESSOR LARRY SCRIPP

PROFESSOR ROBERTA MICHNICK GOLINKOFF

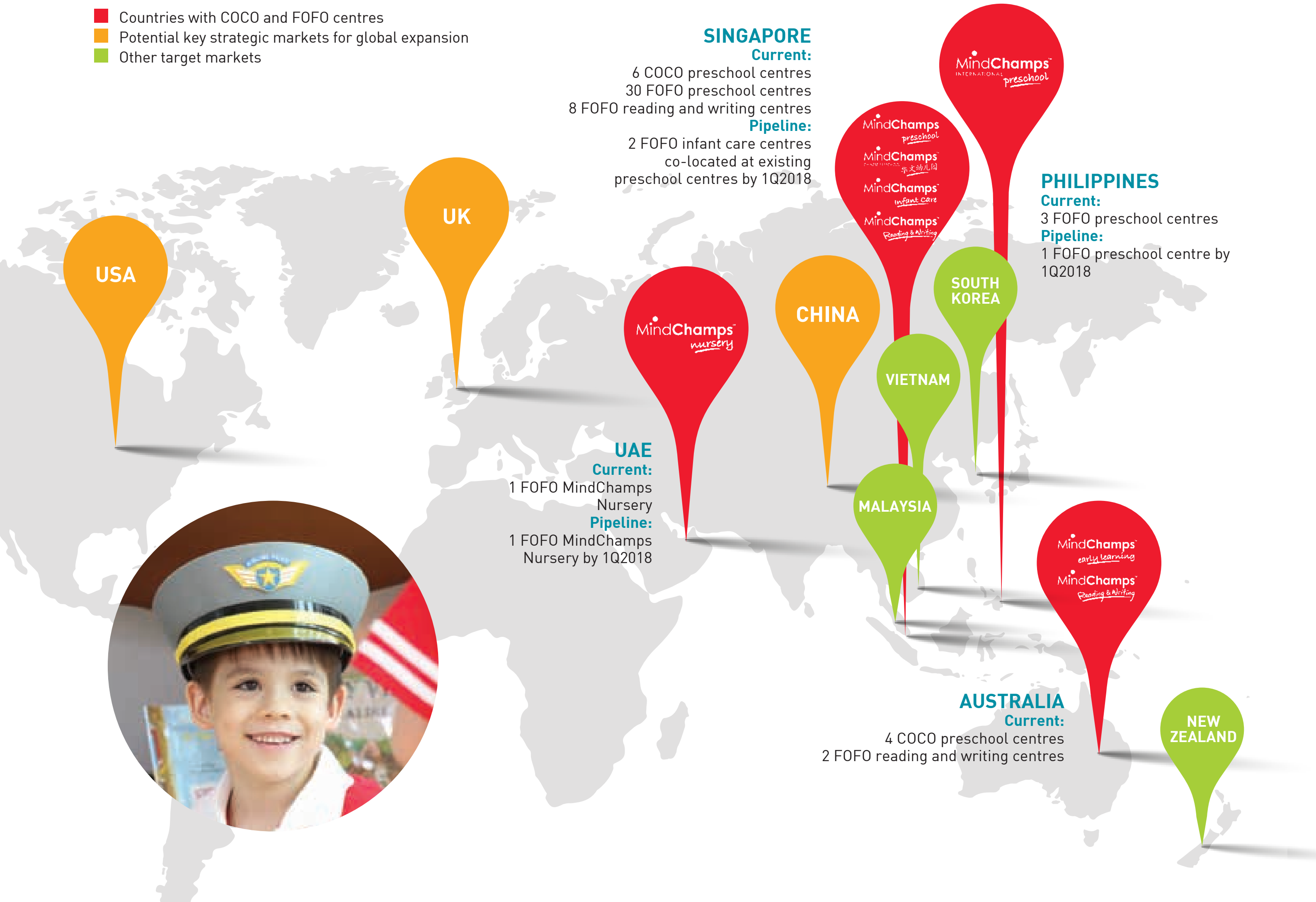
MRS CARMEE LIM

MR AUBREY MELLOR OAM

MR BRIAN PAUL CASWELL

STRATEGIES

- Countries with COCO and FOFO centres
- Potential key strategic markets for global expansion
- Other target markets



Grow our business via mergers and acquisitions, joint ventures and partnerships

- Identify additional regions in Australia following our recent acquisition of four COCO preschool centres in Sydney and other countries where the local demographics and supply-demand dynamics are favourable for us to further penetrate the market and increase our brand presence.
- Acquisition of centres overseas will allow us to establish a meaningful presence and gain a toehold in the overseas preschool education market.

Leverage on our strong branding and robust franchise model to grow our franchisee business overseas

- Seek suitable local partners to become our brand franchisees and may also selectively partner reputable institutions or funds which have a regional or global presence, to establish FOFO centres in new markets. For example, we have entered into a Heads of Terms-Business Cooperation Agreement with CFCG and Hillhouse Capital (as defined herein).
- Selectively grow our franchise footprint in Singapore and Australia by setting up new FOFO centres in strategic locations.
- Apart from Singapore and Australia, China, United States and United Kingdom are potential key strategic target markets for global expansion, from which other target markets such as New Zealand, Malaysia, South Korea and Vietnam may be accessed.
- On the long-term basis, we target to achieve the majority of our income from our Franchise segment, which offers high scalability, minimal capital expenditure and higher margin as compared to our Education segment.

Expand our product offering

- Expand our infant care services, which are targeted at children between the ages of two months to 18 months. By 1Q2018, we expect to launch two FOFO infant care centres in Singapore, and two FOFO centres in the UAE.
- Launch Actors Centre Kids, a series of classes aimed at helping children become confident, creative and collaborative through theatre. The programme is designed and structured in collaboration with Actors Centre Australia, an Australian acting school which counts Hugh Jackman as its Patron.
- Increase our research into improving the nutritional value of our meals, so as to holistically enhance our students' overall experience in our preschool centres.

WITH OUR ENTRENCHED POSITION IN THE PREMIUM EARLY CHILDHOOD EDUCATION SEGMENT IN SINGAPORE, WE ARE WELL POSITIONED TO RIDE ON THE GROWTH IN THE EARLY CHILDHOOD EDUCATION INDUSTRY IN AUSTRALIA, CHINA AND GLOBALLY.

INDUSTRY PROSPECTS

Globally

- Globally, the early childhood education sector has gained much visibility in recent years as these early childhood programmes have been widely reported to have a profound impact on a child's development that will ultimately bring forth benefits to the social and economic welfare of a nation[4].

Singapore

- The early childhood education industry in Singapore is expected to grow on the back of elevation in awareness of the importance of early childhood education, growing married females labour participation rate and better affordability and accessibility of early childhood education[4].

Australia

- The Australian government has introduced a new Child Care Subsidy to make child care more affordable to families in the lower income groups, generating a demand for more services. This increased visibility has created a demand for quality preschools[4].
- In 2016, 31.0% of Australian preschools and day-care centres assessed failed to meet the standards set out in the national quality framework of the commonwealth and state governments. The entry of preschools with a track record in delivering quality education into this market would, thus, be welcomed, and meets the demand gap desired by parents[4].
- In addition, the growing Asian population in Australia is expected to spur a competitive mindset and increase demand for early childhood education[4].

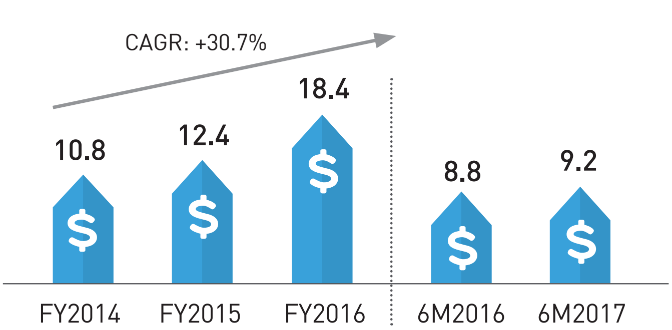
Note:

(4) According to the Independent Market Research Report

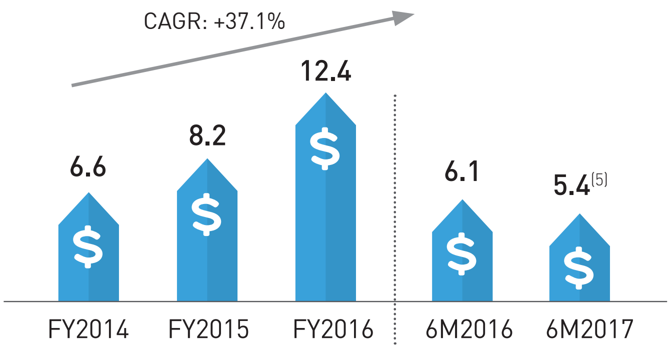
FINANCIAL HIGHLIGHTS

PROVEN TRACK RECORD OF GROWTH

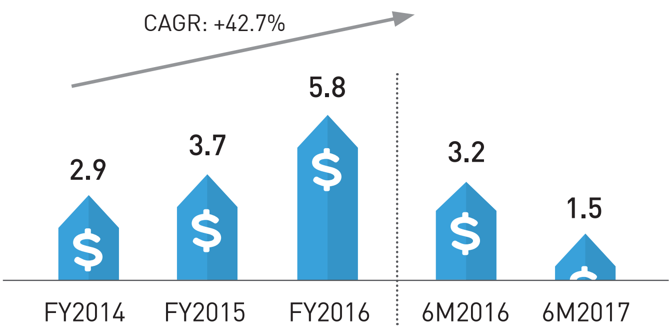
REVENUE (S$M)



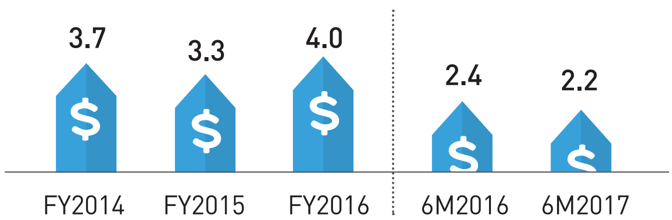
GROSS PROFIT (S$M)



NET PROFIT (S$M)



NET CASH GENERATED FROM OPERATING ACTIVITIES (S$M)

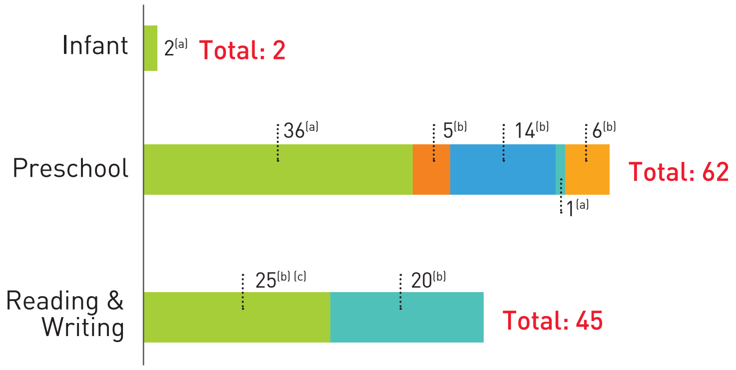


Note:

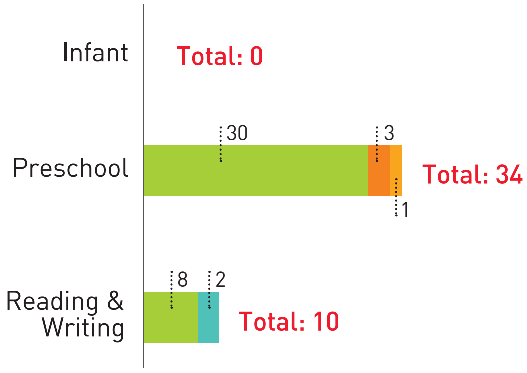
(5) Gross profit decreased by approximately S$0.7 million or 11.5% from S$6.1 million in 6M2016 to S$5.4 million in 6M2017 as there was no revenue from international master franchise licence fees in 6M2017, as well as the full six-month impact of academic staff costs of three newly acquired centres recorded in 6M2017.

MINDCHAMPS' FRANCHISE NETWORK:

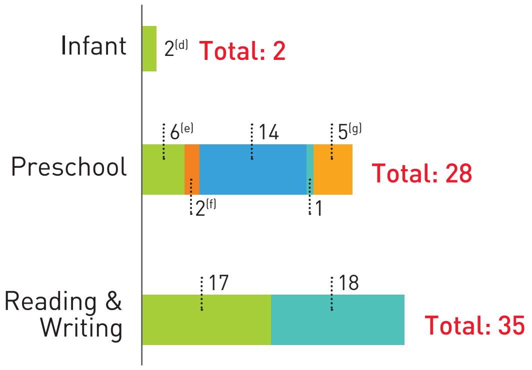
Franchise licences sold



FOFO centres in operation



FOFO centres yet to be established



- Singapore
- Philippines
- China
- Australia
- Gulf Cooperation Council

Notes:

(a) These franchise licences have been sold under unit franchise licence agreements.

(b) These franchise licences have been sold under master franchise licence agreements.

(c) Five units of franchise licences were granted to MindChamps Singapore, which one-off licence fees were waived.

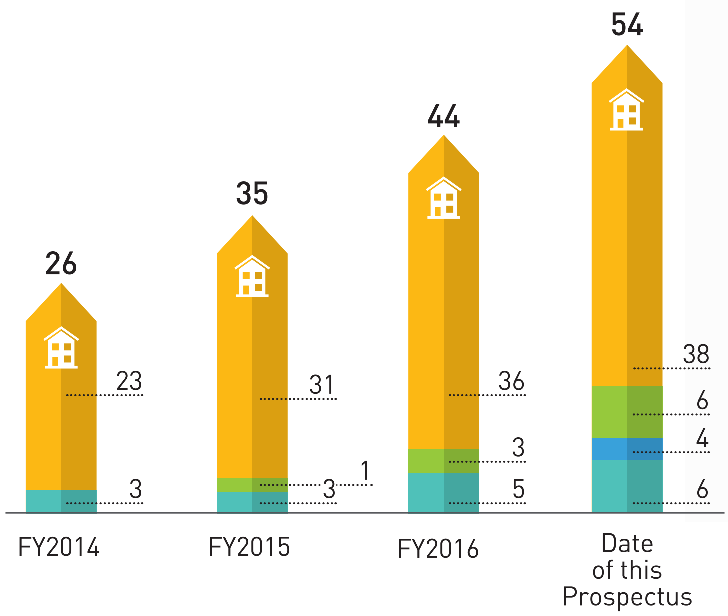
(d) Two infant care centres are expected to commence operation by 1Q2018.

(e) As at the date of this Prospectus, two preschool centres are under renovation.

(f) One preschool centre in the Philippines is expected to commence operation in 1Q2018.

(g) One preschool centre in the UAE is expected to commence operation in 1Q2018.

NUMBER OF CENTRES:



- COCO Centres (Singapore)
- COCO Centres (Australia)
- FOFO Centres (Singapore)
- FOFO Centres (Overseas)

INDICATIVE TIMETABLE[1]

EVENT	INDICATIVE DATE AND TIME
Opening date and time for the Public Offering in Singapore	18 November 2017, 9.00 a.m.
Closing date and time for the Public Offering	22 November 2017, 12.00 p.m.
Commence trading on a "ready" basis	24 November 2017, 9.00 a.m.

Note:

(1) Singapore time

HOW TO APPLY

Application for the Public Offer Shares may be made through:

- ATMs and internet banking websites of DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited
- Mobile banking interface of DBS Bank Ltd.
- Printed WHITE application forms which form part of the Prospectus

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NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter. Neither the delivery of this Prospectus nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs, condition and prospects or the Shares since the date hereof. In the event any changes occur, where such changes are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, or if we otherwise determine, we will make an announcement of the same to the SGX-ST and, if required, issue and lodge an amendment to this Prospectus or a supplementary document or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the SFA and take immediate steps to comply with the said sections. Investors should take notice of such announcements and documents and upon release of such announcements or documents shall be deemed to have notice of such changes.

None of us, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any of our or their affiliates, directors, officers, employees, agents, representatives or advisers are making any representation or undertaking to any investors in the Shares regarding the legality of an investment by such investor under appropriate investment or similar laws. In addition, investors in the Shares should not construe the contents of this Prospectus or its appendices as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Shares for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Shares.

Nothing in this Prospectus constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The Shares have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S or pursuant to another exemption. For further details about restrictions on offers, sales and transfers of the Shares, see "*Plan of Distribution*".

By applying for the Offering Shares on the terms and subject to the conditions in this Prospectus, each investor in the Offering Shares represents and warrants that, except as otherwise disclosed to the Sole Issue Manager, Bookrunner and Underwriter in writing, he is not (i) a director of our Company (a "**Director**") or Substantial Shareholder (as defined herein) of our Company, (ii) an associate of any of the persons mentioned in (i), or (iii) a connected client of the Sole Issue Manager, Bookrunner and Underwriter or lead broker or distributor of the Offering Shares.

We and MindChamps Holdings are subject to the provisions of the SFA and the Listing Manual of the SGX-ST (the "**Listing Manual**") regarding the contents of this Prospectus. In particular, if after this Prospectus is registered by the MAS but before the close of the Offering, we and MindChamps Holdings become aware of:

(a) a false or misleading statement in this Prospectus;

(b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or

(c) a new circumstance that has arisen since this Prospectus was lodged with the MAS which would have been required by Section 243 of the SFA to be included in this Prospectus if it had arisen before this Prospectus was lodged,

and that is materially adverse from the point of view of an investor, we and MindChamps Holdings may lodge a supplementary or replacement document with the MAS pursuant to Section 241 of the SFA.

Where applications have been made under this Prospectus to subscribe for and/or purchase the Offering Shares prior to the lodgment of the supplementary or replacement document and the Offering Shares have not been issued and/or transferred to the applicants, we and MindChamps Holdings shall either, among others:

(i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgment of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period of time the supplementary or replacement prospectus, as the case may be, to the applicants if they have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;

(ii) within seven days from the date of lodgment of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to withdraw their applications; or

(iii) treat the applications as withdrawn and cancelled and return all monies paid in respect of any applications received (without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and without any right or claim against us, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter), to the applicants within seven days from the date of lodgment of the supplementary or replacement document.

Where applications have been made under this Prospectus to subscribe for and/or purchase the Offering Shares prior to the lodgment of the supplementary or replacement document and the Offering Shares have been issued and/or transferred to the applicants, we and MindChamps Holdings shall either, among others:

(1) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgment of the supplementary or replacement prospectus give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to us and MindChamps Holdings the Offering Shares which they do not wish to retain title in, and take all reasonable steps to make available within a reasonable period of time the supplementary or replacement prospectus, as the case may be, to the applicants if they have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;

(2) within seven days from the date of lodgment of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to return to us and MindChamps Holdings, those Offering Shares that the applicants do not wish to retain title in; or

(3) subject to compliance with the Companies Act and our Constitution, treat the issue and/or sale of the Offering Shares as void and return all monies paid in respect of any applications received (without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and without any right or claim against us, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter), within seven days from the date of lodgment of the supplementary or replacement document.

Any applicant who wishes to exercise his option to withdraw his application or return the Offering Shares issued and/or sold to him shall (as the case may be), within 14 days from the date of lodgment of the supplementary or replacement document, notify us and MindChamps Holdings and (in the case of a return of the Offering Shares, return all documents, if any, purporting to be evidence of title of those Offering Shares to us and MindChamps Holdings), whereupon we and MindChamps Holdings shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and without any right or claim against us or MindChamps Holdings.

Under the SFA, the MAS may in certain circumstances issue a stop order (the "**Stop Order**") to us and MindChamps Holdings, directing that no or no further Offering Shares be allotted, issued or sold. Such circumstances will include a situation where this Prospectus (i) contains a statement which, in the opinion of the MAS, is false or misleading, (ii) omits any information that is required to be included in accordance with the SFA or (iii) does not, in the opinion of the MAS, comply with the requirements of the SFA.

Where the MAS issues a Stop Order pursuant to Section 242 of the SFA, and:

(A) in the case where the Offering Shares have not been issued and/or transferred to the applicants, the applications for the Offering Shares pursuant to the Offering shall be deemed to have been withdrawn and cancelled and we and MindChamps Holdings, shall, within 14 days from the date of the Stop Order, return to the applicants all monies paid by the applicants on account of their applications for the Offering Shares; or

(B) in the case where the Offering Shares have been issued and/or transferred to the applicants, the issue and/or sale of the Offering Shares shall be deemed to be void and we and MindChamps Holdings shall, within seven days from the date of the Stop Order, return to the applicants all monies paid by the applicants on account of their applications for the Offering Shares.

Where monies paid in respect of applications received or accepted are to be returned to the applicants, such monies will be returned at the applicant's own risk, without interest or any share of revenue or other benefit arising therefrom, and the applicants will not have any claim against us, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter.

The distribution of this Prospectus and the offer, subscription, purchase, sale or transfer of the Shares may be restricted by law in certain jurisdictions. We, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter. This Prospectus does not constitute or form part of an offer or sale of, or a solicitation or invitation of any offer to purchase or subscribe for, any of the Shares in any jurisdiction in which such offer, sale, solicitation or invitation would be unlawful or unauthorised, nor does it constitute an offer or sale, or a solicitation or invitation to purchase or subscribe for, any of the Shares to any person whom it is unlawful to make such an offer, sale, solicitation or invitation. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

We and MindChamps Holdings are entitled to withdraw the Offering at any time before closing, subject to compliance with certain conditions set out in the Underwriting Agreement. We and MindChamps Holdings are making the Offering subject to the terms described in this Prospectus and the Underwriting Agreement.

In connection with the Offering, MindChamps Holdings has granted the Sole Issue Manager, Bookrunner and Underwriter the Over-allotment Option exercisable by the Stabilising Manager (or persons acting on its behalf), in full or in part, on one or more occasions, to purchase up to an aggregate of 1,808,900 Shares at the Offering Price, representing approximately 5.9% of the total number of Offering Shares, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or persons acting on its behalf) has bought on the SGX-ST an aggregate of 1,808,900 Shares, representing approximately 5.9% of the total number of Offering Shares, to undertake stabilising actions. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after the completion of the Offering.

In connection with the Offering, the Stabilising Manager (or persons acting on its behalf) may over-allot Shares or effect transactions that stabilise or maintain the market price of the Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on its behalf) will undertake any stabilising action. Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or persons acting on its behalf) has bought on the SGX-ST an aggregate of 1,808,900 Shares, representing approximately 5.9% of the total number of Offering Shares, to undertake stabilising actions.

Copies of this Prospectus, the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

and where applicable, members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST's website at http://www.sgx.com and the MAS' OPERA website at https://eservices.mas.gov.sg/opera/.

This Prospectus contains forward-looking statements which are statements that are not historical facts, including statements about our beliefs and expectations. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as “may”, “will”, “could”, “expect”, “anticipate”, “intend”, “plan”, “believe”, “seek”, “estimate”, “project” and similar terms and phrases. These statements include, among others, statements regarding our business strategy, future financial results of operations, and plans and objectives of our management for future operations. Forward-looking statements are, by their nature subject to substantial risks and uncertainties, and investors should not unduly rely on such statements.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control, including:

- changes in laws and regulations in the jurisdictions in which our Group operates or has a presence in;
- the regulatory environment in the jurisdictions in which our Group operates or has a presence in;
- competition in the early childhood education industry in the jurisdictions in which our Group operates or has a presence in;
- the overall economic environment and general market and economic conditions in the jurisdictions in which our Group operates or has a presence in;
- the ability of our Group to execute our strategies;
- changes in the need for capital and the availability of financing and capital to fund these needs;
- the ability of our Group to anticipate and respond to changes in the early childhood education industry;
- the markets in which we operate or have a presence in, and in customer demands, trends and preferences;
- man-made or natural disasters, including war, acts of international or domestic terrorism, civil disturbances, occurrences of catastrophic events and acts of God such as floods, earthquakes, typhoons and other adverse weather and natural conditions that affect the business or assets of our Group;
- the loss of key personnel of our Group and the inability to replace such personnel on a timely basis or on terms acceptable to our Group;
- legal, regulatory and other proceedings arising out of the operations of our Group;
- other factors beyond the control of our Group;

- other matters not yet known to our Group; and
- other factors discussed under "*Risk Factors*".

Because of these factors, we caution you not to place undue reliance on any of our forward-looking statements. Forward-looking statements we make represent our judgment on the dates such statements are made. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Save as required by all applicable laws of applicable jurisdictions, including the SFA, and/or rules of the SGX-ST, we assume no obligation to update any information contained in this Prospectus or to publicly release the results of any revisions to any forward-looking statements to reflect events or circumstances that occur, or that we become aware of, after the date of this Prospectus.

INDUSTRY AND MARKET DATA

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information.

We have commissioned Converging Knowledge Private Limited ("**Converging Knowledge**" or the "**Independent Market Research Consultant**") to prepare a report (the "**Independent Market Research Report**") on the early childhood education industry in Singapore for the purpose of inclusion in this Prospectus, including data (actual, estimated and forecast) relating to, among other things, demand and market share information. See "*Appendix D – Early Childhood Education – Singapore, Australia and Global*" for further details.

While we believe that the third party information and data contained in this Prospectus are reliable, and we, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, we cannot ensure the accuracy of the information or data, and we, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter and any of our or their affiliates or advisers have not independently verified this information or data or ascertained the underlying assumptions relied upon therein. Consequently, none of us, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or their respective officers, agents, employees and advisers makes any representation as to the accuracy or completeness of such information and shall not be obliged to provide any updates on the same.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Prospectus, references to "S$" or "Singapore dollars" or "Singapore cents" are to the lawful currency of Singapore and references to "A$" or "Australian dollars" are to the lawful currency of Australia.

In this Prospectus, references to the "Latest Practicable Date" refer to 30 October 2017, which is the latest practicable date prior to the lodgment of this Prospectus with the MAS.

Any discrepancies in any tables, graphs or charts included in this Prospectus between the totals and the sums of the amounts listed are due to rounding.

The information on our website, any website directly or indirectly linked to our website or the websites of any of our related corporations or other entities in which we may have an interest, or any website, is not incorporated by reference into this Prospectus and should not be relied on.

In this Prospectus, references to "our Company" are to MindChamps PreSchool Limited and, unless the context otherwise requires, "we", "us", "our" and "our Group" refer to MindChamps PreSchool Limited and its subsidiaries taken as a whole. All references to "our Board" or "our Directors" are to the board of directors of MindChamps PreSchool Limited. References to the "MCH Group" are to MindChamps Holdings and its subsidiaries, but excluding our Group.

In this Prospectus, references to "Shareholders" are to registered holders of the Shares, except where the registered holder is The Central Depository (Pte) Limited ("**CDP**"), the term "Shareholders" shall, in relation to such Shares, mean the Depositors (as defined in the SFA) whose Securities Accounts (as defined herein) with CDP are credited with Shares.

In this Prospectus, the definitions and explanation of terms found in this section and "*Defined Terms and Abbreviations*" apply throughout where the context so admits.

In addition, unless we indicate otherwise, all information in this Prospectus assumes (i) that the Over-allotment Option is not exercised; and (ii) that no Offering Shares have been re-allocated between the Placement and the Public Offering.

Any reference to dates or times of day in this Prospectus, the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs (as defined herein) or the relevant pages of the internet banking websites of the relevant Participating Banks (as defined herein) or the mobile banking interface of DBS Bank Ltd., are to Singapore dates and times unless otherwise stated.

Any reference in this Prospectus, the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs or the relevant pages of the internet banking websites of the relevant Participating Banks or the mobile banking interface of DBS Bank Ltd., to any statute or enactment is to that statute or enactment as amended or re-enacted.

CORPORATE INFORMATION

Company	MindChamps PreSchool Limited
Directors	Mr David Chiem Phu An (Executive Chairman and Chief Executive Officer) Ms Catherine Du (Non-Independent Non-Executive Director) Ms Janice Wu Sung Sung (Non-Independent Non-Executive Director) Mr Philip Antony Jeyaretnam (Lead Independent Director) Mr Lee Suan Hiang (Independent Director) Mr Phua Chin Chor (Independent Director)
Joint Company Secretaries	Daryl Ong Toon Howe (LLB (Hons)) Chan Lai Ying (Practising Chartered Secretary of the Chartered Secretaries Institute of Singapore)
Registered Office and Principal Place of Business	480 Lorong 6 Toa Payoh #17-01 HDB Hub Singapore 310480
Company Registration Number	200814577H
Sole Issue Manager, Bookrunner and Underwriter	DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
Vendor and Over-allotment Option Grantor	MindChamps Holdings Pte. Limited 480 Lorong 6 Toa Payoh #17-01 HDB Hub Singapore 310480
Share Registrar	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) 80 Robinson Road #02-00 Singapore 068898
Legal Advisers to our Company as to Singapore law	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Sole Issue Manager, Bookrunner and Underwriter as to Singapore law	TSMP Law Corporation 6 Battery Road Level 41 Singapore 049909

CORPORATE INFORMATION

Independent and Reporting Auditor	Nexia TS Public Accounting Corporation Public Accountants and Chartered Accountants 100 Beach Road #30-00 Shaw Tower Singapore 189702 Audit Engagement Director: Chin Chee Choon, Chartered Accountant
Independent Market Research Consultant	Converging Knowledge Private Limited 20 Maxwell Road Maxwell House #09-16 Singapore 069113
Principal Banker	Oversea-Chinese Banking Corporation Limited 65 Chulia Street OCBC Centre Singapore 049513
Receiving Bank	DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982

You should read the following summary together with the more detailed information regarding us and the Offering Shares being sold in the Offering, including our financial statements and related notes appearing elsewhere in this Prospectus. You should carefully consider, among other things, the matters discussed in "Risk Factors".

OVERVIEW

According to the Independent Market Research Consultant, we are the largest operator and franchisor of premium range preschool centres[1], which is defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above[2] per month for a 5-day week or 5.5-day week full-day programme, in Singapore. We offer premium academic and enrichment programmes for children between the ages of two months up to 10 years old, through (a) infant care centres (for children between two to 18 months old), (b) preschools (for children between 18 months to six years old), (c) enrichment centres offering reading and writing programmes (for children between three to 10 years old), and (d) enrichment centres offering theatre-related enrichment programmes for children. We also offer training programmes for adults at the certificate and diploma levels in early childhood care and education. We are the only preschool operator globally to nurture children with the Champion Mindset as researched by award-winning neuroscientist, Professor Emeritus Allan Snyder FRS. Our unique curriculum is the result of over a decade of research and development in the four domains of early childhood education, neuroscience, child psychology and theatre.

We operate and manage our business primarily as three business segments:

(a) **Education** – this is the provision of premium child care, education and learning-related services for preschool children through our company-owned-company-operated ("**COCO**") centres.

(b) **Franchise** – this is the franchising of premium child care, education and learning-related services and enrichment classes and provision of administrative support services to our franchisee-owned-franchisee-operated ("**FOFO**") centres.

We have two main types of franchise agreements: unit franchise agreements (where a franchisee purchases one unit franchise licence to operate one FOFO centre) and master franchise agreements (where a master franchisee purchases the right to on-sell and/or operate an agreed number of units of franchise licences).

(c) **Others** – this is the provision of commercial schools offering higher education programmes, business and management consulting services, which currently comprise the adult training programmes in early childhood care and education, conducted by Champion Mindset Academy.

As at the date of this Prospectus, our preschool and reading and writing centres comprise 10 COCO centres which we operate (six COCO preschool centres in Singapore and four COCO preschool centres in Australia) and 44 FOFO centres operated by our franchisees (30 FOFO preschool centres in Singapore, eight FOFO reading and writing centres in Singapore, three FOFO preschool centres in the Philippines, two FOFO reading and writing centres in Australia and one FOFO preschool centre in the United Arab Emirates (the "**UAE**")). Our centres are located in convenient locations such as shopping malls that are near residential areas or workplaces.

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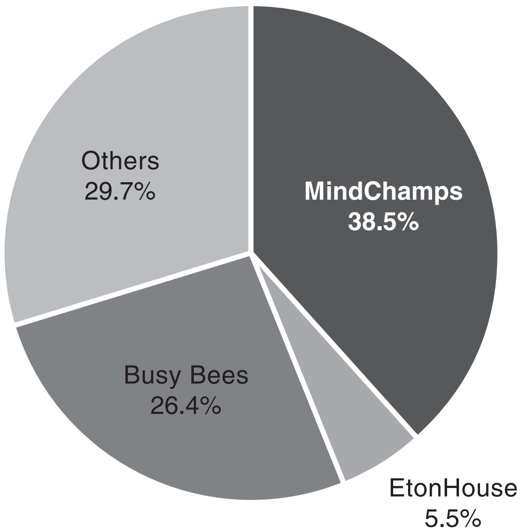
1 As at 15 September 2017.

2 Based on non-promotional rates and before goods and services tax ("**GST**") and government subsidies.

According to the Independent Market Research Report, the two main categories of preschools in Singapore are kindergartens and child care centres. In the premium range category of preschool centres in Singapore[1], according to the Independent Market Research Report, we have the largest number of centres amongst the players and have established ourselves as the market share leader with a market share of 38.5%[2].

Market Share in Singapore Based on Number of Private Premium Preschool Child Care Centres



Note:

The sum of percentages does not add up to 100.0% due to rounding differences.

Source: Independent Market Research Report

See "*Business*" for further information on our business.

OUR COMPETITIVE STRENGTHS

Largest operator and franchisor of premium range preschool centres in Singapore

We are the largest operator and franchisor of premium range preschool centres in Singapore[1], according to the Independent Market Research Consultant[2]. We have six COCO preschool centres and 30 FOFO preschool centres in Singapore as at the date of this Prospectus. In addition, we have eight FOFO reading and writing centres in Singapore as at the date of this Prospectus.

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[1] Defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above (based on non-promotional rates and before GST and government subsidies) per month for a 5-day week or 5.5-day week full-day programme.

[2] As at 15 September 2017.

According to the Independent Market Research Consultant, we are also one of the few preschool child care centre chain operators in Singapore that focus entirely on serving the premium segment[1], which is defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above[2] per month for a 5-day week or 5.5-day week full-day programme. According to the Independent Market Research Report, the early childhood education industry in Singapore is expected to grow on the back of elevation in awareness of the importance of early childhood education, growing married females labour participation rate and better affordability and accessibility of early childhood education.

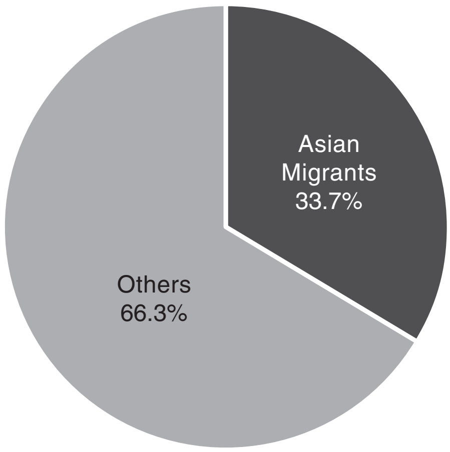
According to the Independent Market Research Report, globally, the early childhood education sector has also gained much visibility in recent years as these early childhood programmes have been widely reported to have a profound impact on a child's development that will ultimately bring forth benefits to the social and economic welfare of a nation. In Australia, the government has introduced a new Child Care Subsidy ("**CCS**") to make child care more affordable to families in the lower income groups, generating a demand for more services, according to the Independent Market Research Report. According to the Independent Market Research Report, the quality of preschools is a concern among Australian parents. In 2016, 31.0% of Australian preschools and day-care centres assessed failed to meet the standards set out in the national quality framework of the commonwealth and state governments. Despite the Australian Federal Government contributing A$61 million over three years, the country does not have a standardised framework for children in their early years, resulting in differing standards across the country.

In addition, according to the Independent Market Research Report, the growing Asian population in Australia is expected to spur a competitive mindset and increase demand for early childhood education. The number of people born in China and residing in Australia has increased from 401,560 persons in 2012 to 526,040 persons in 2016, which was the highest among all Asian immigrant groups. Coupled with a psyche to succeed in a new environment, affluent Chinese parents have higher propensities to invest in better quality education for their children, which would create opportunities for players wishing to tap into the early childhood education sector in Australia.

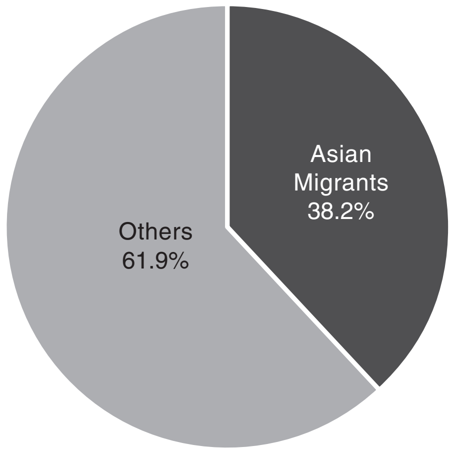
1 Defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above (based on non-promotional rates and before GST and government subsidies) per month for a 5-day week or 5.5-day week full-day programme.

2 Based on non-promotional rates and before GST and government subsidies.

Proportion of Asian Residents in Australia Born Outside of Australia (2012)



Proportion of Asian Residents in Australia Born Outside of Australia (2016)



Note:

The sum of percentages does not add up to 100.0% due to rounding differences.

Source: Independent Market Research Report

With our entrenched position in the premium early childhood education segment in Singapore, we believe that we are well positioned to ride on the growth in the early childhood education industry in Australia, China and globally.

We are the only preschool brand globally to nurture children with and own intellectual property on the Champion Mindset

The "MindChamps" pedagogy was developed in collaboration with world experts working in the domains of neuroscience, child psychology and theatre. Discoveries are synthesised with education theory and best practice to produce new and more effective approaches. This development is on-going, and our pedagogy and curricula are being constantly upgraded, as new insights are developed worldwide.

We are the only preschool brand globally to work directly with award-winning neuroscientist, Professor Emeritus Allan Snyder FRS, in the development of strategies to nurture children with the Champion Mindset – a term he coined and introduced over 15 years ago.

Professor Snyder is a Fellow of the Royal Society (the prestigious scientific fellowship that counts Newton and Einstein amongst its many renowned present and former Fellows). Winner of the Marconi Prize, and holder of the 150^{th} Anniversary Chair of Science at the University of Sydney, Professor Snyder was the founder of the Centre for the Mind (a collaborative initiative of the University of Sydney and the Australian National University) and is regarded as 'the father of Champion Mindset research'. His pioneering work in the neuroscience of Concept-Formation and Creativity underpins many of our unique learning and teaching strategies, and he collaborates directly, and exclusively, with our and MindChamps Holdings' respective MindChamps Research and Programme-Development team to develop effective and practical educational applications of his acclaimed theoretical work. Professor Snyder is also the Chair of Research of MindChamps.

The principles of Champion Mindset were distilled from Professor Snyder's studies into high-achievers in all areas of society which include, among others, business, sport, politics, the arts, religion and academia. By understanding the elements which make high-achievers "champions" (in the broadest sense of the word), we can introduce them in an age-appropriate way to children. In our infant care and preschool centres, we focus specifically on laying, in children who are in the critical phase of developing key neural networks, the cognitive and psychological foundations for the Champion Mindset – the behaviours which will support the development of the key Champion Mindset components, to become creative and confident life-long learners and better prepare them for the new digital age. Our and MindChamps Holdings' exclusive collaboration with him has enabled us to use the key precepts of Champion Mindset research in the development of the Champion Mindset components of all our learning programmes.

Further, Professor Snyder's work in both Concept-Formation and Creativity has been integral in the development of strategies to foster both the Learning Mind and the Creative Mind which is part of MindChamps' development of the '3-Mind' model of learning, as outlined in the book *The 3-Mind Revolution* (written by our founder, Executive Chairman and Chief Executive Officer, Mr David Chiem Phu An and MindChamps' Dean of Research and Programme-Development, Mr Brian Paul Caswell). When we were developing both the MindChamps PreSchool S.M.I.L.E.S.™ curriculum (including the programme for infants) and the MindChamps Reading and Writing Programmes, it was with a view to establish the essential foundations of the '3 Minds' in every child during the vitally-important formative years.

The S.M.I.L.E.S.™ Curriculum is a result of over a decade of research and development in the four distinct domains of early childhood education, neuroscience, child psychology and theatre. It nurtures all aspects of a child's development – including the Sensory, the Motor, the Intellectual, the Linguistic, the Emotional and the Social – using specifically-designed, age-appropriate 'Crafted Play' activities and unique learning and enrichment programmes. Teachers are trained in the art of 'seizing' and 'crafting' moments, responding to the children's individual and immediate needs and developmental stages. We are also entitled to copyright protection over our proprietary materials developed by us (including the research curriculum, books, operating manuals and other material that we develop in-house) under applicable law, such as the Copyright Act, Chapter 63 of Singapore.

Scalability and quality earnings through our robust franchise business and franchise model

We have 44 FOFO centres in Singapore, Australia, the Philippines and the UAE as at the Latest Practicable Date, which represents a compound annual growth rate in the number of our FOFO centres (from one to 44 centres over the period from January 2009 to the Latest Practicable Date) of 54.1%. As at the Latest Practicable Date, we have sold a total of 109 licences under unit franchise agreements and master franchise agreements. Each franchise licence entitles the franchisee to operate one FOFO centre and as at the Latest Practicable Date, there are a total of 65 FOFO centres for which franchise licences which have been granted and for which one-off licence fees have been collected, but in relation to which FOFO centres have yet to be established. We believe that our franchise model allows us to achieve scalability within a short period of time, and we plan to replicate such a model in Australia and other parts of the world.

Our franchise model also allows us to achieve quality earnings. By charging our franchisees a fixed percentage of their revenue, we are able to generate high financial returns without bearing the cost of operating the centres, thereby effectively leveraging on the cashflow of our franchisees.

We believe that our franchise business is robust and this is underpinned by our strong commitment to quality and excellence. The preschool franchise licence fees which we charge in Singapore have increased over the years from S$55,000 in 2008 to S$150,000 as at the Latest Practicable Date, which we believe is an endorsement by the market of the value of our franchise.

Firstly, we have an experienced central management team at our headquarters to oversee our franchisees and gather feedback from our centres' principals and teaching staff regarding operational improvements. This central management team comprises our curriculum research and development team, our operations team as well as our senior management team. While each centre is managed on a day-to-day basis by a principal or vice-principal, the teaching curriculum, policies and standards for operating and managing the centres' operations are developed and administered by our central management team. We carry out regular audits on our franchisees, to ensure consistency in the quality of the curriculum, lesson plans and method of teaching across all our centres.

Secondly, we believe that our teachers play a crucial role in creating a conducive learning environment for our students and delivering the curriculum to our students in an effective manner that enhances their learning process. While the Early Childhood Development Agency of Singapore (the "**ECDA**") has determined the minimum teacher-student ratio for preschool centres, we have adopted a teacher-student ratio that is higher than the prescribed standards, to increase the exposure of each student to teachers and facilitate more supervision and learning opportunities. To uphold and maintain our reputation for excellence – and, therefore, our competitive advantage in the industry – we require our teachers, regardless of previous qualifications or experience, to undergo up to 200 hours of compulsory training and accreditation. Besides teachers, principals and vice-principals are required to undergo regular training to keep themselves up-to-date with the latest curriculum and operational developments.

Thirdly, we believe that nutrition and food quality are important for our preschool students, as part of their overall development and well-being. Through our commercial arrangement with Beston MindChamps Kids Nutrition Pte. Limited ("**Beston MindChamps**"), a subsidiary of the MCH Group, which sources produce from companies specialising in nutritious, chemical-free, organic and biodynamic foods, we are able to incorporate fresh and nutritious foods as a part of our students' diets, and ensure consistency in the area of food provision across all our centres.

We have a strong and experienced management team, supported by an esteemed World Advisory Board

As described above, we have a strong and professional management team which possesses extensive knowledge and experience in the early childhood education industry. Our management team is led by our founder, Executive Chairman and Chief Executive Officer, Mr David Chiem Phu An, who has more than 19 years of experience in the education sector. With extensive experience, both in Australia and Singapore, Mr David Chiem Phu An is an award-winning, dynamic entrepreneur, whose extensive background in theatre, film and television and unique ability to anticipate social demands and market trends in education, have enabled him to assemble the MindChamps 'Dream Team' of educators, curriculum developers and franchising and management specialists, to keep the brand 'ahead of the curve' in both education and franchising. He was instrumental in championing the development of the preschool curriculum and setting up the MindChamps PreSchool brand when we opened our first preschool centre in 2008.

Our management team is supported by our World Advisory Board, which is a non-executive board of advisors comprising highly established experts in the fields of education and arts and established scientists, from the United States, the United Kingdom, Australia and Singapore, who have deep experience, knowledge and credentials in their respective areas of expertise. Each member contributes his/her expertise to the research and development of our curriculum, to ensure that our students' learning remains dynamic and holistic. By drawing on their professional experience and research findings, we are also able to modify our curriculum based on the latest scientific methods, to ensure that our students' learning and our teaching methodologies are up-to-date. See "*Business – Our World Advisory Board*" for further details on the members of our World Advisory Board.

We have a proven track record and have demonstrated our ability to grow our business in Singapore and overseas

Since the commencement of operations of our first preschool centre in 2008, we have grown in scale rapidly via the opening of new centres and the sale of franchise licences to the 10 COCO centres and 44 FOFO centres as at the date of this Prospectus all within a short span of nine years. From our inception in 2008 to the date of this Prospectus, we achieved a compound annual growth rate in the number of our COCO and FOFO centres of 50.0% in Singapore (from one to 44 centres) and 53.3% in Singapore, Australia, the Philippines and the UAE (from one to 54 centres). Through active and ongoing marketing campaigns to create awareness of our unique pedagogy and referrals from parents whose children have gone through our curriculum, we have built a prominent brand for preschool education over the years and achieved a leading position in the premium range preschool market as a result of our highly scalable business.

Due to the success of our preschool operations in Singapore, we have been able to leverage on our strong branding to expand our franchise network to overseas markets and we currently have 10 centres located overseas. As at the date of this Prospectus, we have three FOFO centres in the Philippines, four COCO and two FOFO centres in Australia and one FOFO centre in the UAE. In addition, by 1Q2018, we expect to open one additional FOFO centre in the Philippines and one additional FOFO centre in the UAE. The two FOFO centres in the UAE, which are named MindChamps Nursery, are targeted at children aged over two months to four years old.

As a testament to our proven track record and success, we have won various industry-wide and national awards in branding, intellectual property and franchise management. Some examples include FLA Promising Franchisor of the Year Award (2009), FLA Franchisor of the Year (2013) and Dun & Bradstreet Business Eminence Awards (2017). For a more complete list, see "*Business – Our Awards*".

STRATEGIES

Grow our business via mergers and acquisitions, joint ventures and partnerships

Following our recent acquisition of four COCO preschool centres in Sydney, Australia, we intend to continue to identify additional regions in Australia as well as additional countries where the local demographics and supply-demand dynamics are favourable for us to further penetrate the market and increase our brand presence.

We believe that the acquisition of centres overseas will allow us to establish a meaningful presence and gain a toehold in the overseas preschool education market.

Leverage on our strong branding and robust franchise model to grow our franchise business overseas

Leveraging on our strong branding and our robust franchise model, we have expanded our franchise footprint beyond Singapore, and as at the date of this Prospectus, established three FOFO centres in the Philippines, two FOFO centres in Australia, and one FOFO centre in the UAE. By 1Q2018, we expect to open one additional FOFO centre in the Philippines and one additional FOFO centre (through Bloom Education LLC) in the UAE. Bloom Education LLC is part of an established group in the UAE and has previously teamed up with international experts in education, such as Brighton College, to establish and operate world class schools and colleges.

We intend to continue to seek suitable local partners who demonstrate a strong track-record and prior experience in the preschool market to become our brand franchisees and introduce our preschool education brand to their local markets, through international master franchise arrangements. Apart from Singapore and Australia, we view the China, United States and United Kingdom markets as potential key strategic target markets for our global expansion, from which we may access other target markets such as New Zealand, Malaysia, South Korea and Vietnam.

We may also selectively partner large and/or reputable institutions or funds which have a regional or global presence, to establish FOFO centres in new markets. In this regard, we are in discussions with certain institutions and funds on potential collaboration arrangements, relating to the acquisition of preschools, to be rebranded and operated as MindChamps preschools, in markets such as but not limited to Australia and China, through international master franchise and other similar arrangements with us. For example, we have entered into a Heads of Terms – Business Cooperation Agreement with CFCG and Hillhouse Capital (as defined herein). See "*Share Capital and Shareholders – Information on the Cornerstone Investors – Business Cooperation Agreement*" for more information.

In the home market of Singapore, we continue to receive strong interest for franchising opportunities, and these may include interest from satisfied parents of children who attend our preschools. We will selectively grow our franchise footprint in Singapore by setting up new FOFOs in strategic locations. In Australia, where we see favourable government policies but a relative shortage in supply of quality preschool centres, we plan to replicate our existing franchise model in Sydney, Australia and extend it to other cities and states in Australia.

On the long-term basis, we target to achieve the majority of our income from our Franchise segment, which offers high scalability, minimal capital expenditure and higher margin as compared to our Education segment.

Expand our product offering

We intend to expand our infant care services, which are targeted at children between the ages of two months to 18 months. By 1Q2018, we expect to have two FOFO infant care centres co-located at our existing MindChamps PreSchool centres in Singapore, as well as two FOFO centres in the UAE which also cater to this age group. Due to the higher educarer-to-infant ratio that such services would entail, we intend to hire more staff and provide them with the requisite training so as to equip them with the necessary skills. In this area, we believe that our unique S.M.I.L.E.S.™ curriculum and environment will give us a distinct advantage in the industry for this age group.

We also intend to launch Actors Centre Kids, a series of classes aimed at helping children become confident, creative and collaborative through theatre. The Actors Centre Kids programme is designed and structured in collaboration with Actors Centre Australia, an Australian acting school which counts Hugh Jackman as its Patron. We have exclusively licensed the Actors Centre Kids programme from Actors Centre Australia Pte. Limited (a subsidiary of the MCH Group) as described in "*Interested Person Transactions and Potential Conflicts of Interest – Present and Ongoing Interested Person Transactions – Actors Centre Kids Exclusive Licence Agreement with Actors Centre Australia Pte. Limited*". This programme will be rolled out at existing MindChamps PreSchool centres to leverage upon our existing COCO and FOFO network as well as other non-MindChamps preschool centres, starting with Singapore and Australia. This programme will allow the owners of preschools (including our COCO centres and FOFO centres) to increase the utilisation of their premises as the programme will be conducted at the premises of existing preschool centres.

We also intend to increase our research into improving the nutritional value of our meals, so as to holistically enhance our students' overall experience in our preschool centres. For example, we have begun to incorporate natural organic foods such as fresh milk and low-fat cheese, and also organic probiotic yoghurts, into the daily meals that we provide our preschool students in Singapore.

COMPANY BACKGROUND

Our Company was incorporated in Singapore on 25 July 2008 under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") as a private company limited by shares under the name of MindChamps PreSchool (Worldwide) Pte. Limited. On 9 November 2017, our Company was converted into a public company limited by shares. In connection with such conversion, we changed our name to MindChamps PreSchool Limited.

Our telephone number is +65 6828 2688 and our facsimile number is +65 6828 2699. Our website address is www.mindchamps.org/preschool.

THE OFFERING

Our Company	MindChamps PreSchool Limited, a company incorporated under the laws of Singapore.
The Vendor and Over-allotment Option Grantor	MindChamps Holdings Pte. Limited, a company incorporated under the laws of Singapore.
Offering	30,449,600 Offering Shares (subject to the Over-allotment Option) offered under the Placement and the Public Offering, comprising 28,377,031 New Shares and 2,072,569 Vendor Shares. The completion of the Placement and the Public Offering are each conditional upon the completion of the other.
Placement	28,449,600 Offering Shares are being offered by way of an international placement to investors at the Offering Price, including institutional and other investors in Singapore and outside the United States in reliance on Regulation S. The Placement will, subject to certain conditions, be underwritten by the Sole Issue Manager, Bookrunner and Underwriter.
Public Offering	2,000,000 Offering Shares are being offered at the Offering Price by way of a public offer in Singapore. The Public Offering will, subject to certain conditions, be underwritten by the Sole Issue Manager, Bookrunner and Underwriter.
Reserved Shares	2,438,000 Offering Shares out of the Offering Shares in the Placement have been reserved for the management, employees and business associates of our Group who have contributed to our success (to be determined by us at our sole discretion). The Reserved Shares will be offered on the same terms as the other Offering Shares in the Placement. In the event that any of such Reserved Shares are not fully taken up, they will be available to satisfy over-subscription (if any) for Offering Shares in the Placement and/or the Public Offering.
Cornerstone Investors	At the same time as but separate from the Offering, each of the Cornerstone Investors has entered into a Cornerstone Subscription Agreement with our Company to subscribe for an aggregate of 28,930,800 Cornerstone Shares, conditional upon, among others, the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date.
Clawback and Re-allocation	The Offering Shares may be re-allocated between the Placement and the Public Offering, at the discretion of the Sole Issue Manager, Bookrunner and Underwriter (in consultation with us and the Vendor), subject to any applicable laws.

Offering Price	S$0.83 per Share.
Application Procedures for the Public Offering	Investors applying for the Public Offer Shares must follow the application procedures set out in "*Appendix J – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore*". Applications must be paid for in Singapore dollars. No fee is payable by applicants for the Public Offer Shares, save for an administration fee of S$2.00 for each application made through ATMs, the internet banking websites of the Participating Banks or the mobile banking interface of DBS Bank Ltd. The minimum initial application is for 1,000 Offering Shares. An applicant may apply for a larger number of Offering Shares in integral multiples of 100 Offering Shares.
Use of Proceeds	We intend to use the net proceeds due to us from the Offering and the issue of the Cornerstone Shares primarily for the following purposes: • partial repayment of drawn down and outstanding amounts under the Acquisition Loan (as defined herein); • to fund our expansion plans, including potential acquisitions in Singapore as well as overseas, including but not limited to Australia, China, United States, United Kingdom, New Zealand, Malaysia, South Korea and Vietnam; and • general corporate and working capital purposes. We will not receive any of the proceeds from the sale of the Vendor Shares by the Vendor, nor will we receive any proceeds from the exercise of the Over-allotment Option granted by the Vendor. For a complete description of the application of the proceeds due to us, see "*Use of Proceeds*".
Over-allotment Option	In connection with the Offering, MindChamps Holdings has granted the Sole Issue Manager, Bookrunner and Underwriter the Over-allotment Option exercisable by the Stabilising Manager (or persons acting on its behalf), in full or in part, on one or more occasions, to purchase up to an aggregate of 1,808,900 Shares at the Offering Price, representing approximately 5.9% of the total number of Offering Shares, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or persons acting on its behalf) has bought on the SGX-ST an aggregate of 1,808,900 Shares, representing approximately 5.9% of the

total number of Offering Shares, to undertake stabilising actions. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after the completion of the Offering.

Lock-up

We have agreed with the Sole Issue Manager, Bookrunner and Underwriter that, from the date of the Underwriting Agreement until the date falling six months from the Listing Date, we will not, without the prior written consent of the Sole Issue Manager, Bookrunner and Underwriter, directly or indirectly, (i) allot, offer, issue, sell, contract to issue, grant any option, warrant or other right to subscribe or purchase, grant security over, encumber (whether by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise), or otherwise dispose of or transfer, any Shares or any other securities of the Company or any subsidiary of our Company (including any equity-linked securities, perpetual securities and any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase such Shares or any other securities of our Company or any subsidiary of our Company), whether such transaction is to be settled by delivery of Shares or other securities of our Company or subsidiary of our Company, or in cash of otherwise, (ii) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any securities of our Company or any subsidiary of our Company, or any interest in any of the foregoing (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of our Company or any subsidiary of our Company), whether such transaction is be settled by delivery of Shares or other securities of the Company or subsidiary of our Company, or in cash of otherwise, (iii) deposit any Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of our Company or any subsidiary of our Company) in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with the obligations under these restrictions), (iv) enter into a transaction which is designed or which may reasonably be expected to result in any of the above, or (v) announce or publicly disclose any intention to do any of the above, provided, however, that the foregoing restrictions shall not apply in respect of the Offering Shares, the Cornerstone Shares, the Consideration Shares and any shares which may be issued pursuant to the PSP and the SOP.

Each of our Controlling Shareholders Mr David Chiem Phu An, Ms Catherine Du, Champion Minds Pte. Limited ("**Champion Minds**"), MindChamps Holdings, Singapore Press Holdings Limited ("**SPH**") and Invest Learning Pte. Ltd. ("**Invest Learning**") has agreed to lock-up arrangements with the Sole Issue Manager, Bookrunner and Underwriter. See "*Plan of Distribution – No Sale of Similar Securities and Lock-up*" for further information.

The Cornerstone Investors are not subject to any lock-up restrictions in respect of their shareholdings.

The Consideration Shares are also subject to lock-up as described in "*Plan of Distribution – No sale of Similar Securities and Lock-up – The Consideration Shares*".

Stabilisation

In connection with the Offering, the Stabilising Manager (or persons acting on its behalf) may over-allot Shares or effect transactions that stabilise or maintain the market price of the Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on its behalf) will undertake any stabilising action.

Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the date falling 30 days after the Listing Date, or (ii) the date when the Stabilising Manager (or persons acting on its behalf) has bought on the SGX-ST, an aggregate of 1,808,900 Shares, representing approximately 5.9% of the total number of Offering Shares, to undertake stabilising actions.

See "*Plan of Distribution – Price Stabilisation*".

Dividends

Our Company currently does not have a fixed dividend policy. We currently intend to utilise and/or reinvest any profits generated in FY2017 from our operations in our business (including financing acquisition activities), and do not intend to pay any dividends to Shareholders with respect to our profits generated in FY2017. Moving forward, our Board intends to recommend and distribute dividends of at least 40% of our net profit after tax (excluding exceptional items) generated in FY2018, as we wish to reward our Shareholders for participating in our Group's growth. Investors should note that the foregoing statements are merely statements of our present intention and shall not constitute legally binding obligations on our Company or legally binding statements in respect of our future dividends (including those proposed for

FY2018), which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Investors should also not treat the proposed dividends for FY2018 as an indication of our future dividend policy. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends. See "*Dividends*".

Listing and Trading

Prior to the Offering, there was no public market for the Shares. An application has been made to the SGX-ST for permission to list all our issued Shares, the Offering Shares, the Cornerstone Shares, the Consideration Shares, the Performance Shares and the Option Shares on the Mainboard of the SGX-ST. Such permission will be granted when the Shares have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among others, permission being granted by the SGX-ST to deal in and for quotation of all our issued Shares, the Offering Shares, the Cornerstone Shares, the Consideration Shares, the Performance Shares and the Option Shares.

The Shares are expected to commence trading on a "ready" basis at 9.00 a.m. on 24 November 2017 (Singapore time). See "*– Indicative Timetable*".

The Shares will, upon their listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of CDP. Dealing in and quotation of the Shares will be in Singapore dollars. The Shares will be traded in board lots of 100 Shares.

Risk Factors

You should carefully consider certain risks connected with an investment in the Shares, as discussed in "*Risk Factors*".

INDICATIVE TIMETABLE

An indicative timetable for trading in the Shares is set forth below for the reference of applicants for the Offering Shares:

Date and time (Singapore)	Event
18 November 2017, 9.00 a.m.	Opening date and time for the Public Offering in Singapore.
22 November 2017, 12.00 p.m.	Closing date and time for the Public Offering.
23 November 2017	Balloting of applications in the Public Offering, if necessary (in the event of an over-subscription for the Public Offer Shares). Commence returning or refunding of application monies to unsuccessful or partially successful applicants, if necessary.
24 November 2017, 9.00 a.m.	Commence trading on a "ready" basis.
29 November 2017	Settlement date for all trades done on a "ready" basis.

The above timetable is indicative only and is subject to change at our and the Vendor's discretion, with the agreement of the Sole Issue Manager, Bookrunner and Underwriter. It assumes: (i) that the closing of the Public Offering is on 22 November 2017, (ii) that the Listing Date is on 24 November 2017, (iii) compliance with the SGX-ST's shareholding spread requirement, and (iv) the New Shares will be issued and fully paid up prior to 24 November 2017. All dates and times referred to above are Singapore dates and times. The above timetable and procedures may also be subject to such modifications as the SGX-ST may in its discretion decide, including the Listing Date. The commencement of trading on a "ready" basis will be entirely at the discretion of the SGX-ST. All persons trading in the Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.

We and the Vendor may at our discretion, with the agreement of the Sole Issue Manager, Bookrunner and Underwriter and subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Offering is open, provided that the Public Offering may not be less than two Market Days (as defined herein).

In the event of the extension or shortening of the time period during which the Offering is open, we will publicly announce the same:

(a) through a SGXNET announcement to be posted on the internet at the SGX-ST website http://www.sgx.com; and/or

(b) in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao.*

Investors should consult the SGX-ST announcement on the "ready" listing date on the internet at the SGX-ST website, or the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

We and the Vendor will provide details of and the results of the Public Offering through SGXNET and/or in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

We and the Vendor reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offering Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our and the Vendor's decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

In respect of an application made under the Public Offering, where any such application is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 24 hours after the balloting of applications (provided that such refunds are made in accordance with the procedures set forth in "*Appendix J – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore*").

In respect of an application made under the Public Offering, where any such application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom, and the applicant will not have any claims against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) to the applicant, at his own risk, within 14 Market Days after the close of the Public Offering (provided that such refunds are made in accordance with the procedures set forth in "*Appendix J – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore*").

The manner and method of applications and acceptances under the Placement will be determined by us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter. Please refer to "*Appendix J – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore*" for further information.

Where the Offering does not proceed for any reason, the full amount of application monies received will be returned (without interest or any share of revenue or other benefit arising therefrom) to the applicants under the Offering, at their own risk, within three Market Days after the Offering is discontinued to the applicant (provided that such refunds are made in accordance with the procedures set forth in "*Appendix J – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore*").

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER INFORMATION

The following summary consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Position", our audited consolidated financial statements for FY2014, FY2015 and FY2016, our unaudited interim consolidated financial statements for 6M2016 and 6M2017, the accompanying notes and the related auditor's reports as set out in Appendix A and Appendix B of this Prospectus.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FY2014	FY2015	FY2016	6M2016	6M2017
	(S$) (audited)	(S$) (audited)	(S$) (audited)	(S$) (unaudited)	(S$) (unaudited)
Revenue	10,784,031	12,439,332	18,418,463	8,772,878	9,203,135
Cost of sales	(4,163,147)	(4,197,369)	(5,973,673)	(2,706,842)	(3,850,816)
Gross profit	6,620,884	8,241,963	12,444,790	6,066,036	5,352,319
Other income	890,618	1,062,833	1,213,575	716,892	661,812
Other (loss)/gain – net	(43,318)	(49,995)	15,684	(8,449)	15,726
Expenses					
– Administrative	(4,273,091)	(4,827,301)	(7,030,727)	(3,234,273)	(4,266,115)
– Marketing	(326,169)	(290,277)	(358,448)	(145,810)	(150,719)
– Finance	(5,009)	(6,184)	(4,588)	(2,504)	(1,897)
Profit before tax	2,863,915	4,131,039	6,280,286	3,391,892	1,611,126
Income tax expenses	–	(385,430)	(447,301)	(230,472)	(114,712)
Net profit	2,863,915	3,745,609	5,832,985	3,161,420	1,496,414
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences arising from consolidation					
– gain/(loss)	9,036	30,847	(2,686)	7,744	(4,909)
Total comprehensive income	2,872,951	3,776,456	5,830,299	3,169,164	1,491,505
Profit attributable to:					
Equity holders of our Company	2,680,974	3,536,087	5,390,756	2,949,231	1,377,387
Non-controlling interests	182,941	209,522	442,229	212,189	119,027
	2,863,915	3,745,609	5,832,985	3,161,420	1,496,414
Total comprehensive income attributable to:					
Equity holders of our Company	2,690,010	3,566,934	5,388,070	2,956,975	1,372,478
Non-controlling interests	182,941	209,522	442,229	212,189	119,027
	2,872,951	3,776,456	5,830,299	3,169,164	1,491,505
Earnings per Share (cents per Share)					
Basic and diluted(1)	1.49	1.96	2.99	1.64	0.77
Adjusted(2)	1.11	1.46	2.23	1.22	0.57

Notes:

(1) For comparative purposes, the basic and diluted earnings per Share have been computed based on our share capital of 180,000,000 Shares (after adjusting for the Share Split (as defined herein)) prior to the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

(2) For comparative purposes, the adjusted earnings per Share have been computed based on our share capital of 241,600,000 Shares (after adjusting for the Share Split) following the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

SUMMARY CONSOLIDATED BALANCE SHEET

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	(S$) (audited)	(S$) (audited)	(S$) (audited)	(S$) (unaudited)
ASSETS				
Current assets				
Cash and cash equivalents	4,005,169	6,911,740	3,873,728	3,044,936
Trade and other receivables	2,441,742	2,981,121	5,404,122	6,304,133
Inventories	43,911	54,202	80,487	142,078
	6,490,822	9,947,063	9,358,337	9,491,147
Non-current assets				
Property, plant and equipment	723,991	577,498	1,146,385	1,160,433
Intangible assets	446,043	548,810	5,429,377	5,639,081
	1,170,034	1,126,308	6,575,762	6,799,514
Total assets	7,660,856	11,073,371	15,934,099	16,290,661
LIABILITIES				
Current liabilities				
Trade and other payables	2,448,695	4,756,601	5,218,062	4,245,180
Deferred income	2,574,394	2,168,092	2,088,790	2,369,422
Finance lease liabilities	37,070	38,611	40,019	40,878
Current income tax liabilities	–	385,430	483,797	356,602
	5,060,159	7,348,734	7,830,668	7,012,082
Non-current liabilities				
Other payables	–	–	3,737,008	3,737,008
Finance lease liabilities	134,235	95,822	55,946	35,295
Provision for reinstatement costs	79,750	79,750	144,857	144,857
	213,985	175,572	3,937,811	3,917,160
Total liabilities	5,274,144	7,524,306	11,768,479	10,929,242
NET ASSETS	2,386,712	3,549,065	4,165,620	5,361,419
EQUITY				
Equity attributable to equity holders of our Company				
Share capital	500,000	500,000	500,000	500,000
Currency translation reserves	9,036	39,883	37,197	32,288
Retained profits	1,860,270	2,846,357	3,187,113	4,564,500
	2,369,306	3,386,240	3,724,310	5,096,788
Non-controlling interests	17,406	162,825	441,310	264,631
Total equity	2,386,712	3,549,065	4,165,620	5,361,419

SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

	FY2014	FY2015	FY2016	6M2016	6M2017
	(S$) (audited)	(S$) (audited)	(S$) (audited)	(S$) (unaudited)	(S$) (unaudited)
Net cash generated from operating activities	3,690,807	3,328,015	3,975,229	2,409,965	2,178,891
Net cash used in investing activities	(837,887)	(314,260)	(1,629,609)	(912,014)	(381,926)
Net cash used in financing activities	(28,704)	(107,159)	(5,380,237)	(2,571,528)	(2,631,689)
Net increase/(decrease) in cash and cash equivalents	2,824,216	2,906,596	(3,034,617)	(1,073,577)	(834,724)
Cash and cash equivalents at beginning of year/period	1,180,967	4,005,169	6,911,740	6,911,740	3,873,728
Effects of currency translation on cash and cash equivalents	(14)	(25)	(3,395)	(783)	5,932
Cash and cash equivalents at end of year/period	4,005,169	6,911,740	3,873,728	5,837,380	3,044,936

SUMMARY UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

You should read the following summary unaudited pro forma combined financial information for the periods and as at the dates indicated, in conjunction with "*Management's Discussion and Analysis of Results of Operations and Financial Position*" and our unaudited pro forma combined financial information and the accompanying notes as set out in Appendix C of this Prospectus.

Our summary unaudited pro forma combined financial information has been prepared, for illustrative purposes only and based on certain assumptions and after making certain adjustments to show combined statements of comprehensive income and combined statements of cash flows of our Group for FY2016 and for 6M2017 if:

- our acquisition of 80% equity interest in MindChamps Serangoon (as defined herein);
- our acquisition of 75% equity interest in MindChamps Zhongshan Park (as defined herein);
- the Australian Acquisition (as defined herein);
- our acquisition of 49% equity interest in MindChamps Changi (as defined herein); and
- our acquisition of 6.42% equity interest in MindChamps PreSchool Franchise (as defined herein)

(collectively, the "**Adjustment Events**"),

had occurred on 1 January 2016 and what the combined balance sheets of our Group would have been as at 31 December 2016 and as at 30 June 2017 if the Adjustment Events had occurred on 31 December 2016 and 30 June 2017, respectively. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Expenditures – Franchise Acquisitions*" for more details of our acquisition of 80% equity interest in MindChamps Serangoon, our acquisition of 75% equity interest in MindChamps Zhongshan Park, our acquisition of 49% equity interest in MindChamps Changi and our acquisition of 6.42% equity interest in MindChamps PreSchool Franchise and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Expenditures – Australian Acquisition*" and "*Business – Recent Developments – Australian Acquisition*" for more details of the Australian Acquisition. Due to the nature of the unaudited pro forma combined financial information, such unaudited pro forma combined financial information may not give a true picture of the actual financial position or results of our Group.

Our summary unaudited pro forma combined financial information has been prepared and presented on the basis set forth in Note 2 of our unaudited pro forma combined financial information. Among other things, with respect to one of the four preschool businesses acquired as part of the Australian Acquisition, the financial results attributed to the business takes into account only the financial results from 1 November 2016 to 31 December 2016, as the previous owner does not have the financial information for the financial period from 1 January 2016 to 31 October 2016 and therefore these are not available to our Company for the preparation of pro forma combined statement of comprehensive income for the financial year ended 31 December 2016.

See Notes 2 to 4 of our unaudited pro forma combined financial information for the key adjustments and assumptions made for the preparation of our summary unaudited pro forma combined financial information.

Our summary unaudited pro forma combined financial information is presented for illustrative purposes only and neither purports to represent what our actual consolidated statement of comprehensive income or cash flows statement would have been had each of the Adjustment Events occurred on 1 January 2016 or what our actual consolidated balance sheet would have been had each of the Adjustment Events occurred on 31 December 2016 or 30 June 2017, nor purports to project our results of operations, financial position or cash flows for any future period or date.

Summary Unaudited Pro Forma Combined Statements of Comprehensive Income

	FY2016	6M2017
	(S$) (unaudited)	(S$) (unaudited)
Revenue	24,941,411	12,724,662
Costs of sales	(8,973,034)	(5,195,187)
Gross profit	15,968,377	7,529,475
Other income	1,287,311	739,103
Other gain – net	15,684	15,726
Expenses		
– Administrative	(9,144,954)	(5,171,331)
– Marketing	(378,707)	(167,987)
– Finance	(437,628)	(187,520)
Profit before income tax	7,310,083	2,757,466
Income tax expense	(861,635)	(514,301)
Net profit	6,448,448	2,243,165
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation		
– (loss)/gain	(11,479)	124,706
Total comprehensive income	6,436,969	2,367,871
Profit attributable to:		
Equity holders of our Company	6,239,455	2,258,930
Non-controlling interests	208,993	(15,765)
	6,448,448	2,243,165

	FY2016	6M2017
	(S$) (unaudited)	(S$) (unaudited)
Total comprehensive income attributable to:		
Equity holders of our Company	6,227,976	2,383,636
Non-controlling interests	208,993	(15,765)
	6,436,969	2,367,871
Earnings per Share (cents per Share)		
Basic and diluted(1)	3.46	1.25
Adjusted(2)	2.58	0.93

Notes:

(1) For comparative purposes, the basic and diluted earnings per Share have been computed based on our share capital of 180,000,000 Shares (after adjusting for the Share Split) prior to the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

(2) For comparative purposes, the adjusted earnings per Share have been computed based on our share capital of 241,600,000 Shares (after adjusting for the Share Split) following the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

Summary Unaudited Pro Forma Combined Balance Sheet

	FY2016	6M2017
	(S$) (unaudited)	(S$) (unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	431,303	198,566
Trade and other receivables	5,404,122	6,304,133
Inventories	80,487	142,078
	5,915,912	6,644,777
Non-current assets		
Property, plant and equipment	1,876,125	1,788,860
Intangible assets	21,306,137	21,842,379
	23,182,262	23,631,239
Total assets	29,098,174	30,276,016
LIABILITIES		
Current liabilities		
Trade and other payables	5,492,905	5,344,750
Deferred income	2,097,895	2,375,080
Finance lease liabilities	40,019	40,878
Bank borrowing	2,310,000	2,310,000
Current income tax liabilities	483,797	356,602
	10,424,616	10,427,310
Non-current liabilities		
Other payables	3,737,008	3,737,008
Finance lease liabilities	55,946	35,295
Bank borrowing	11,390,000	11,390,000
Provision for reinstatement costs	144,857	144,857
	15,327,811	15,307,160
Total liabilities	25,752,427	25,734,470
NET ASSETS	3,345,747	4,541,546
EQUITY		
Capital and reserves attributable to equity holders of our Company		
Share capital	500,000	500,000
Currency translation reserve	37,197	32,288
Retained profits	2,609,028	4,121,207
	3,146,225	4,653,495
Non-controlling interests	199,522	(111,949)
Total Equity	3,345,747	4,541,546

Summary Unaudited Pro Forma Combined Statements of Cash Flows

	FY2016	6M2017
	(S$) (unaudited)	**(S$) (unaudited)**
Net cash generated from operating activities	6,018,712	3,597,019
Net cash used in investing activities	(5,072,034)	(3,228,296)
Net cash used in financing activities	(7,886,096)	(3,862,312)
Net decrease in cash and cash equivalents	(6,939,418)	(3,493,589)
Cash and cash equivalents at beginning of year/period	6,911,740	3,873,728
Effects of currency translation on cash and cash equivalents	(3,395)	5,932
Effects of difference in basis of preparation between pro forma balance sheet and pro forma statement of comprehensive income	462,376	(187,505)
Cash and cash equivalents at end of year/period	431,303	198,566

An investment in the Shares involves risks. Prospective investors should carefully consider all of the information in this Prospectus and, in particular, the risks described below before making an investment decision. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition, results of operations and prospects may be materially and adversely affected by any of these risks. The trading price and value of the Shares could decline due to any of these risks and you may lose all or part of your investment.

This Prospectus also contains forward-looking statements which involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this Prospectus. See "Notice to Investors – Forward-Looking Statements".

Before deciding to invest in the Shares, prospective investors should seek professional advice from their advisors about their particular circumstances.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

Our business and results of operations depend on the level of school fees we are able to charge and our ability to maintain and raise school fees.

One of the most significant factors affecting our profitability is the monthly school fees we charge at our preschool centres. For FY2014, FY2015, FY2016 and 6M2017, school fees constituted 57%, 54%, 57% and 69% of our total revenue respectively. Our fee rates are primarily based on factors such as, the demand for our educational programmes, the cost of our operations, the fees charged by our competitors, our pricing strategy to gain market share and general economic conditions in Singapore. We historically raised our school fees every two years, as well as in specific years to cover the costs of new initiatives, such as when we introduced new organic food products in our preschool centres in 2017. Going forward, we plan to raise our school fees every year to cover rising operating costs and salary inflation. However, there can be no assurance that we will be able to maintain or raise the fee rates we charge at our preschools in the future due to various reasons, or even if we are able to maintain or continue to raise school fees, we cannot assure you that we will be able to attract prospective students to apply for our preschools at such increased fee rates. Our business, financial position and results of operations may be materially and adversely affected if we fail to maintain or raise the fees or attract sufficient prospective students.

We may not be able to execute our growth strategies or manage our growth effectively, which may hinder our ability to capitalise on new business opportunities.

We have experienced steady growth and expansion that has placed, and continues to place, significant pressure on our management and resources. We plan to further expand our network in Singapore by (i) partnering with franchisees to establish and operate FOFO centres; and (ii) establishing or acquiring new COCO centres and operating them directly. We also intend to establish and/or operate centres overseas to diversify our revenue stream and reduce reliance on Singapore as our key market. Furthermore, we may consider offering music classes and Chinese language reading and writing enrichment classes. We also intend to launch the Actors Centre Kids programme, a series of classes aimed at helping children become confident, creative and connected through theatre, in Singapore and Australia. These additional growth strategies are aimed at diversifying our sources of revenue. See "*Business – Strategies*" for further details.

We recently acquired four COCO preschool centres in Sydney, Australia and intend to continue to identify additional regions in Australia as well as, in the longer term, additional countries such as China, United Kingdom, the United States, New Zealand, Malaysia, South Korea and Vietnam, which are suitable for our growth. We are in the process of expanding our preschool operations in Australia – using both the COCO and the FOFO business models – and our franchise operations in the Philippines and the UAE. We have limited or no prior experience establishing and/or operating preschool centres in these jurisdictions, and we may encounter barriers and challenges upon entering into such markets, including failure to obtain or delay in obtaining relevant regulatory approvals, which may result in delay or inability to fully carry out our overseas expansion plans. In addition, we may need to make significant investments in developing preschool centres overseas and we may not be able to effectively manage our costs or generate sufficient revenue to justify the investments we make. Legislation or regulation governing standards and governmental regulations in early childhood care and education are also subject to constant change and may lead to unforeseen and unpredictable changes in legislation or regulation. We cannot assure you that we will be able to successfully establish and/or operate preschool centres overseas if we encounter such challenges.

To manage and support our growth, we must maintain and improve our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain additional qualified teachers and management personnel, as well as other administrative, sales and marketing personnel. All of these endeavours require substantial management time and skills as well as significant additional expenditures. If we cannot adequately update and strengthen our operational, administrative and technological systems and our financial and management controls to support our future expansion, we may not be able to effectively and efficiently manage the growth of our operations, recruit and retain qualified personnel and integrate entities we establish or acquire into our operations.

Any failure to effectively and efficiently manage our expansion may materially and adversely affect our ability to capitalise on new business opportunities, which in turn may have a material adverse effect on our business and financial results. Moreover, even if we are able to maintain or increase student enrolment in our existing preschool centres, we may be unable to retain a sufficient number of these students or attract new students in the future to expand the scale of our operations, which could adversely affect our business and results of operations.

Our business and results of operations depend on the continued success of our franchise business model.

We have entered into franchise agreements for third party franchisees to operate FOFO centres and to resell franchise licences to sub-franchisees in Singapore, the Philippines, Australia, the UAE and China. We aim to build on the success of our franchisees and further increase the number of FOFO centres in existing markets as well as new markets. Our franchise business model is dependent on the quality of our FOFO centres, their financial strength and ability to penetrate new markets. We cannot give any assurance that our franchise business model will work according to our plans and expectations.

Furthermore, as our FOFO centres are operated by third party franchisees, significant time and effort are required to ensure that our FOFO centres operate in a manner that is in line with our established brand image, reputation, service quality and standards. While we endeavour to ensure that all our FOFO centres achieve the standards set by us through ongoing training and various audit checks, it is ultimately the franchisees who exert control over the day-to-day operations of our FOFO centres and such franchisees may fail to conduct the business in a manner consistent with the standards set by us or at standards satisfactory to our existing and potential customers. These lapses in standards may affect the market recognition of our brand and reputation as a premium and quality brand, which are key factors in ensuring the success of our franchise business model. Negative publicity concerning our FOFO centres could result in a material adverse impact on our business by reducing customers' confidence in our business, leading to a reduction in student enrolment and retention.

In addition, even if we become aware of a decline in standards of any of our FOFO centres, it may take substantial time and effort on our part to bring such centres up to a standard satisfactory to us. Our ability to enforce a uniform standard across our FOFO centres is further limited in overseas territories where we do not have a local presence. In the event that we fail to cause the franchisees of substandard centres to rectify their deficiencies, we may have to terminate the relevant franchise agreements. The loss of our FOFO centres in any particular market will result in a decrease of our revenues in that market while we seek suitable alternative franchisees or undertake to carry on the business of the FOFO centre ourselves, if the domestic regulations permit. We cannot give any assurance that we will be able to attract suitable and qualified franchisees to take over the operation of these FOFO centres in a timely manner or at all. The loss of our FOFO centres or any profitable franchise agreement in a particular market may also present an opportunity to competitors to increase their market share in that market at our expense. This may in turn have a material adverse impact on our business, profitability, financial condition and result of operations.

We may not be able to successfully complete the acquisitions or integrate businesses that we acquire, which may cause us to lose the anticipated benefits from such acquisitions and to incur significant additional expenses.

One of our growth strategies is to grow our business through acquisitions of additional preschool centres. We believe we may face challenges in integrating the business operations and management philosophies of acquired preschool centres. The benefits of our future acquisitions depend in significant part on our ability to successfully acquire businesses and effectively integrate management, operations, technology and personnel in a timely manner. The integration of acquired preschool centres is a complex, time-consuming and expensive process that, without proper planning and implementation, could significantly disrupt our business operations and damage our reputation.

The main challenges involved in acquiring and integrating acquired entities include the following:

- availability of suitable targets in Singapore and overseas given the nature of the schools;
- retaining qualified teaching staff of any acquired school;
- consolidating educational services offered by the acquired school;
- integrating information technology platforms and administrative infrastructure;
- ensuring and demonstrating to our students and their parents that the new acquisitions will not result in any adverse changes to our established brand image, reputation, service quality or standards;
- minimising the diversion of our management's attention from on-going business concerns; and

- ensuring that the unique curricular structure which we have developed for the Singapore market satisfies both current and future legislative requirements in Singapore and any other jurisdiction we may target to expand into in the future.

We may not successfully acquire businesses or integrate our operations and the operations of the preschool centres we acquire in a timely manner, or at all, and we may not realise the anticipated benefits or synergies of the acquisitions to the extent, or in the timeframe we anticipated, which may have a material adverse effect on our business, financial condition and results of operations. Any potential acquisition which fails to successfully complete in the future may have a material adverse effect on our business, financial condition and results of operations.

We have a significant level of indebtedness and our business, financial condition and results of operations may be materially and adversely affected as a result.

We have not historically incurred significant levels of indebtedness other than the Acquisition Loan, which we obtained on 6 November 2017 for the purposes of financing the Australian Acquisition. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Description of Material Indebtedness*" for details of the Acquisition Loan. On the basis of our unaudited pro forma combined balance sheets as at 31 December 2016 and 30 June 2017, the Acquisition Loan would increase our gearing ratio (defined as net debt (i.e. bank borrowing plus finance lease liabilities plus trade and other payables less cash and cash equivalents) divided by total capital (i.e. equity plus net debt)) to 87% and 83% on 31 December 2016 and 30 June 2017 respectively. Such high level of indebtedness could materially and adversely affect our liquidity. For example, it could:

- require us to allocate a higher portion of our cash flows from operations to fund repayments of principal and interest on our borrowings, thus reducing the availability of our cash flows from operations to fund working capital, capital expenditures and other general corporate purposes;

- increase our vulnerability to adverse economic or industry conditions;

- limit our flexibility in planning for, or reacting to, changes in our business or in the industry in which we operate;

- limit our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;

- to the extent that we incur future borrowings in a foreign currency, increase our exposure to interest rate fluctuations; and

- require lenders' consent to any change of control or changes in our shareholding, as defined in the applicable loan agreement.

We expect to be in a net current liabilities position from the period from completion of the Australian Acquisition to the Listing Date, and such net current liabilities position exposes us to liquidity risk. Our future liquidity, the payment of trade and other payables and the repayment of our outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash generated from operating activities and adequate external financing.

In addition, we cannot assure you that we will be able to obtain adequate financing to meet our future working capital requirements and we may continue to have net current liabilities in the future. The inability to generate positive operating cash flows or obtain additional short-term bank loans or other borrowings on a timely basis, on acceptable terms or at all would materially and adversely affect our ability to satisfy our working capital requirements. In addition, we cannot assure you that we will be able to obtain additional working capital to execute our growth strategies, or that future expansion of our preschool network will not materially and adversely impact the current or future level of working capital.

Our business relies on our ability to recruit and retain dedicated and qualified teachers and school personnel.

We rely substantially on our teachers for the provision of educational services to our students. Our teachers are therefore critical to maintaining the quality of our programmes and services and to upholding our reputation. As at 30 June 2017, we have a team of approximately 139 teachers in our COCO centres.

We must continue to attract qualified teachers who have a strong command of their respective subject areas and meet our high standards. We seek to hire teachers who are capable of delivering innovative and inspirational classroom instruction. There are a limited number of teachers with the necessary experience and proficiency to teach our courses. Similarly, the pool of qualified school personnel, such as principals, vice-principals and other school administrators, all of whom are crucial to the efficient and smooth running of the preschool centres we operate, may be limited. Moreover, we face increasing competition for such personnel within the growing Singapore early childhood education industry. There is no guarantee that we can recruit and retain such personnel in the future. As a result, we must provide competitive compensation and benefits packages to attract and retain qualified teachers and other school personnel. In addition, criteria such as commitment and dedication are difficult to ascertain during the recruitment process, particularly as we continue to expand and hire teachers and other school personnel quickly in order to meet rising student enrolment. We must also provide on-going training to our teachers so that they can stay abreast of changes in student demands, our constantly-evolving MindChamps methodology and other key trends necessary to effectively teach their respective courses.

We may not be able to hire and retain a sufficient number of qualified teachers and qualified school personnel to keep pace with our anticipated growth while maintaining consistent teaching quality and the overall quality of our education programmes across different preschool centres. If we are unable to recruit and retain an appropriate number of qualified teachers and qualified school personnel, the quality of our services or overall education programmes may decrease or be perceived to decrease in one or more of our preschool centres, which may have a material and adverse effect on our reputation, business and results of operations.

Our students' development may not meet parents' expectations and satisfaction with our educational services may otherwise decline.

The success of our business depends on our ability to maintain the quality of education we provide, which includes students' satisfactory learning experience, and to ensure the holistic development of our students. Our preschools may not be able to meet students' and parents' expectations for academic performance or character development. A student may not experience expected academic improvement and his or her performance may otherwise decline significantly, and/or he or she may not exhibit the skills and aspects of character which we strive to nurture, due to reasons beyond our control. There is no assurance that we can provide school learning experiences that are satisfactory to all of our students, and student and parent satisfaction with our core and enrichment programmes may decline as a result. We may also experience negative publicity or a decrease in word-of-mouth referrals due to the actions of individuals, acting outside of our values or code of conduct – actions which, though they may be outside of our control, nevertheless may impact upon public perception of our brand. Any such negative developments could result in students' withdrawal from or unwillingness to apply for our preschools, and therefore have an adverse impact on our reputation. If our student retention rate decreases substantially or if we otherwise fail to continue to attract and enrol students of a suitable standard or at all, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to obtain all necessary approvals, licences and permits and to make all necessary registrations and filings for our education and other services.

We are required to obtain and maintain various approvals, licences and permits and fulfil registration and filing requirements in order to conduct and operate our education and other services. For instance, to establish and operate a preschool centre in Singapore, we are required to obtain a licence to operate a child care centre from the ECDA, and in Australia, we are required to obtain a provider approval and a service approval. In addition, the engagement of foreign teachers in Singapore also requires approval from the Ministry of Manpower of Singapore ("**MOM**"). See "*Regulatory Environment*" for further details.

While we intend to obtain, using our best efforts, all requisite permits and approvals and complete the necessary filings, renewals and registrations on a timely basis for our preschool centres, and are not aware of any impediment to our so doing nor has there been any material non-compliance in this regard, we are not able to give any assurance that we will be able to obtain all required permits and approvals in a timely manner or at all. If we fail to obtain required permits or approvals in a timely manner or obtain or renew any permits or approvals, we may be subject to fines, the suspension of our non-compliant operations or the reduction or cancellation of government subsidies granted to us, which may materially and adversely affect our business and results of operations.

Our business is dependent on the market recognition of our brand and reputation and constant updating of our curriculum.

Our ability to maintain our reputation depends on a number of factors, some of which are beyond our control. As we continue to grow in size and expand our programmes, services and products, it may become difficult to maintain the quality and consistency of the services we offer, which may lead to diminishing confidence in our brand name.

Numerous factors can potentially impact our reputation, including, but not limited to, levels of student and parent satisfaction with our curricula, teachers and teaching quality, the grades achieved by and overall development of our students, employee misconduct, negative press, disruptions to our educational services, failure by any preschool centre to pass an inspection by a government authority and loss of certifications and approvals. As we operate a large number of centres, there is a risk that an isolated incident occurring at one centre may impact on the reputation of all of our centres. While we have not encountered any materially adverse instances of the foregoing, in the event that our reputation is damaged, students' and parents' confidence and interest in our preschools may decrease and our business could be materially and adversely affected.

We have developed our student base primarily through word-of-mouth referrals and press advertisements. However, we cannot assure you that our marketing efforts will be successful or sufficient in further promoting our brand or in ensuring that we remain competitive. If we are unable to further enhance our reputation and increase market awareness of our programmes and services, or if we are required to incur excessive marketing and promotional expenses in order to remain competitive, our business, financial condition and results of operations may be materially and adversely affected. If we are unable to maintain or sustain our brand reputation and recognition, we may also be unable to maintain or increase student enrolment, which may have a material adverse effect on our business, financial condition and results of operations.

Our success also hinges on our science-backed curriculum, which requires constant updating with the latest research by experts in the field to ensure relevance. In addition to the cost associated with such constant updates, there is no guarantee that the frequency of update of our curriculum is sufficient to reflect the latest findings. Even if frequently updating our curriculum is possible, there is no guarantee that the updated curriculum will produce its intended effect given the diverse nature of our students.

The value of our goodwill and other intangible assets may be impaired.

In accordance with applicable accounting standards, we periodically evaluate our goodwill and other intangible assets to determine whether all or a portion of their respective carrying values may no longer be recoverable, in which case a charge to profit or loss may be necessary. See Note 2.8 of our consolidated financial statements for FY2014, FY2015 and FY2016 set out in Appendix A of this Prospectus for a discussion on our accounting policies in relation to impairment of goodwill and impairment of other intangible assets.

Any future evaluations requiring an impairment of our goodwill and other intangible assets, including as a result of the Australian Acquisition, could have a material adverse effect on our results of operations and financial position, including Shareholders' equity in the period in which the impairment occurs. A material charge to profit or loss and decrease in Shareholders' equity could, in turn, potentially impact our compliance with debt covenants.

Our business may be subject to seasonal fluctuations, which may cause our operating results to fluctuate from quarter to quarter.

We have experienced, and expect to continue to experience, seasonal fluctuations in our results of operations, primarily due to seasonal changes in student enrolments. The number of students at our preschool centres is typically the lowest at the start of each calendar year, due to the graduation of Kindergarten 2 students at the end of the preceding year, before gradually being replaced over the course of the year by new enrolments. As our revenue is directly affected by the headcount of students at our preschool centres, such seasonal fluctuations in student enrolments generally give rise to a corresponding seasonal fluctuation in our revenue over the course of a year. We expect fluctuations in our revenue and results of operations to continue. These fluctuations could adversely affect our business, financial condition and results of operations.

Our continuing success depends on our ability to attract and retain our consultants, senior management and other qualified personnel.

Our future success depends on the continued service of certain individuals and employees. In particular, we rely on the expertise, experience and leadership ability of Mr David Chiem Phu An, our founder, Executive Chairman and Chief Executive Officer, who has substantial experience in the early childhood education industry. Mr David Chiem Phu An has been instrumental in spearheading and implementing our growth, corporate development and overall business strategies. Our World Advisory Board, comprising a team of world-class professionals, guides the direction of our research and development and ensures that our unique advanced learning programmes and curriculum, which are the result of their combined work and expertise, are cutting-edge. In particular, the development of our curriculum is based on Professor Emeritus Allan Snyder's ground-breaking findings on the "Champion Mindset" which provides the foundation for our curriculum and which imparts the skills and strategies of learning that are inculcated into our students. He continues to provide guidance and advises us on the implementation of the findings in our business. Mr Brian Paul Caswell, our Dean of Research and Programme-Development and a member of our World Advisory Board, has also been instrumental in our curriculum development. See "*Business – Our World Advisory Board*" for further details. We also rely on our school principals, teachers and our Executive Officers for the development and operation of our business.

If one or more of our Executive Officers, consultants or employees are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all and may incur additional expenses to recruit and train new personnel. Consequently, our business could be disrupted, and our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected. In addition, if any of our Executive Officers, consultants or employees joins a competitor or forms a competing company, we may lose know-how and trade secrets, and we may not be able to retain our teachers, students, key educators and other professionals. Our Executive Officers, Mr David Chiem Phu An, Mr Teo Wee Jone and Ms Peh Poh Geok have non-compete provisions in their service agreements as well as non-disclosure and confidentiality provisions in relation to the sensitive business information to which they have access. Non-compete provisions may be restrictively interpreted by the courts of the countries in which we operate in the context of employment contracts. If we need to enforce our rights under the non-compete provisions, we cannot assure you that a court would enforce such provisions in a manner that protects our interests or at all.

Our insurance coverage may not be adequate to indemnify us against all possible liabilities.

Where practicable, our Group maintains certain property damage, public liability, workplace injury, personal accident, hospitalisation and outpatient medical, fidelity guarantee, money and directors' and officers' and educators' professional liability insurance in the various countries where we operate. Please refer to the section entitled "*Business – Insurance*" for more information. However, we may not be able to maintain insurance at levels of risk coverage or policy limits to cover all possible liabilities. In addition, there can be no assurance that such insurance can be obtained on commercially reasonable terms or at all, or that any such coverage will sufficiently cover any losses suffered by us. Our insurance policies are generally renewed on an annual basis and there can be no assurance that we will be able to renew all our policies or obtain new policies on similar terms. Liabilities may exceed our available insurance coverage or arise from claims outside the scope of our insurance coverage. In the event that the amount of such claims exceed the coverage of the general insurance policies which we have taken up, we may be liable for shortfalls in the amounts claimed and our business, financial condition, results of operations, cash flows and prospects may be adversely affected.

Accidents, injuries or illnesses suffered by our students, our employees or other personnel at our preschool centres may adversely affect our reputation and subject us to liabilities.

We could be held liable for the accidents or injuries or other harm to students or other people at our preschool centres, including those caused by or otherwise arising in connection with our school facilities or employees. We could also face claims alleging that we were negligent, provided inadequate maintenance to our school facilities or supervision of our employees and therefore may be held liable for accidents or injuries suffered by our students or other people at our preschool centres. In addition, if any of our students or teachers commits acts of violence, we could face allegations that we failed to provide adequate security or were otherwise responsible for his or her actions.

Moreover, as part of our curriculum, we regularly organise field trips and excursions for our students at various public locations, all of which carry the risk of injury to our students due to unforeseen accidents at such locations. In addition, an outbreak of any communicable diseases could disrupt the operation of our schools and lesson delivery, not only causing losses of revenue in the event of prolonged disruption but also preventing affected students from keeping up with lessons and thus not benefiting from our curriculum. We may also fail to properly manage such outbreaks, severely damaging our reputation, and in turn, our brand. Consequently, our preschools and our programmes may be perceived to be unsafe, which may discourage prospective students from applying to or attending our preschools.

Furthermore, although we currently maintain certain liability insurance, this insurance coverage may in the future not be adequate to fully protect us from these kinds of claims and liabilities. In addition, we may not be able to obtain liability insurance in the future at reasonable prices or at all. While we have not in the past been subject to any such claims, a liability claim against us or any of our employees could adversely affect our reputation and student enrolment and retention. Even if unsuccessful, such a claim could create unfavourable publicity, cause us to incur substantial expenses and/or divert the time and attention of our management, all of which may have a material adverse effect on our business, prospects, financial condition and results of operations.

We may be affected by the occurrence of any acts of God (such as natural disasters), war, terrorist attacks, riots, civil commotions, widespread communicable diseases (such as MERS, Ebola, the avian flu, H1N1, SARS and the Zika virus) and other events beyond our control.

Acts of God (such as natural disasters), war, terrorist attacks, riots, civil commotions, widespread communicable diseases (such as MERS, Ebola, the avian flu, H1N1, SARS and the Zika virus) are beyond our control. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. We are particularly susceptible to the outbreak of contagious and/or other communicable diseases due to the nature of our business. Our business and operations may be adversely affected should such events beyond our control occur. There can be no assurance that any war, adverse political development, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have a material adverse effect on our business, results of operations, financial condition and growth prospects.

In addition, any worldwide financial instability, such as the recent economic slowdown, could also have a negative impact on the regional economy. Financial disruptions may occur and may harm our business, results of operations, financial condition and growth prospects.

We have in place outsourcing arrangements for food and meal catering services. Therefore, we cannot guarantee the quality of the food served to our students, and we may be exposed to potential liabilities if we cannot maintain food quality standards. Further, we cannot guarantee that any increase in food prices will not affect our profitability.

In order to ensure consistent food quality standards across all our preschool centres, all of our preschool centres outsource the food and meal catering services for all meals provided in our centres to an external party, as well as to Beston MindChamps, a subsidiary of the MCH Group, in respect of milk, yoghurt and cheese. Although we emphasise the importance of student safety and the quality of food we provide in our preschool centres and we have not in the past encountered any material food quality and safety issues, we cannot assure you that we will be able to ensure the quality of food, monitor the meal preparation process to ensure its quality or require the caterers to adhere to our food quality standards. In the event poor food quality results in any serious health violations or medical emergencies, such as mass food poisoning, and consequently leads to complaints on blogs, websites or in other media as to the quality of food provided, our business and reputation could be materially and adversely affected. As we do not collect separate fees from students for the food and meal catering services that the caterers provide to our preschool centres, we will typically factor the costs of food and meal catering services in the school fees that we charge. In the event that our school fees are materially increased due to increases in such food and catering costs, we may be unable to attract prospective students to apply for our preschools at such increased fee rates. In such event, our profitability could be materially and adversely affected.

We and our franchisees lease the premises of our COCO and FOFO centres and may not be able to control the quality, maintenance and management of these premises, nor can we and our franchisees ensure that suitable premises can be found to replace our existing COCO and FOFO centres in the event that landlords refuse to renew the relevant lease agreements or unacceptably increase rents upon the expiry of their terms.

We and our franchisees lease the premises of our COCO and FOFO centres from a number of third parties. See "*Business – Properties*" for further details. We and our franchisees are not in a position to effectively control the quality, maintenance and management of the buildings which our COCO and FOFO centres are located in. In the event the quality of the building premises deteriorates, or if any or all of the relevant landlords of our COCO or FOFO centres fail to properly maintain and renovate such building premises in a timely manner or at all, the operation of our COCO and FOFO centres could be materially and adversely affected. In addition, if any of the relevant landlords of our COCO or FOFO centres terminates the existing lease agreements, refuses to continue to lease the premises to our COCO or FOFO centres when such lease agreements expire, or increases rent to a level not acceptable to us, we or, as the case may be, our franchisees will be forced to relocate such COCO or FOFO centres to other locations. We or, as the case may be, our franchisees may not be able to find suitable premises for such relocation without incurring significant time and cost, or at all. If this occurs, our business, results of operations and financial condition could be materially and adversely affected.

Capacity constraints of our preschool centres could cause us to lose students to our competitors.

The educational facilities of our preschool centres are limited in space and size. The total number of students that we are permitted to enrol for each of our COCO centres is subject to capacity limits imposed by the ECDA (in Singapore) or under the relevant service approval (in Australia). As at the Latest Practicable Date, all our COCO centres in Singapore have nearly reached their maximum permissible intake based on these capacity limits. We may not be able to admit all qualified students who would like to enrol in our preschools due to the capacity constraints of our current preschool centres. Furthermore, without building additional facilities such as classrooms, we may not be able to expand our capacity at our current premises unless we relocate to other facilities with more space. If we fail to expand our capacity to meet increases in demand for our services, or if we otherwise fail to grow by establishing or acquiring additional preschool centres, we could lose potential students to our competitors, and our results of operations and business prospects could be materially and adversely affected.

If we fail to protect our intellectual property rights or prevent the loss or misappropriation of our intellectual property rights, we may lose our competitive edge and our brand, reputation and operations may be materially and adversely affected.

Unauthorised use of any of our intellectual property may adversely affect our business and reputation. We rely on intellectual property rights which are assigned or licensed to us by third parties, including Mr Brian Paul Caswell and our Controlling Shareholders Champion Minds and MindChamps Holdings, through the IP Deeds described in the section entitled "*Business – Intellectual Property*", for the entire terms of such intellectual property rights (together with any revisions, extensions or renewals). See "*Business – Intellectual Property*" and "*Interested Person Transactions and Conflicts of Interests – Present and Ongoing Interested Person Transactions – Deeds of Assignment and Licence of Intellectual Property Rights*" for further details. Generally, pursuant to such deeds, our Company was assigned certain exclusive intellectual property rights (in respect of assets and materials which are exclusively required or used for the business of our Group, including certain trademarks and domain names) and granted a perpetual, royalty-free licence to use certain non-exclusive intellectual property rights. Our Company was also granted a right of first refusal in the event the licensor receives an offer from a third party to purchase any of the non-exclusive rights.

Generally, we are also indemnified under the terms of the IP Deeds from any loss, damages and costs arising out of any breach of the licensor's warranties in the deed and the licensor shall provide us with all reasonable assistance to resist any action, claim or proceedings brought against us as a consequence of any such breach. However, there is no assurance that the licensors will comply with the terms of the IP Deeds or that we will successfully be able to claim against the licensors for any breach. Furthermore, third parties may obtain and use our intellectual property without due authorisation. We may also need to resort to litigation and other legal proceedings to enforce our intellectual property rights. While there have not been any such material legal proceedings, any such action, litigation or other legal proceedings could result in substantial costs and diversion of our management's attention and resources and could disrupt our business. In addition, there is no assurance that we will be able to enforce our intellectual property rights effectively or otherwise prevent others from the unauthorised use of our intellectual property. Failure to adequately protect our intellectual property could materially and adversely affect our brand name and reputation, and our business, financial condition and results of operations.

We may face disputes from time to time relating to the intellectual property rights of third parties.

Although we are diligent in the development of our intellectual property, in an area as complex and widespread as early childhood care and education, we cannot assure you that materials and other educational content used in our preschool centres and programmes will not be subject to claims that they infringe intellectual property rights of third parties. As at the Latest Practicable Date, we did not encounter any material claims for intellectual property infringement. However, there is no guarantee in the future that third parties will not claim that we have infringed on their proprietary rights.

Although we plan to defend ourselves vigorously in any such litigation or legal proceedings, there is no assurance that we would prevail in these matters. Participation in such litigation and legal proceedings may also cause us to incur substantial expenses and divert the time and attention of our management. We may be required to pay damages or incur settlement expenses. In addition, in case we are required to pay any royalties or enter into any licensing agreements with the owners of intellectual property rights, we may find that the terms are not commercially acceptable and we may finally lose the ability to use the related content or materials, which in turn could materially affect our educational programmes. Any similar claim against us, even without any merit, could also hurt our reputation and brand image. Any such event could have a material and adverse effect on our business, financial condition and results of operations.

Our unaudited pro forma combined financial information is presented for illustrative purposes only and is not necessarily indicative of our results of operations, financial position or cash flows for the period covered.

Our unaudited pro forma combined financial information as at and for the year ended 31 December 2016 and for the six months ended 30 June 2017 included in this Prospectus has been prepared on an illustrative basis to show what our consolidated statements of comprehensive income and consolidated statements of cash flows would have been for the year ended 31 December 2016 and for the six months ended 30 June 2017 if the Adjustment Events had occurred on 1 January 2016, and what our consolidated statements of financial position would have been as at 31 December 2016 and as at 30 June 2017 if the Adjustment Events had occurred on 31 December 2016 and 30 June 2017, respectively. This unaudited pro forma combined financial information reflects the estimates, assumptions and judgments made by us. These estimates, assumptions and judgments affect the reported amounts of assets and liabilities as at the dates presented as well as revenue and expenses reported for the periods presented. As a result, the unaudited pro forma combined financial information is not necessarily indicative of what our actual results of operations, financial position and cash flows would have been on or as at such dates nor does it purport to project our results of operations, financial position or cash flows for any future period or date. Our unaudited pro forma combined financial information does not include all of the information required for financial statements under Singapore Financial Reporting Standards ("**FRS**") and Australian Accounting Standards Board Standards ("**AASB**") and should be read in conjunction with our historical consolidated financial statements included elsewhere in this Prospectus.

RISKS RELATING TO OUR INDUSTRY

We face intense competition in the Singapore early childhood education industry, which could lead to adverse pricing pressure, reduced profit margins, loss of market share, departures of qualified employees and increased capital expenditures.

The preschool education sector in Singapore is rapidly evolving, fragmented and competitive, and we expect competition in this sector to persist and intensify. In Singapore, we compete with preschools that offer similar programmes of their own or are in partnership with other curriculum vendors. We compete with other preschools across a range of factors, including programme and curriculum offerings, enrolment fee levels, school location and premises, competent teachers and other key personnel. Our competitors may adopt similar curricula, school support and marketing approaches, with different pricing and service packages that may have greater appeal to certain groups of potential customers than our offerings. In addition, some of our competitors may have more resources than we do and may be able to devote greater resources than we can to the development and promotion of their preschools and respond more quickly than we can to the changes in student demand, testing materials, admissions standards, market needs or new technologies.

We may also face increased competition as a result of new or additional measures effected by the Singapore Government that may affect the Singapore early childhood education industry. For example, the Singapore Prime Minister had announced in his National Day Rally 2017 speech that the Singapore Government intends to increase its spending on the preschool sector, including measures to increase the number of preschool places in the next five years, with new preschool centres that will partner nearby kindergartens run by the Ministry of Education of Singapore. The National Institute of Early Childhood Development of Singapore, a new centralised training institute, will also be set up to raise standards of preschool teachers. In the above situations, we may be required to reduce school fees or increase spending in response to competition in order to retain or attract students or pursue new market opportunities. If we are unable to successfully compete for new students, maintain or increase our fees, attract and retain competent teachers or other key personnel, enhance the quality of our educational services or control competition costs, our business and results of operations may be materially and adversely affected.

Changes in law and government policy relating to the preschool landscape in the countries in which we operate may affect our business operations.

Child care centres in Singapore are governed by the Child Care Centres Act and the Child Care Centres Regulations (each as defined herein). The ECDA serves as the regulatory and developmental authority for the early childhood sector in Singapore, and oversees the setting up and licensing of child care centres. There are certain prerequisite requirements which must be met in order to obtain a licence to operate a child care centre, such as physical requirements, staffing requirements and financial requirements. Further, upon its coming into force in the future, the ECDC Act (as defined herein) will replace the existing Child Care Centres Act (which will be repealed). See "*Regulatory Environment – Singapore*" for further details.

Expansion into the Australian preschool market is a key component of our expansion strategy. Early childhood education in Australia is governed by a national applied law, being the National Quality Framework, that is passed into legislation by each separate state or territory. Each State and Territory Government in Australia regulates the childhood education industry under the respective state or territory's legislation and regulations, which are nationally uniform. The State and Territory Governments are responsible for the issue of approvals to operate the business of a child care centre and for determining the standards that operators must meet in order to obtain and retain an approval. The Australian Government operates the Child Care Benefit ("**CCB**") scheme to provide funding for child care. In order to be eligible for funding, the centres must participate satisfactorily in the Quality Improvement and Assurance accreditation process administered by the National Childcare Accreditation Council. Local governments are generally responsible for planning and development approvals under state laws. The Family Assistance Legislation Amendment (Jobs For Families Child Care Package) Bill 2016 was passed by the Australian Parliament on 27 March 2017, under which both the existing CCB and Child Care Rebate ("**CCR**") scheme are to be replaced with one means-tested scheme called the CCS. See "*Regulatory Environment – Australia*" for further details.

Any change or addition to the regulations imposed by government authorities or to legislation, may have a material adverse effect on our business, financial condition and results of operations.

Changes to the level of child care subsidies granted by governments may affect our ability to attract or retain students.

In Singapore, all parents with a Singapore Citizen child enrolled in an ECDA-licensed child care centre will receive a basic subsidy from the Singapore Government. This amount will depend on the main applicant's working status and the programme type that the child is enrolled in. On top of the basic subsidy, parents may receive an additional subsidy depending on their household income level.

In Australia, the Australian Federal Government provides assistance to the child care industry through the CCB scheme. Holding a CCB Approval (as defined herein) enables a service provider to pass on CCB and CCR by way of reduction in child care fees to parents under the Family Assistance Law (as defined herein). The subsidy is reviewed each year in the Australian Federal Budget and utilised in the operations of all our preschool centres in Australia. See "*Regulatory Environment*" for further details.

Any reduction in the level of subsidies granted by the government may cause parents to be attracted to more affordable programmes that our competitors may offer, which will have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OWNERSHIP OF THE SHARES

The Shares may not be a suitable investment for all investors

Each prospective investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Shares, our Company, the merits and risks of investing in the Shares and the information contained in this Prospectus;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the effect an investment in the Shares will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares, including where the currency of the Shares is different from the prospective investor's currency;

- understand thoroughly the terms of the Offering; and

- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

You will suffer immediate dilution, and may experience further dilution, in the net asset value of the Shares and your equity interest may also be diluted as a result of future rights offerings or other equity issues we may make.

As described in "*Dilution*", as the Offering Price of the Shares is higher than our net asset value ("**NAV**") per Share immediately after the Offering and the issue of the Cornerstone Shares and the Consideration Shares, there is an immediate and substantial dilution for investors who participate in the Offering. Investors who invest in the Offering Shares will therefore experience immediate dilution in NAV per Share of the Shares they own. See "*Dilution*" for further details.

In addition, we may, in the future, expand our capabilities and business through acquisitions, joint ventures and strategic partnerships with parties who can add value to our business. We may also require additional equity funding after the Offering. If we choose to issue new Shares in order to finance future expansion, acquisitions, joint ventures and strategic partnerships, our Shareholders will face dilution of their shareholdings.

In particular, if we offer, or cause to be offered to Shareholders, rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making such rights available to Shareholders, or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to such Shareholders. We may choose not to offer such rights to the Shareholders having an address in a jurisdiction outside Singapore and such Shareholders may experience a dilution in their shareholdings as a result.

Upon completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares, our Controlling Shareholders will continue to own a significant number of the Shares.

Immediately following completion of the Offering, the issue of the Cornerstone Shares and the Consideration Shares and the transfer of the Sale Shares and the Transfer Shares (each as defined herein), our Controlling Shareholder MindChamps Holdings will directly own approximately 51.70% of our post-Offering share capital (assuming the Over-allotment Option is not exercised) and approximately 50.95% of our post-Offering share capital (assuming the Over-allotment Option is exercised in full). Our Controlling Shareholders Mr David Chiem Phu An, Ms Catherine Du and Champion Minds are deemed to have an interest in the Shares held by MindChamps Holdings, and Mr David Chiem Phu An and Ms Catherine Du will also as a result of the MCH Share Transfers each have a direct interest in approximately 0.71% of our post-Offering share capital. Our Controlling Shareholder SPH will, through its wholly-owned subsidiary, Invest Learning, own 20.0% of our post-Offering share capital (and after the completion of the transfer of the Sale Shares). See "*Share Capital and Shareholders – Current Shareholders and Vendor*" for further information.

Our Controlling Shareholders will have the ability to exercise significant control over most matters requiring approval by Shareholders, including the election and removal of Directors and significant corporate transactions. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, take-over or other business combination involving our Company, or discourage a potential acquirer from making a take-over offer or otherwise attempting to obtain control of our Company.

Sales or possible sales of a substantial number of Shares by us or our significant Shareholders following the Offering could adversely affect the market price of the Shares.

The Shares will be traded on the Mainboard of the SGX-ST. For varying periods from the Listing Date, we and certain of our Shareholders are restricted from selling Shares. See "*Plan of Distribution – No Sale of Similar Securities and Lock-up*" and "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions*".

Any future sale or an increased availability of Shares may have a downward pressure on their price. The sale of a significant number of Shares in the public market after the Offering, including by our Controlling Shareholders, as well as non-controlling but otherwise significant Shareholders, or the issue of further new securities by us, or the perception that such sales or issues may occur, could materially affect the market price of the Shares. These factors also affect our ability to sell additional equity securities at a time and at a price favourable to us. Except as otherwise described in "*Plan of Distribution – No Sale of Similar Securities and Lock-up*" and "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions*", there will be no restriction on the ability of our Shareholders to sell their Shares either on the SGX-ST or otherwise.

The Shares have never been publicly traded and the Offering may not result in an active or liquid market for the Shares.

Prior to the Offering, there had been no public market for the Shares and an active public market for the Shares may not develop or be sustained after the Offering. The trading price of the Shares may fluctuate after the Offering due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Singapore and global securities markets and the performance of the Singapore economy. Therefore, we cannot predict the extent to which a trading market will develop or how liquid that market might become. We cannot assure you that an active trading market for the Shares will develop or, if developed, will be sustained, or that the trading price for the Shares will not decline below the Offering Price. If an active trading market is not developed or sustained, the liquidity and trading price of the Shares could be materially and adversely affected. While we have received a letter of eligibility from the SGX-ST to have the Shares listed and quoted on the SGX-ST, this should not be taken as an indication of the merits of the Offering, our Company or the Shares, and the listing and quotation of the Shares does not guarantee that a trading market for the Shares will develop or, if a market does develop, the liquidity of that market for the Shares. Although we currently intend that the Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Shares.

The market price of the Shares may fluctuate after the Offering.

If you purchase and/or subscribe for Shares in the Offering, it is likely that in order to realise a gain on your investment, the price of the Shares will have to appreciate. However, this may not occur. The market price of the Shares may be volatile and could fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

- variations in our operating results;
- success or failure of our management team in implementing business and growth strategies;

- gain or loss of any important business relationship;
- changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- the operating and share price performance of other companies;
- the liquidity of the market for the Shares;
- differences between our actual financial operating results and those expected by investors and analysts;
- changes in accounting principles or other developments affecting us, our customers or our competitors;
- additions or departures of key personnel;
- changes in general market conditions and broad market fluctuations;
- negative publicity; and
- involvement in litigation.

These fluctuations may be exaggerated if the trading volume of the Shares is low. Volatility in the price of the Shares may be unrelated or disproportionate to our results of operations. It may be difficult to assess our performance against either domestic or international benchmarks.

Any of the factors listed above could adversely affect the price of the Shares and you may not be able to resell your Shares at a price that is attractive to you, or at all.

You may have difficulty in serving us with legal process or enforcing judgments against our Company or our Directors outside Singapore.

We are a limited liability company incorporated in Singapore and a substantial portion of our assets are, due to their nature, not located in any fixed place. As a result, it may be difficult or impossible for investors to effect service of process upon us or our Directors and management outside Singapore if they believe that their rights have been infringed under securities laws or otherwise. Even if investors are successful in bringing an action of this kind, the laws of Singapore and of other jurisdictions may prevent or restrict investors from enforcing a judgment against our assets or against our Directors and management.

Singapore take-over laws contain provisions which may vary from those in other jurisdictions.

We are subject to the Singapore Code on Take-Overs and Mergers (the "**Singapore Take-Over Code**"). The Singapore Take-Over Code contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control of our Company. Under the Singapore Take-Over Code, except with the consent of the Securities Industry Council of Singapore, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the Shares is required to extend a take-over offer for our remaining Shares in accordance with the Singapore Take-Over Code. Except with the consent of the Securities Industry Council of Singapore, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period. While the Singapore Take-Over Code seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of the shareholders to benefit from a change of control and, as a result, may adversely affect the market price of the Shares and the ability to realise any benefit from a potential change of control. Additionally, immediately following completion of the Offering, the issue of the Cornerstone Shares and the Consideration Shares and the transfer of the Sale Shares and the Transfer Shares, MindChamps Holdings will directly own approximately 51.70% of our post-Offering share capital (assuming the Over-allotment Option is not exercised) and approximately 50.95% of our post-Offering share capital (assuming the Over-allotment Option is exercised in full). Mr David Chiem Phu An, Ms Catherine Du and Champion Minds are deemed to have an interest in the Shares held by MindChamps Holdings, and Mr David Chiem Phu An and Ms Catherine Du will also as a result of the MCH Share Transfers each have a direct interest in approximately 0.71% of our post-Offering share capital. SPH will, through Invest Learning, own 20.0% of our post-Offering share capital (and after the completion of the transfer of the Sale Shares). See "*Share Capital and Shareholders – Current Shareholders and Vendor*" for further information.This concentration of ownership could delay, defer or discourage a change in control of our Company or a successful offer under the Singapore Take-Over Code by another person.

Overseas Shareholders may not be able to participate in future rights offerings or certain other equity issues by us.

In relation to any rights issue of Shares, we may, in our absolute discretion, elect not to extend an offer of the Shares under a rights issue to those Shareholders whose addresses, as registered with CDP or recorded in our register of members, are outside Singapore.

If we offer, or cause to be offered, to our Shareholders rights to subscribe for additional Shares or any rights of any other nature, we will have discretion as to the procedure to be followed in making such rights available to our Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to such Shareholders.

The rights or interests to the Shares to which such Shareholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as we may determine, subject to such other terms and conditions as we may impose. The proceeds of any such sale, if successful, will be paid to the Shareholders whose rights or interests have been so sold, provided that where such proceeds payable to the relevant Shareholders are less than S$10 (or such other amount which we may from time to time determine in accordance with applicable laws), we are entitled to retain and apply such proceeds as we may in our absolute discretion decide. The shareholding of the relevant Shareholders may be diluted as a result of such sale.

We may be constrained from paying dividends on the Shares from time to time.

We are not legally or contractually required to pay dividends and any determination to pay dividends in the future will be entirely at the discretion of our Board, taking into consideration a number of factors including our level of cash and reserves, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, the absence of any circumstances which might reduce the amount of reserves available to pay dividends, and other factors considered relevant by our Board, including our expected financial performance. See "*Dividends – Dividend Policy*". We may not be able to pay dividends in the future if we are unable to successfully implement our strategy or if there are adverse developments to our business as a result of competitive, regulatory, general economic conditions, demand and other factors specific to our industry, many of which are beyond our control. In addition, while there is currently no such prohibition under the Acquisition Loan that applies post-Listing, agreements which we may enter into in the future may limit or prohibit, among other things, the ability of our subsidiaries to make distributions to us and thus our ability to pay dividends to our Shareholders.

Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. See "Notice to Investors – Forward-looking Statements".

PAST DIVIDENDS

Our Company did not declare or pay dividends in FY2014. For FY2015, our Company declared dividends to our Shareholders of approximately S$5.10 per Share (before adjusting for the Share Split) or approximately S$0.014 per Share (after adjusting for the Share Split). For FY2016, our Company declared dividends to our Shareholders of approximately S$10.10 per Share (before adjusting for the Share Split) or approximately S$0.028 per Share (after adjusting for the Share Split).

DIVIDEND POLICY

Our Company currently does not have a fixed dividend policy. The declaration and payment of future dividends may be recommended by our Board at their discretion, after considering a number of factors, including our level of cash and reserves, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, the absence of any circumstances which might reduce the amount of reserves available to pay dividends, and other factors considered relevant by our Board, including our expected financial performance.

We currently intend to utilise and/or reinvest any profits generated in FY2017 from our operations in our business (including financing acquisition activities), and do not intend to pay any dividends to Shareholders with respect to our profits generated in FY2017. Moving forward, our Board intends to recommend and distribute dividends of at least 40% of our net profit after tax (excluding exceptional items) generated in FY2018, as we wish to reward our Shareholders for participating in our Group's growth. Investors should note that the foregoing statements are merely statements of our present intention and shall not constitute legally binding obligations on our Company or legally binding statements in respect of our future dividends (including those proposed for FY2018), which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Investors should also not treat the proposed dividends for FY2018 as an indication of our future dividend policy.

Any final dividends we declare must be approved by an ordinary resolution of our Shareholders at a general meeting. All dividends must be paid out of our profits available for distribution. We are not permitted to pay dividends in excess of the amount recommended by our Board. Our Board may, without the approval of our Shareholders, also declare interim dividends.

We cannot assure you that dividends will be paid in the future or as to the timing of any dividends that are to be paid in the future. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends.

The table below sets forth the capitalisation and indebtedness of our Group as at 30 September 2017:

- on an actual basis; and
- as adjusted to reflect the issue of the New Shares and the Cornerstone Shares at the Offering Price, the issue of the Consideration Shares and the application of net proceeds from the Offering and the issue of the Cornerstone Shares due to us in the manner described in "*Use of Proceeds*".

You should read this table in conjunction with "*Use of Proceeds*", "*Selected Consolidated Financial Information*", "*Management's Discussion and Analysis of Results of Operations and Financial Position*" and our consolidated financial statements and unaudited pro forma combined financial statements and, in each case, the related notes thereto included elsewhere in this Prospectus.

In addition, on 6 November 2017, we obtained the Acquisition Loan for purposes of financing the Australian Acquisition, as described in "*Management's Discussion and Analysis of Results of Operations and Financial Position – Description of Material Indebtedness*".

	As at 30 September 2017	
	Actual	**Adjusted(1)**
	(S$)	**(S$)**
Cash and bank balances	**4,530,799**	49,125,669
Indebtedness		
Current loans and borrowings		
Secured and guaranteed	41,304	41,304
Non-current loans and borrowings		
Secured and guaranteed	24,825	24,825
Total indebtedness	**66,129**	66,129
Shareholders' equity:		
Share capital	500,000	49,295,677
Other reserves	29,954	29,954
Retained earnings	5,556,707	4,918,400
Total shareholders' equity	**6,086,661**	54,244,031
Total capitalisation and indebtedness	**6,152,790**	54,310,160

Note:

(1) Adjusted to reflect the issue of 28,377,031 New Shares and 28,930,800 Cornerstone Shares at the Offering Price, the issue of 4,292,169 Consideration Shares and the application of the net proceeds from the Offering and the issue of the Cornerstone Shares due to us in the manner described in "*Use of Proceeds*", after deducting our share of the underwriting commissions and other estimated expenses payable by us in relation to the Offering and the issue of the Cornerstone Shares (but excluding discretionary incentive fees which we may pay and GST).

USE OF PROCEEDS

Based on the Offering Price of S$0.83 for each Offering Share and Cornerstone Share, the estimated net proceeds from the Offering and issue of the Cornerstone Shares (after deducting underwriting commissions and estimated offering expenses payable by us and the Vendor but excluding any discretionary incentive fees and assuming the Over-allotment Option is not exercised) will be approximately S$46.2 million, of which approximately S$44.6 million will be due to us.

We will not receive any proceeds from the sale of the Vendor Shares by the Vendor, nor will we receive any proceeds from the exercise of the Over-allotment Option granted by the Vendor.

USE OF PROCEEDS

We intend to use the net proceeds due to us from the Offering and the issue of the Cornerstone Shares primarily for the following purposes:

- partial repayment of drawn down and outstanding amounts under the Acquisition Loan. The Acquisition Loan comprises a term loan, an overdraft facility and a specific advance facility for an aggregate amount of up to S$13,700,000 from Oversea-Chinese Banking Corporation Limited for the purposes of financing the Australian Acquisition. The tenor of the term loan is up to five years from the date of first disbursement or draw down and the overdraft facility and the specific advance facility expire on 31 December 2018 or two weeks upon completion of the Offering, whichever is earlier. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Description of Material Indebtedness*" for further details of the Acquisition Loan;
- to fund our expansion plans, including potential acquisitions, in Singapore as well as overseas, including but not limited to, Australia, China, United States, United Kingdom, New Zealand, Malaysia, South Korea and Vietnam; and
- general corporate and working capital purposes.

For each Singapore dollar of the gross proceeds due to us from the Offering and the issue of the Cornerstone Shares, we intend to use the following amounts for the purposes set out below:

Application	**S$ in millions**	**As a dollar amount for each S$1.00 of the gross proceeds due to us from the Offering and the issue of the Cornerstone Shares (S$)**
Partial repayment of drawn down and outstanding amounts under the Acquisition Loan	6.1	0.13
For funding our expansion plans, including potential acquisitions	34.5	0.73
For general corporate and working capital purposes	4.0	0.08
For payment of underwriting commissions and offering expenses	3.0	0.06
Gross proceeds due to us from the Offering and the issue of the Cornerstone Shares	47.6	1.00

The foregoing represents our best estimate of our allocation of the proceeds due to us from the Offering and the issue of the Cornerstone Shares based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to re-allocate our net proceeds within the categories described above or use portions of our net proceeds for other purposes. In the event that we decide to re-allocate our net proceeds or use portions of it for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the internet at the SGX-ST website http://www.sgx.com.

Pending the use of the net proceeds in the manner described above, we may also use the net proceeds for working capital, place the funds in short-term deposits with banks and financial institutions or use the funds to invest in short-term money market instruments, as our Directors may deem appropriate in their absolute discretion.

We will make periodic announcements on the use of proceeds as and when material amounts of proceeds due to us from the Offering and the issue of the Cornerstone Shares are disbursed, and provide a status report on the use of proceeds in our annual report.

EXPENSES

We estimate that the costs and expenses payable by us in connection with the Offering, the issue of the Cornerstone Shares and the application for Listing, including the management fee and underwriting and placement commission and all other incidental expenses relating to the Offering and the issue of the Cornerstone Shares (but excluding discretionary incentive fees which we may pay, and underwriting commissions, professional fees and expenses attributable to and payable by MindChamps Holdings) will be approximately S$3.0 million. A breakdown of these estimated expenses is as follows:

	Estimated Expenses(1)	As a percentage of the gross proceeds from the Offering and the issue of the Cornerstone Shares(2)
	(S$ million)	
Underwriting and placement commissions(3)	1.4	3.00%
Professional fees(4)	1.0	2.16%
Miscellaneous expenses(5)	0.6	1.09%
Total	3.0	6.25%

Notes:

(1) Excluding GST.

(2) Assuming that the Over-allotment Option is not exercised.

(3) The underwriting and placement commission (excluding any discretionary incentive fees and GST) payable by us in connection with the Offering and the issue of the Cornerstone Shares is 3.0% of the gross proceeds due to us from the Offering and the issue of the Cornerstone Shares. For more details on such discretionary incentive fee, see the description below.

(4) Includes the management fee payable to the Sole Issue Manager, Bookrunner and Underwriter, solicitors' fees, fees for the Independent and Reporting Auditor and the Independent Market Research Consultant and other professionals' fees (but does not include professional fees attributable to and payable by the Vendor).

(5) Includes the cost of the production of this Prospectus, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issue of the Cornerstone Shares (but does not include expenses attributable to and payable by the Vendor).

USE OF PROCEEDS

We will pay the Sole Issue Manager, Bookrunner and Underwriter, as compensation for their services in connection with the Offering, a management fee as well as an underwriting and placement commission equal to 3.0% of the amount equal to the aggregate value of the New Shares and the Cornerstone Shares at the Offering Price. The underwriting and placement commission will amount to approximately S$0.025 for each New Share and Cornerstone Share, excluding GST.

The Vendor will pay the Sole Issue Manager, Bookrunner and Underwriter, as compensation for their services in connection with the Offering, an underwriting and placement commission equal to 3.0% of the amount equal to (i) the aggregate value of the Vendor Shares and (ii) if the Over-allotment Option is exercised, the aggregate value of the Additional Shares which are the subject of such exercise, at the Offering Price. The professional and other Offering-related expenses which are payable by the Vendor (excluding the underwriting and placement commission, any discretionary incentive fees and GST) are estimated to amount to approximately S$17,000.

We and the Vendor may, at our sole discretion, pay the Sole Issue Manager, Bookrunner and Underwriter an incentive fee of up to 0.5% of the amount equal to the aggregate value of the Offering Shares, the Cornerstone Shares and the Additional Shares (if any). The additional incentive fee, if it is to be paid to the Sole Issue Manager, Bookrunner and Underwriter, will be paid by us and the Vendor in proportion to the number of Offering Shares, Cornerstone Shares and Additional Shares (as the case may be) issued or sold by us and the Vendor respectively, and will amount to up to S$0.004 (exclusive of GST) for each Offering Share, Cornerstone Share and Additional Share (if any).

Purchasers and/or subscribers of the Placement Shares will be required to pay to the Sole Issue Manager, Bookrunner and Underwriter a brokerage fee of up to 1.0% of the Offering Price, as well as stamp duty and other similar charges to the relevant authorities in accordance with the laws and practices of the country of purchase, at the time of settlement.

No fee is payable by applicants for the Public Offer Shares, save for an administration fee of S$2.00 for each application made through ATMs, the internet banking websites of the Participating Banks or the mobile banking interface of DBS Bank Ltd.

See "*Plan of Distribution*" for further details.

If you invest in the Offering Shares, your interest will be diluted to the extent of the difference between the Offering Price per Offering Share and the NAV per Share immediately after the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares. Dilution is determined by subtracting the NAV per Share immediately after completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares from the Offering Price paid by the new investors. NAV per Share is determined by subtracting total liabilities and minority interests from total assets, and dividing the difference by the number of Shares deemed to be outstanding on the date as of which the book value is determined. The NAV per Share of our Company as at 30 June 2017(1) was S$0.025 per Share.

The Offering Price of S$0.83 exceeds the adjusted NAV per Share(1) of S$0.218 per Share as at 30 June 2017 (after adjusting for the issue of the New Shares, the Cornerstone Shares and the Consideration Shares) by approximately 73.7%. This represents an immediate and substantial dilution to new investors.

The following table illustrates this per Share dilution:

Offering Price per Share	S$0.83
NAV per Share as at 30 June 2017(1)	S$0.025
Adjusted NAV per Share as at 30 June 2017(1), as adjusted for the issue of the New Shares, the Cornerstone Shares and the Consideration Shares(2)	S$0.218
Dilution in adjusted NAV per Share to new investors	S$0.612
Percentage dilution in adjusted NAV per Share to new investors	73.7%

Notes:

(1) Assuming the completion of the Australian Acquisition as of 30 June 2017, based on our unaudited pro forma combined financial information set out in Appendix C of this Prospectus and adjusted for the Share Split.

(2) Does not take into account our actual financial performance after 30 June 2017. Depending on our actual financial performance, our NAV per Share may be higher or lower than the NAV per Share set out above.

The following table summarises the total number of Shares acquired by our Directors, Substantial Shareholders and their associates, or which they have the right to acquire, during the three years prior to the date of lodgment of this document, the total consideration paid by them and the effective cash cost per Share to them. The following table has been adjusted to reflect the Share Split.

	Number of Shares acquired or which they have the right to acquire	Total Consideration	Effective Cash Cost per Share
David Chiem Phu An(1)	1,710,528	Nil	Nil
Catherine Du(1)	1,710,528	Nil	Nil
Invest Learning Pte Ltd(2)	8,720,000	S$3,956,056	S$0.45

Notes:

(1) As described in "*Share Capital and Shareholders – Current Shareholders and Vendor*", pursuant to the MCH Share Transfers, MindChamps Holdings will transfer Shares to, among others, Mr David Chiem Phu An and Ms Catherine Du for no consideration shortly before the Listing Date.

(2) As described in "*Share Capital and Shareholders – Current Shareholders and Vendor*", pursuant to a share purchase agreement entered into between MindChamps Holdings and Invest Learning on 9 November 2017, shortly before the Listing Date, MindChamps Holdings will transfer 8,720,000 Shares (the "**Sale Shares**") to Invest Learning. Invest Learning is wholly-owned by SPH and accordingly, for purposes of Section 4 of the SFA, SPH is deemed to be interested in the Shares held by Invest Learning.

DILUTION

The following table shows the number of Offering Shares acquired by investors pursuant to the Offering, the total consideration and the effective cash cost to investors in the Offering (assuming that the Over-allotment Option is not exercised):

	Number of Shares acquired	Total Consideration	Effective Cash Cost per Share
Investors in the Offering	30,449,600	S$25,273,168	S$0.83

THE PSP AND THE SOP

In addition, the issue of Performance Shares pursuant to the vesting of awards which may be granted under the PSP and the issue of Option Shares pursuant to the exercise of options which may be granted under the SOP would have a further dilutive effect on investors in the Offering. See "*Management – Share-based Incentive Plans*" and Appendices E and F for more details.

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Position", our audited consolidated financial statements for FY2014, FY2015 and FY2016, our unaudited interim consolidated financial statements for 6M2016 and 6M2017, the accompanying notes and the related auditor's reports as set out in Appendix A and Appendix B of this Prospectus.

SELECTED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FY2014	FY2015	FY2016	6M2016	6M2017
	(S$) (audited)	(S$) (audited)	(S$) (audited)	(S$) (unaudited)	(S$) (unaudited)
Revenue	10,784,031	12,439,332	18,418,463	8,772,878	9,203,135
Cost of sales	(4,163,147)	(4,197,369)	(5,973,673)	(2,706,842)	(3,850,816)
Gross profit	6,620,884	8,241,963	12,444,790	6,066,036	5,352,319
Other income	890,618	1,062,833	1,213,575	716,892	661,812
Other (loss)/gain – net	(43,318)	(49,995)	15,684	(8,449)	15,726
Expenses					
– Administrative	(4,273,091)	(4,827,301)	(7,030,727)	(3,234,273)	(4,266,115)
– Marketing	(326,169)	(290,277)	(358,448)	(145,810)	(150,719)
– Finance	(5,009)	(6,184)	(4,588)	(2,504)	(1,897)
Profit before tax	2,863,915	4,131,039	6,280,286	3,391,892	1,611,126
Income tax expenses	–	(385,430)	(447,301)	(230,472)	(114,712)
Net profit	2,863,915	3,745,609	5,832,985	3,161,420	1,496,414
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences arising from consolidation – gain/(loss)	9,036	30,847	(2,686)	7,744	(4,909)
Total comprehensive income	2,872,951	3,776,456	5,830,299	3,169,164	1,491,505
Profit attributable to:					
Equity holders of our Company	2,680,974	3,536,087	5,390,756	2,949,231	1,377,387
Non-controlling interests	182,941	209,522	442,229	212,189	119,027
	2,863,915	3,745,609	5,832,985	3,161,420	1,496,414
Total comprehensive income attributable to:					
Equity holders of our Company	2,690,010	3,566,934	5,388,070	2,956,975	1,372,478
Non-controlling interests	182,941	209,522	442,229	212,189	119,027
	2,872,951	3,776,456	5,830,299	3,169,164	1,491,505
Earnings per Share (cents per Share)					
Basic and diluted(1)	1.49	1.96	2.99	1.64	0.77
Adjusted(2)	1.11	1.46	2.23	1.22	0.57

Notes:

(1) For comparative purposes, the basic and diluted earnings per Share have been computed based on our share capital of 180,000,000 Shares (after adjusting for the Share Split) prior to the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

(2) For comparative purposes, the adjusted earnings per Share have been computed based on our share capital of 241,600,000 Shares (after adjusting for the Share Split) following the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

SELECTED CONSOLIDATED BALANCE SHEET

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	(S$) (audited)	(S$) (audited)	(S$) (audited)	(S$) (unaudited)
ASSETS				
Current assets				
Cash and cash equivalents	4,005,169	6,911,740	3,873,728	3,044,936
Trade and other receivables	2,441,742	2,981,121	5,404,122	6,304,133
Inventories	43,911	54,202	80,487	142,078
	6,490,822	9,947,063	9,358,337	9,491,147
Non-current assets				
Property, plant and equipment	723,991	577,498	1,146,385	1,160,433
Intangible assets	446,043	548,810	5,429,377	5,639,081
	1,170,034	1,126,308	6,575,762	6,799,514
Total assets	7,660,856	11,073,371	15,934,099	16,290,661
LIABILITIES				
Current liabilities				
Trade and other payables	2,448,695	4,756,601	5,218,062	4,245,180
Deferred income	2,574,394	2,168,092	2,088,790	2,369,422
Finance lease liabilities	37,070	38,611	40,019	40,878
Current income tax liabilities	–	385,430	483,797	356,602
	5,060,159	7,348,734	7,830,668	7,012,082
Non-current liabilities				
Other payables	–	–	3,737,008	3,737,008
Finance lease liabilities	134,235	95,822	55,946	35,295
Provision for reinstatement costs	79,750	79,750	144,857	144,857
	213,985	175,572	3,937,811	3,917,160
Total liabilities	5,274,144	7,524,306	11,768,479	10,929,242
NET ASSETS	2,386,712	3,549,065	4,165,620	5,361,419
EQUITY				
Equity attributable to equity holders of our Company				
Share capital	500,000	500,000	500,000	500,000
Currency translation reserves	9,036	39,883	37,197	32,288
Retained profits	1,860,270	2,846,357	3,187,113	4,564,500
	2,369,306	3,386,240	3,724,310	5,096,788
Non-controlling interests	17,406	162,825	441,310	264,631
Total equity	2,386,712	3,549,065	4,165,620	5,361,419

SELECTED CONSOLIDATED STATEMENTS OF CASH FLOWS

	FY2014	FY2015	FY2016	6M2016	6M2017
	(S$) (audited)	(S$) (audited)	(S$) (audited)	(S$) (unaudited)	(S$) (unaudited)
Net cash generated from operating activities	3,690,807	3,328,015	3,975,229	2,409,965	2,178,891
Net cash used in investing activities	(837,887)	(314,260)	(1,629,609)	(912,014)	(381,926)
Net cash used in financing activities	(28,704)	(107,159)	(5,380,237)	(2,571,528)	(2,631,689)
Net increase/(decrease) in cash and cash equivalents	2,824,216	2,906,596	(3,034,617)	(1,073,577)	(834,724)
Cash and cash equivalents at beginning of year/period	1,180,967	4,005,169	6,911,740	6,911,740	3,873,728
Effects of currency translation on cash and cash equivalents	(14)	(25)	(3,395)	(783)	5,932
Cash and cash equivalents at end of year/period	4,005,169	6,911,740	3,873,728	5,837,380	3,044,936

You should read the following selected unaudited pro forma combined financial information for the periods and as at the dates indicated, in conjunction with "*Management's Discussion and Analysis of Results of Operations and Financial Position*" and our unaudited pro forma combined financial information and the accompanying notes as set out in Appendix C of this Prospectus.

Our selected unaudited pro forma combined financial information has been prepared, for illustrative purposes only and based on certain assumptions and after making certain adjustments to show combined statements of comprehensive income and combined statements of cash flows of our Group for FY2016 and for 6M2017 if:

- our acquisition of 80% equity interest in MindChamps Serangoon;
- our acquisition of 75% equity interest in MindChamps Zhongshan Park;
- the Australian Acquisition;
- our acquisition of 49% equity interest in MindChamps Changi; and
- our acquisition of 6.42% equity interest in MindChamps PreSchool Franchise

(collectively, the "**Adjustment Events**"),

had occurred on 1 January 2016 and what the combined balance sheets of our Group would have been as at 31 December 2016 and as at 30 June 2017 if the Adjustment Events had occurred on 31 December 2016 and 30 June 2017, respectively. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Expenditures – Franchise Acquisitions*" for more details of our acquisition of 80% equity interest in MindChamps Serangoon, our acquisition of 75% equity interest in MindChamps Zhongshan Park, our acquisition of 49% equity interest in MindChamps Changi and our acquisition of 6.42% equity interest in MindChamps PreSchool Franchise and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Expenditures – Australian Acquisition*" and "*Business – Recent Developments – Australian Acquisition*" for more details of the Australian Acquisition. Due to the nature of the unaudited pro forma combined financial information, such unaudited pro forma combined financial information may not give a true picture of the actual financial position or results of our Group.

Our selected unaudited pro forma combined financial information has been prepared and presented on the basis set forth in Note 2 of our unaudited pro forma combined financial information. Among other things, with respect to one of the four preschool businesses acquired as part of the Australian Acquisition, the financial results attributed to the business takes into account only the financial results from 1 November 2016 to 31 December 2016 – as the previous owner does not have the financial information for the financial period from 1 January 2016 to 31 October 2016 and therefore these are not available to our Company for the preparation of pro forma combined statement of comprehensive income for the financial year ended 31 December 2016.

See Notes 2 to 4 of our unaudited pro forma combined financial information for the key adjustments and assumptions made for the preparation of our selected unaudited pro forma combined financial information.

Our selected unaudited pro forma combined financial information is presented for illustrative purposes only and neither purports to represent what our actual consolidated statement of comprehensive income or cash flows statement would have been had each of the Adjustment Events occurred on 1 January 2016 or what our actual consolidated balance sheet would have been had each of the Adjustment Events occurred on 31 December 2016 or 30 June 2017, nor purports to project our results of operations, financial position or cash flows for any future period or date.

SELECTED UNAUDITED PRO FORMA COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	FY2016	6M2017
	(S$)	**(S$)**
	(unaudited)	**(unaudited)**
Revenue	24,941,411	12,724,662
Costs of sales	(8,973,034)	(5,195,187)
Gross profit	15,968,377	7,529,475
Other income	1,287,311	739,103
Other gain – net	15,684	15,726
Expenses		
– Administrative	(9,144,954)	(5,171,331)
– Marketing	(378,707)	(167,987)
– Finance	(437,628)	(187,520)
Profit before income tax	7,310,083	2,757,466
Income tax expense	(861,635)	(514,301)
Net profit	6,448,448	2,243,165
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation – (loss)/gain	(11,479)	124,706
Total comprehensive income	6,436,969	2,367,871
Profit attributable to:		
Equity holders of our Company	6,239,455	2,258,930
Non-controlling interests	208,993	(15,765)
	6,448,448	2,243,165
Total comprehensive income attributable to:		
Equity holders of our Company	6,227,976	2,383,636
Non-controlling interests	208,993	(15,765)
	6,436,969	2,367,871
Earnings per Share (cents per Share)		
Basic and diluted(1)	3.46	1.25
Adjusted(2)	2.58	0.93

Notes:

(1) For comparative purposes, the basic and diluted earnings per Share have been computed based on our share capital of 180,000,000 Shares (after adjusting for the Share Split) prior to the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

(2) For comparative purposes, the adjusted earnings per Share have been computed based on our share capital of 241,600,000 Shares (after adjusting for the Share Split) following the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

SELECTED UNAUDITED PRO FORMA COMBINED BALANCE SHEET

	FY2016	6M2017
	(S$) (unaudited)	(S$) (unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	431,303	198,566
Trade and other receivables	5,404,122	6,304,133
Inventories	80,487	142,078
	5,915,912	6,644,777
Non-current assets		
Property, plant and equipment	1,876,125	1,788,860
Intangible assets	21,306,137	21,842,379
	23,182,262	23,631,239
Total assets	29,098,174	30,276,016
LIABILITIES		
Current liabilities		
Trade and other payables	5,492,905	5,344,750
Deferred income	2,097,895	2,375,080
Finance lease liabilities	40,019	40,878
Bank borrowing	2,310,000	2,310,000
Current income tax liabilities	483,797	356,602
	10,424,616	10,427,310
Non-current liabilities		
Other payables	3,737,008	3,737,008
Finance lease liabilities	55,946	35,295
Bank borrowing	11,390,000	11,390,000
Provision for reinstatement costs	144,857	144,857
	15,327,811	15,307,160
Total liabilities	25,752,427	25,734,470
NET ASSETS	3,345,747	4,541,546
EQUITY		
Capital and reserves attributable to equity holders of our Company		
Share capital	500,000	500,000
Currency translation reserve	37,197	32,288
Retained profits	2,609,028	4,121,207
	3,146,225	4,653,495
Non-controlling interests	199,522	(111,949)
Total Equity	3,345,747	4,541,546

SELECTED UNAUDITED PRO FORMA COMBINED STATEMENTS OF CASH FLOWS

	FY2016	6M2017
	(S$) (unaudited)	(S$) (unaudited)
Net cash generated from operating activities	6,018,712	3,597,019
Net cash used in investing activities	(5,072,034)	(3,228,296)
Net cash used in financing activities	(7,886,096)	(3,862,312)
Net decrease in cash and cash equivalents	(6,939,418)	(3,493,589)
Cash and cash equivalents at beginning of year/period	6,911,740	3,873,728
Effects of currency translation on cash and cash equivalents	(3,395)	5,932
Effects of difference in basis of preparation between pro forma balance sheet and pro forma statement of comprehensive income	462,376	(187,505)
Cash and cash equivalents at end of year/period	431,303	198,566

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Selected Consolidated Financial Information" and our consolidated financial statements and the related notes included elsewhere in this Prospectus. This discussion contains forward-looking statements that are subject to numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this Prospectus. Actual results could differ materially from those contained in any forward-looking statements.

OVERVIEW

According to the Independent Market Research Consultant, we are the largest operator and franchisor of premium range preschool centres[1], which is defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above[2] per month for a 5-day week or 5.5-day week full-day programme, in Singapore. We offer premium academic and enrichment programmes for children between the ages of two months up to 10 years old, through (a) infant care centres (for children between two to 18 months old), (b) preschools (for children between 18 months to six years old), (c) enrichment centres offering reading and writing programmes (for children between three to 10 years old), and (d) enrichment centres offering theatre-related enrichment programmes for children. We also offer training programmes for adults at the certificate and diploma levels in early childhood care and education. We are the only preschool operator globally to nurture children with the Champion Mindset as researched by award-winning neuroscientist, Professor Emeritus Allan Snyder FRS. Our unique curriculum is the result of over a decade of research and development in the four domains of early childhood education, neuroscience, child psychology and theatre.

We operate and manage our business primarily as three business segments:

(a) **Education** – this is the provision of premium child care, education and learning-related services for preschool children through our COCO centres.

(b) **Franchise** – this is the franchising of premium child care, education and learning-related services and enrichment classes and provision of administrative support services to our FOFO centres.

We have two main types of franchise agreements: unit franchise agreements (where a franchisee purchases one unit franchise licence to operate one FOFO centre) and master franchise agreements (where a master franchisee purchases the right to on-sell and/or operate an agreed number of units of franchise licences).

(c) **Others** – this is the provision of commercial schools offering higher education programmes, business and management consulting services, which currently comprise the adult training programmes in early childhood care and education, conducted by the Champion Mindset Academy.

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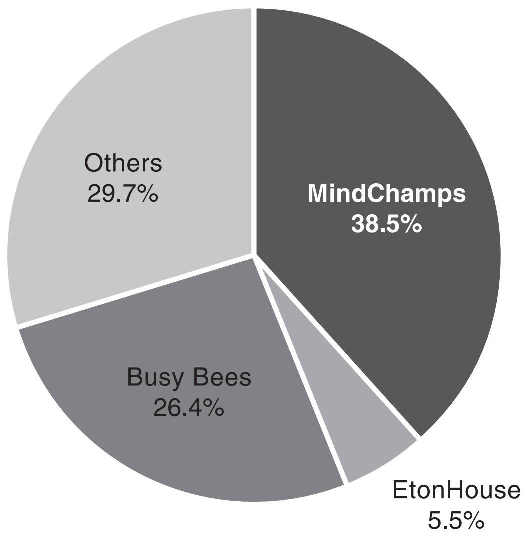
1 As at 15 September 2017.

2 Based on non-promotional rates and before GST and government subsidies.

As at the date of this Prospectus, our preschool and reading and writing centres comprise 10 COCO centres which we operate (six COCO preschool centres in Singapore and four COCO preschool centres in Australia) and 44 FOFO centres operated by our franchisees (30 FOFO preschool centres in Singapore, eight FOFO reading and writing centres in Singapore, three FOFO preschool centres in the Philippines, two FOFO reading and writing centres in Australia and one FOFO preschool centre in the UAE). Our centres are located in convenient locations such as shopping malls that are near residential areas or workplaces.

According to the Independent Market Research Report, the two main categories of preschools in Singapore are kindergartens and child care centres. In the premium range category of preschool centres in Singapore[1], according to the Independent Market Research Report, we have the largest number of centres amongst the players and have established ourselves as the market share leader with a market share of 38.5%[2].

Market Share in Singapore Based on Number of Private Premium Preschool Child Care Centres



Note:

The sum of percentages does not add up to 100.0% due to rounding differences.

Source: Independent Market Research Report

1 Defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above (based on non-promotional rates and before GST and government subsidies) per month for a 5-day week or 5.5-day week full-day programme.

2 As at 15 September 2017.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our ability to maintain or increase our revenue and net profit depends significantly on the size of our network of COCO and FOFO centres, our ability to grow organically and, in particular, on our ability to attract and retain franchisees. The aggregate number of centres in our network (both COCO and FOFO centres) has increased from 26 centres in 2014, to 35 centres in 2015, to 44 centres in 2016 and to 54 centres as at the date of this Prospectus. As at the date of this Prospectus, our preschool and reading and writing centres comprise six COCO centres in Singapore and four COCO centres in Australia which we operate, 38 FOFO centres in Singapore, three FOFO centres in the Philippines, two FOFO centres in Australia and one FOFO centre in the UAE.

We actively manage our COCO centres and our cost of sales for our COCO centres comprises the operating costs and expenses for such centres, which include employee compensation and rental on operating leases. Our FOFO centres operate independently under the terms of our franchise agreements and our franchisees are responsible for their own operating costs.

Our COCO centres receive one-off registration fees from new students and school fees on a monthly basis. Under our franchise arrangements in Singapore and certain other jurisdictions, we typically collect a one-off licence fee from the franchisee upon the signing of the franchise agreement, as well as royalty fees payable as a fixed percentage of the franchisee's revenue on a monthly basis.

Factoring in the operating costs and expenses for our COCO centres, we recognise higher profit margins from our FOFO centres than from our COCO centres.

Expanding our network of COCO and FOFO centres across multiple jurisdictions will allow us to gain access to a wider customer base and generate higher revenue from new customers. In line with our business strategy, we have entered and will continue to enter into master franchise agreements with third parties in other jurisdictions. See "*Business – Our Services – Franchise Arrangements*" for further details. From time to time, in line with our acquisition strategy, we may also undertake acquisitions of centres in other jurisdictions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial statements in conformity with the provisions of the Companies Act and 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. Critical accounting policies reflect significant judgements and uncertainties and may result in materially different results under different assumptions and conditions.

Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed below. For a summary of all our accounting policies, including the accounting policies discussed below, see Notes 2 and 3 to our consolidated financial statements for FY2014, FY2015 and FY2016 and 6M2017.

Impairment of Trade and Other Receivables

Our Group reviews our trade and other receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, our Group makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the economic or legal environment in which the debtor operates.

Where there is objective evidence of impairment, our Group has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, our Group has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

Impairment of Goodwill

Generally, the recoverable amounts of the cash generating units which goodwill have been allocated to are determined based on value-in-use calculations. The value-in-use calculations are based on discounted cash flows models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flows model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

KEY COMPONENTS OF OUR STATEMENT OF COMPREHENSIVE INCOME

Revenue

We generate revenue from our three operating segments: (a) Education; (b) Franchise; and (c) Others.

The following table sets forth our revenue by business segment for the periods indicated:

	FY2014		FY2015		FY2016		6M2016		6M2017	
	(S$m)	%	(S$m)	%	(S$m)	%	(S$m)	%	(S$m)	%
			(audited)					(unaudited)		
Education	6.1	56	6.5	52	10.8	59	4.7	53	6.4	70
Franchise	4.5	42	5.6	46	7.6	41	4.1	47	2.8	30
Others(1)	0.2	2	0.3	2	0.0	0	0.0	0	0.0	0
Total revenue	10.8	100	12.4	100	18.4	100	8.8	100	9.2	100

Note:

(1) "Others" include the provision of commercial schools offering higher education programmes, business and management consulting services. Our Group's Australia segment (being the revenue contribution from our Company's Australia-incorporated subsidiary MindChamps Australia Pty. Ltd.) that provides child care, education and learning related services for preschool children and which does not meet the quantitative thresholds required by FRS 108 reportable segment is also included under "Others".

The following table sets forth our revenue by geography for the periods indicated:

	FY2014		FY2015		FY2016		6M2016		6M2017	
	(S$m)	%	(S$m)	%	(S$m)	%	(S$m)	%	(S$m)	%
	(audited)						(unaudited)			
Singapore	10.8	100	12.4	100	18.4	100	8.8	100	9.2	100
Others	–	–	–	–	–	–	–	–	–	–
Total revenue	10.8	100	12.4	100	18.4	100	8.8	100	9.2	100

Note:

Our revenue for FY2014, FY2015, FY2016, 6M2016 and 6M2017 is attributed to Singapore solely as our Group's core business was only in Singapore for the periods indicated.

Revenue derived from our COCO centres includes (a) school fees; (b) sales of merchandise; (c) event income; and (d) administrative income from new student registrations.

Our revenue derived from school fees is determined by the total number of enrolled students and is directly affected by our organic growth. Generally, increases in the total number of enrolled students will generate a corresponding increase in revenue derived from school fees. The total number of students that we are permitted to enrol for each of our COCO centres is subject to capacity limits imposed by the ECDA (in Singapore) or under the relevant service approval (in Australia). As at the Latest Practicable Date, all our COCO centres have nearly reached their maximum permissible intake based on these capacity limits. The total number of enrolled students may be increased in the event that additional COCO centres are established or acquired – any such increases would generate a corresponding increase in revenue derived from school fees.

Our school fees, which are charged equally across all of our COCO and FOFO centres in Singapore, are historically adjusted every two years. The key driver for adjustments to our school fees is to take into account prevailing operating costs, as a result of, *inter alia*, fluctuations in employee compensation, rental for our operating leases and inflation. From time to time, we also adjust school fees to account for increased costs arising from changes to our curriculum, such as the introduction of the MindChamps Reading & Writing curriculum into the MindChamps Preschool curriculum in 2012.

The following table shows the changes in the number of COCO centres we operate, the average number of students in our COCO centres and the average school fees per student per month (exclusive of GST) for the periods indicated:

	FY2014	FY2015	FY2016	6M2017
Number of COCO centres[1]	3	3	5	6
Average number of students	110	116	120	106[2]
Listed full-day school fee per student per month (S$)[3]	1,550	1,550	1,680	1,740
Average school fee per student per month (S$)[4]	1,484	1,506	1,619	1,655

Notes:

(1) For the periods indicated, the COCO centres we operated were all in Singapore.

(2) The drop in the average number of students from FY2016 to 6M2017 was primarily due to the graduation of Kindergarten 2 students at the end of FY2016. See "– *Seasonality*" for more details.

(3) Full-day school fees (based on non-promotional rates and before GST and government subsidies) for Nursery 1 to Kindergarten 2.

(4) The average school fee per student per month is exclusive of GST and takes into consideration promotions and discounts given to parents as well as half-day students who are paying approximately S$200 lower than full-day school fees.

Revenue derived from our FOFO centres includes (a) royalty fees; (b) franchise income and (c) commission income from sales-related services provided to our FOFO centres, including the procurement of new customers to enrol in enrichment programmes.

Under our franchise arrangements in Singapore and certain other jurisdictions, we typically collect a one-off licence fee from the franchisee upon the signing of the franchise agreement, as well as royalty fees payable as a fixed percentage of the franchisee's revenue on a monthly basis. The royalty fees we derive from our FOFO centres are typically charged at 9% of the franchisee's revenue for MindChamps PreSchool centres and 15% of the franchisee's revenue for MindChamps Reading & Writing centres. Increases in royalty fees are generally due to increases in the number of FOFO centres and/or franchisees.

Each of our franchise arrangements is structured on an individual basis with respect to a single FOFO centre. We also enter into master franchise agreements where the master franchisee is licensed to resell an agreed number of individual franchises to sub-franchisees and/or operate an agreed number of units of franchise licences. See "*Our Business – Our Services – Franchise Arrangements*" for more details.

The following table shows the number of FOFO centres in our network as at the date of this Prospectus. These comprise FOFO centres in operation as well as FOFO centres under unit franchise agreements and master franchise agreements that have already been sold but which have yet to be established. Generally, such FOFO centres under unit licences that have not yet been established are in the process of sourcing suitable locations or undergoing renovations. For the licences sold under master franchise agreements, these FOFOs will be established only when the licences are resold by the master franchisee to the eventual franchisee that will source suitable locations, undergo renovations of the FOFO centre and commence business.

	Franchise Licences Sold			Number of FOFO Centres in Operation			Number of FOFO Centres yet to be Established		
	Infant	**Preschool**	**Reading & Writing**	**Infant**	**Preschool**	**Reading & Writing**	**Infant**	**Preschool**	**Reading & Writing**
Singapore	2[(1)]	36[(1)]	25[(2)(3)]	0	30	8	2[(4)]	6[(5)]	17
Philippines	0	5[(2)]	0	0	3	0	0	2[(6)]	0
China	0	14[(2)]	0	0	0	0	0	14	0
Australia	0	1[(1)]	20[(2)]	0	0	2	0	1	18
Gulf Cooperation Council	0	6[(2)]	0	0	1	0	0	5[(7)]	0
Total	**2**	**62**	**45**	**0**	**34**	**10**	**2**	**28**	**35**

Notes:

(1) These franchise licences have been sold under unit franchise agreements.

(2) These franchise licences have been sold under master franchise agreements.

(3) Five units of franchise licences were granted to MindChamps Singapore, which one-off licence fees were waived.

(4) Two infant care centres are expected to commence operation by 1Q2018.

(5) As at the date of this Prospectus, two preschool centres are under renovation.

(6) One preschool centre in the Philippines is expected to commence operation in 1Q2018.

(7) One preschool centre in the UAE is expected to commence operation in 1Q2018.

As at the Latest Practicable Date, there were a total of 65 units of franchise licences which have been granted and for which one-off licence fees have been collected but FOFO centres yet to be established. Out of these 65 units of franchise licences, 39 units were granted in connection with various master franchise transactions and the one-off licence fees collected have been recognised by our Group as revenue in line with our Group's revenue recognition policy for master franchise transactions (i.e. upon the grant of territorial exclusivity to the relevant master franchisee). The one-off licence fees collected for 23 units of franchise licences are treated as deferred revenue, and will only be recognised as revenue upon the securing of a lease for the premises to operate the franchised business and the unit franchisee's receipt from our Group of the proprietary operation manual to operate such franchised business or in the event of the expiry of the unit franchise licence without the franchised business being established by the unit franchisee. In this regard, the franchise income arising from the one-off licence fees collected in relation to such 23 units of franchise licences yet to be established will eventually be recognised as revenue in our Group's statement of comprehensive income. As at 30 June 2017, the aggregate deferred revenue comprising such franchise income was approximately S$0.9 million.

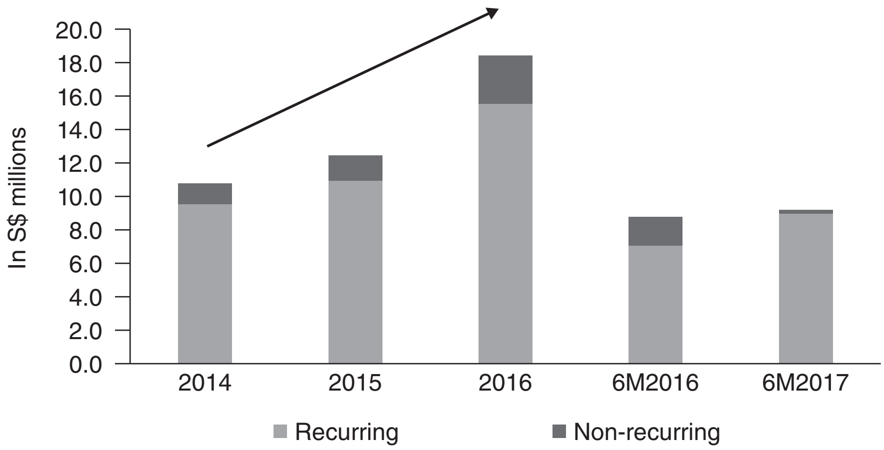
The following table demonstrates the growth of our operational COCO and FOFO centres over the periods indicated:

	FY2014	FY2015	FY2016	6M2017
Number of COCO Centres				
Singapore	3	3	5	6[(1)]
Overseas	0	0	0	0
Number of FOFO Centres				
Singapore	23	31	36	35[(1)]
Overseas	0	1	3	5
Total Number of COCO and FOFO Centres				
Singapore	26	34	41	41
Overseas	0	1	3	5

Note:

(1) The decrease in the number of FOFO centres in Singapore from 36 in FY2016 to 35 in 6M2017 was due to our acquisition of MindChamps PreSchool@Leisure Park Kallang whereupon it became a COCO centre.

Our revenue mix for FY2014, FY2015, FY2016, 6M2016 and 6M2017 are shown in the chart below:



Notes:

(1) Our recurring revenue comprises school fees, royalty fees, sales of merchandise, school event income and other income that recur periodically.

(2) Our non-recurring revenue comprises franchise income resulting from franchise sales.

(3) Our revenue grew by a compound annual growth rate of 30.7% from 2014 to 2016.

(4) Our recurring revenue increased by approximately S$1.9 million or 27.0% from S$7.0 million in 6M2016 to S$8.9 million in 6M2017.

(5) Our non-recurring revenue in 6M2017 was lower as compared to 6M2016, as there is no fixed period cycle to recognise our franchise income resulting from franchise sales. Franchise income resulting from sales of unit franchise licences would be recognised as revenue upon the securing of a lease for the premises to operate the franchised business and the unit franchisee's receipt from our Group of the proprietary operation manual to operate such franchised business or in the event of the expiry of the unit franchise licence without the franchised business being established by the unit franchisee. Franchise income resulting from sales of master franchise licences would be recognised as revenue upon the execution of the master franchise agreement granting exclusivity to the master franchisee for the relevant territory. Please refer to "*– Certain Balance Sheet Items – As at 31 December 2015, 31 December 2016 and 30 June 2017 – Current Liabilities*" for further details on the recognition of revenue arising from franchise sales. We intend to continue our efforts in procuring sale of master franchise licences for the remainder of the current financial year.

Cost of Sales

Cost of sales comprises staff cost, commissions payable to the MCH Group for sales-related services (see "*Interested Person Transactions and Potential Conflicts of Interest – Past Interested Person Transactions – Provision and Receipt of Services and Sale and Purchase of Merchandise*"), other direct costs, our cost of merchandise and our cost of events.

The following table sets out a breakdown of our cost of sales for the periods indicated:

	FY2014	FY2015	FY2016	6M2016	6M2017
	(S$)	(S$)	(S$)	(S$)	(S$)
Staff Cost	3,224,517	3,186,067	4,832,217	2,165,855	3,261,284
Commissions	400,405	448,716	331,130	190,610	174,093
Other Direct Costs	232,998	242,765	440,768	184,734	246,518
Cost of Merchandise	230,077	240,378	251,152	133,222	135,426
Cost of Events	75,150	79,443	118,406	32,421	33,495
Total	**4,163,147**	**4,197,369**	**5,973,673**	**2,706,842**	**3,850,816**

Other Income

Other income includes government grants, service income, interest income from our bank deposits, and other miscellaneous income such as administrative fees charged to our students.

Government grants include credit schemes provided by government, child care benefits, child care leave, maternity leave and training grants. Service income comprises mainly the marketing income, placement income, training income, as well as income derived from deployments and secondments, that are charged to the relevant COCO or FOFO centres to which such services are provided. The following table sets out the breakdown of government grants, service income, interest income and other administrative income that we received for the periods indicated:

	FY2014	FY2015	FY2016	6M2016	6M2017
	(S$)	(S$)	(S$)	(S$)	(S$)
Government Grants	167,141	215,676	321,763	265,397	176,853
Service Income	702,258	790,133	821,494	399,033	434,394
Interest Income	3,108	42,421	23,502	16,555	28,358
Other Administrative Income	18,111	14,603	46,816[(1)]	35,907	22,207
Total	**890,618**	**1,062,833**	**1,213,575**	**716,892**	**661,812**

Note:

(1) The increase in Other Administrative Income from FY2015 to FY2016 was primarily due to the increase in administrative fees charged to students, as a result of increases in the number of students following the acquisition of two of our centres, MindChamps PreSchool @ Zhongshan Park and MindChamps PreSchool @ Serangoon, in FY2016.

Administrative Expenses

Administrative expenses comprise mainly administrative staff costs (which includes the staff costs for our corporate and franchise management teams), cost of rental and utilities, depreciation, office expenses, professional fees payable to the MCH Group for management-related services (see "*Interested Person Transactions and Potential Conflicts of Interest – Past Interested Person*

Transactions – Original Management Services Agreement"), repair and maintenance expenses and travel and entertainment expenses. The following table sets out the breakdown of our administrative expenses for the periods indicated:

	FY2014	FY2015	FY2016	6M2016	6M2017
	(S$)	(S$)	(S$)	(S$)	(S$)
Staff Cost and Training	1,672,527	2,008,942	2,746,088	1,299,505	1,781,801
Rental, Utilities and Telecommunication	1,462,680	1,483,900	2,271,387	993,928	1,482,111
Depreciation and Amortisation	287,769	400,407	544,474	285,270	380,266
Office Expenses	276,793	216,951	450,452	288,134	203,454
Professional Fees	487,265	550,262	718,406	280,376	306,564
Repairs and Maintenance	48,404	80,762	162,637	65,207	42,582
Travel and Entertainment	37,653	86,077	137,283	21,853	69,337
Total	**4,273,091**	**4,827,301**	**7,030,727**	**3,234,273**	**4,266,115**

Marketing Expenses

Marketing expenses mainly comprise expenses incurred in relation to the marketing of our business, through print, internet and other media.

Finance Expenses

Finance expenses are not material and comprises the interest expense arising from the Finance Lease (as defined herein).

Income Tax Expenses

Our operations which are predominantly in Singapore are subject to corporate income tax rate of 17%.

Income tax expense on our Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard income tax rate due to, *inter alia*, expenses not deductible for tax purposes, tax incentives, income not subject to tax, capital allowance, utilisation of previously unrecognised tax losses and group relief.

Expenses not deductible for tax purposes consist of personal and capital expenses, including but not limited to motor vehicle expenses in relation to a motor vehicle registered for use by our Company's management.

The Income Tax Act, Chapter 134 of Singapore provides for group relief for Singapore companies in the same group subject to certain qualifying conditions. Under the group relief system, current year unabsorbed capital allowances, trade losses or donations of one company can be offset against the assessable income of another company belonging to the same group.

REVIEW OF OPERATING RESULTS

FY2015 Compared to FY2014

Revenue

Revenue increased by approximately S$1.7 million or 15.3%, from S$10.8 million in FY2014 to S$12.4 million in FY2015. The increase in revenue was mainly attributable to an increase in school fees received from our COCO centres (as a result of increases in the number of students as well as school fees charged per student) and royalty fees received from our FOFO centres (as a result of an increase in the number of FOFO centres as well as school fees charged per student).

Cost of Sales

Cost of sales comprises staff cost, commissions payable to the MCH Group for sales-related services, other direct costs, our cost of merchandise and our cost of events. Due to the advantages of economies of scale in our operations (arising from our franchise model), our Group's total number of employees did not grow in proportion to our Group's revenue and our staff cost remained relatively stable at S$3.2 million. Accordingly, our cost of sales was relatively stable despite the increase in the number of franchisees from 23 in FY2014, to 32 in FY2015, which remained at S$4.2 million in both financial years.

Gross Profit

The increase in revenue offset the slight increase in cost of sales by a wider margin for FY2015, as compared to FY2014. As a result, gross profit increased by approximately S$1.6 million or 24.5% from S$6.6 million in FY2014 to S$8.2 million in FY2015.

Gross profit margin increased from 61.4% in FY2014 to 66.3% in FY2015, mainly due to the growth in the franchise business, as the profit margin for FOFO centres is higher than that for COCO centres.

Other Income

Other income increased by approximately S$0.2 million or 19.3%, from S$0.9 million in FY2014 to S$1.1 million in FY2015. The increase was mainly due to an increase in government grants received (as higher wages led to a higher wage credit scheme grant received), an increase in service income (arising from the increase in the number of franchisees) and an increase in interest income derived from our bank deposits.

Administrative Expenses

Administrative expenses increased by approximately S$0.6 million or 13.0%, from S$4.3 million in FY2014 to S$4.8 million in FY2015. The increase was mainly due to increased administrative employee compensation and training expenses of approximately S$0.3 million from S$1.7 million in FY2014 to S$2.0 million in FY2015, which was driven by higher administrative staff costs following an increase in administrative staff in FY2015, to support the increased number of franchisees in that year.

Marketing Expenses

Marketing expenses decreased slightly by approximately S$0.04 million or 11.0%, from S$0.33 million in FY2014 to S$0.29 million in FY2015. The higher marketing expense in FY2014 was due to a one-off payment for a television commercial advertising the MindChamps Reading & Writing curriculum.

Profit Before Income Tax

For the reasons explained above, profit before income tax increased by approximately S$1.3 million or 44.2%, from S$2.9 million in FY2014 to S$4.1 million in FY2015.

Income Tax Expenses

Income tax expenses increased by approximately S$0.4 million, from nil in FY2014 to S$0.4 million in FY2015. No income tax was paid in FY2014 due to utilisation of tax losses and group relief. The increase was due to insufficient losses and reliefs available for utilisation to offset total income tax payable in FY2015.

Total Profit for the Year

For the reasons explained above, total profit for the year increased by approximately S$0.9 million or 30.8%, from S$2.9 million in FY2014 to S$3.7 million in FY2015.

FY2016 Compared to FY2015

Revenue

Revenue increased by approximately S$6.0 million or 48.1%, from S$12.4 million in FY2015 to S$18.4 million in FY2016. The increase in revenue was mainly attributable to an increase in school fees received, resulting from the increased number of enrolled students following the acquisitions of two of our centres MindChamps PreSchool @ Zhongshan Park and MindChamps PreSchool @ Serangoon in FY2016.

Cost of Sales

Cost of sales increased by approximately S$1.8 million or 42.3% from S$4.2 million in FY2015 to S$6.0 million in FY2016. The increase in our cost of sales was due mainly to higher academic staff costs following the acquisition of two of our centres, MindChamps PreSchool @ Zhongshan Park and MindChamps PreSchool @ Serangoon, in FY2016.

Gross Profit

The increase in revenue offset the increase in cost of sales by a wider margin for FY2016, as compared to FY2015. As a result, gross profit increased by approximately S$4.2 million or 51.0% from S$8.2 million in FY2015 to S$12.4 million in FY2016.

Gross profit margin increased from 66.3% in FY2015 to 67.6% in FY2016.

Other Income

Other income increased by approximately S$0.1 million or 14.2%, from S$1.1 million in FY2015 to S$1.2 million in FY2016. The increase was mainly due to the additional government grants received in relation to the two centres, MindChamps PreSchool @ Zhongshan Park and MindChamps PreSchool @ Serangoon, that were acquired in FY2016.

Administrative Expenses

Administrative expenses increased by approximately S$2.2 million or 45.6%, from S$4.8 million in FY2015 to S$7.0 million in FY2016. The increase was mainly due to higher administrative staff costs following an increase in administrative staff in FY2016, to support the additional two centres acquired as well as the increased number of franchisees in that year. The increase in our administrative expenses was also contributed by an increase in our rental expenses following the acquisition of the two centres, MindChamps PreSchool @ Zhongshan Park and MindChamps PreSchool @ Serangoon, in that year.

Marketing Expenses

Marketing expenses increased by approximately S$0.1 million or 23.5%, from S$0.3 million in FY2015 to S$0.4 million in FY2016. The increase in marketing expenses in FY2016 was in line with the increase in scale of operations.

Profit Before Income Tax

For the reasons explained above, profit before income tax increased by approximately S$2.2 million or 52.0%, from S$4.1 million in FY2015 to S$6.3 million in FY2016.

Income Tax Expenses

Income tax expenses increased by approximately S$0.06 million or 15.4%, from S$0.39 million in FY2015 to S$0.45 million in FY2016. The increase was mainly due to the increase in our taxable income.

Total Profit for the Year

For the reasons explained above, total profit for the year increased by approximately S$2.1 million or 55.7%, from S$3.7 million in FY2015 to S$5.8 million in FY2016.

6M2017 Compared to 6M2016

Revenue

Revenue increased by approximately S$0.4 million or 4.5%, from S$8.8 million in 6M2016 to S$9.2 million in 6M2017. The increase in revenue was mainly attributable to an increase of approximately S$1.9 million in recurring revenue, contributed mainly by the increase in school fees received resulting from the increased number of enrolled students as a result of the acquisitions of the two centres MindChamps PreSchool @ Zhongshan Park and MindChamps PreSchool @ Serangoon in FY2016 and the commencement of business operations by MindChamps PreSchool @ Leisure Park Kallang in January 2017. However, the increase in recurring revenue of S$1.9 million was offset by the decrease in non-recurring franchise income of approximately S$1.5 million. The non-recurring franchise income in 6M2017 was lower as compared to 6M2016, as no international master franchise licence fees were recognised as revenue in 6M2017. We do not have any fixed period cycle to recognise the franchise income resulting from franchise sales as franchise income resulting from sales of master franchise licences would be recognised as revenue upon the execution of the master franchise agreement granting exclusivity to the master franchisee for the relevant territory.

Cost of Sales

Cost of sales increased by approximately S$1.2 million or 44.4% from S$2.7 million in 6M2016 to S$3.9 million in 6M2017. The increase in our cost of sales was due mainly to full six-month impact of academic staff costs of three newly acquired centres in 6M2017.

Gross Profit

Gross profit decreased by approximately S$0.7 million or 11.5% from S$6.1 million in 6M2016 to S$5.4 million in 6M2017 as there was no revenue from international master franchise licence fees in 6M2017 (by comparison, the revenue from international master franchise licence fees in 6M2016 was S$1.4 million), as well as the full six-month impact of academic staff costs of three newly acquired centres recorded in 6M2017. Accordingly, the gross profit margin decreased from 69.2% in 6M2016 to 58.2% in 6M2017, mainly due to a higher proportion of the revenue coming from school fees, which have a lower gross profit margin than the revenue from our international master franchise licence fees.

Other Income

Other income remained at S$0.7 million in 6M2017 as compared to 6M2016.

Administrative Expenses

Administrative expenses increased by approximately S$1.1 million or 34.4%, from S$3.2 million in 6M2016 to S$4.3 million in 6M2017. The increase was mainly due to full six-month impact of administrative staff costs and rental expenses of three newly acquired centres in 6M2017.

Marketing Expenses

Marketing expenses remained at S$0.15 million in 6M2017 as compared to 6M2016.

Profit Before Income Tax

For the reasons explained above, profit before income tax decreased by approximately S$1.7 million or 50.0%, from S$3.4 million in 6M2016 to S$1.6 million in 6M2017.

Income Tax Expenses

Income tax expenses decreased by approximately S$0.1 million or 50.0%, from S$0.2 million in 6M2016 to S$0.1 million in 6M2017 due to lower taxable income in 6M2017 as compared to 6M2016.

Total Profit for the Period

For the reasons explained above, primarily due to the shortfall in the non-recurring international master franchise licence sales, total profit for the period decreased by approximately S$1.7 million or 53.1%, from S$3.2 million in 6M2016 to S$1.5 million in 6M2017.

CERTAIN BALANCE SHEET ITEMS

As at 31 December 2015, 31 December 2016 and 30 June 2017

Non-Current Assets

Our non-current assets comprised mainly (a) property, plant and equipment and (b) intangible assets. Non-current assets amounted to approximately S$1.1 million, S$6.6 million and S$6.8 million as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively, representing 10.2%, 41.3% and 41.7% of our total assets as at their respective dates.

Our non-current assets comprised the following:

(a) Property, plant and equipment, which comprised furniture and office equipment, renovation, computer equipment and motor vehicles.

The net book value of our property, plant and equipment amounted to approximately S$0.6 million and accounted for 51.3% of our total non-current assets as at 31 December 2015. As at 31 December 2016, the net book value of our property, plant and equipment amounted to approximately S$1.1 million or 17.4% of our total non-current assets. As at 30 June 2017, the net book value of our property, plant and equipment amounted to approximately S$1.2 million or 17.1% of our total non-current assets.

(b) Intangible assets, which comprised goodwill arising on consolidation, franchise licences, courseware development costs and computer software licences.

The net book value of our intangible assets amounted to approximately S$0.5 million and accounted for 48.7% of our total non-current assets as at 31 December 2015. As at 31 December 2016, the net book value of our intangible assets increased to approximately S$5.4 million or 82.6% of our total non-current assets, primarily due to our acquisition of MindChamps Zhongshan Park and MindChamps Serangoon. As at 30 June 2017, the net book value of our intangible assets amounted to approximately S$5.6 million or 82.9% of our total non-current assets.

The additions in courseware development costs of S$0.2 million in 2015, S$0.4 million in 2016 and S$0.2 million in 2017 was due to capitalisation of expenses for the development of the MindChamps Writing, MindChamps Chinese PreSchool, diploma in Early Childhood Care & Education curriculum and MindChamps Infant Care.

Current Assets

Our current assets comprised mainly (a) cash and cash equivalents, (b) trade and other receivables and (c) inventories.

Our current assets amounted to approximately S$9.9 million, S$9.4 million and S$9.5 million as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively, representing 89.8%, 58.7% and 58.3% of our total assets as at their respective dates.

Our current assets comprised the following:

(a) Cash and cash equivalents, which amounted to approximately S$6.9 million and accounted for 69.5% of our total current assets as at 31 December 2015. As at 31 December 2016, cash and cash equivalents amounted to approximately S$3.9 million or 41.4% of our total current assets. As at 30 June 2017, cash and cash equivalents amounted to approximately S$3.0 million or 32.1% of our total current assets.

(b) Trade and other receivables, which amounted to approximately S$3.0 million, S$5.4 million and S$6.3 million as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively, representing 30.0%, 57.7% and 66.4% of our total current assets as at their respective dates. The increase in trade and other receivables from S$3.0 million as at 31 December 2015 to S$6.3 million as at 31 December 2016 was mainly due to the licence fees that we are entitled to receive under the territorial master franchise agreement dated 19 February 2016 entered into with Peak Education Group Pty Ltd, (with respect to New South Wales and Victoria, Australia) and regional master franchise agreement dated 14 October 2016 entered into with Bloom Education LLC (with respect to the Gulf Cooperation Council Countries). These licence fees are receivable on a staggered basis over a period of six years from the date of execution of the respective franchise agreements.

(c) Trade receivables comprised the amounts due from our franchisees and the outstanding school and other related fees due from parents to our COCO centres.

    Allowance of S$205,370 was made in FY2016 for impairment of trade receivables which the likelihood of recoverability is low has been made. This allowance is mostly attributable to the amounts due from our FOFO centre MindChamps Reading & Writing @ One KM, which ceased operations in 2016 due to our termination of its franchise licence for the franchisee's failure to meet the minimum quality standards stipulated under the terms of its franchise agreement with us.

    Other receivables include amounts due from non-related parties such as subsidies receivable from the ECDA, as well as amounts due from an ex-employee arising from penalty payable for the breach of an employment bond.

    Prepayments comprised prepaid corporate expenditure including, *inter alia*, subscription fees, rental and insurance, and deposits comprised rental and utilities deposits.

(d) Inventories, which comprised mainly finished goods and merchandise for sale which amounted to approximately S$54,202, S$80,487 and S$142,078 as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively, representing 0.5%, 0.9% and 1.5% of our total current assets as at their respective dates.

Non-Current Liabilities

Our non-current liabilities comprised mainly (a) finance lease liabilities, (b) provision for reinstatement costs, and (c) deferred consideration.

Our non-current liabilities amounted to approximately S$0.2 million, S$3.9 million and S$3.9 million as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively, representing 2.3%, 33.5% and 35.8% of our total liabilities as at their respective dates. The increase of non-current liabilities from S$0.2 million as at 31 December 2015 to S$3.9 million as at 31 December 2016 was mainly due to the deferred consideration to be satisfied by the issuance of Consideration Shares for the acquisition of MindChamps Serangoon and MindChamps Zhongshan Park.

Finance lease liabilities comprised the non-current portion of the Finance Lease. Such finance lease liabilities amounted to approximately S$95,822, S$55,946 and S$35,295 as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively, representing 54.6%, 1.4% and 0.9% of our total non-current liabilities as at their respective dates.

Provision for reinstatement costs relate to our Group's obligation to reinstate the leased premises occupied by MindChamps PreSchool @ Toa Payoh, MindChamps PreSchool @ Paragon, MindChamps PreSchool @ Changi Business Park, MindChamps PreSchool @ Zhongshan Park and MindChamps PreSchool @ Serangoon to their original condition upon termination of the lease and is based on quotations obtained from contractors and management's estimate in similar situations.

Deferred consideration comprises the deferred and outstanding purchase consideration payable for the acquisition of MindChamps Serangoon and MindChamps Zhongshan Park. Such deferred consideration is intended to be satisfied through the issue of the Consideration Shares to the vendors on or around the Listing Date. See "– *Capital Expenditures – Franchise Acquisitions*" for further details.

Current Liabilities

Our current liabilities comprised mainly (a) trade and other payables, (b) deferred income, (c) finance lease liabilities and (d) current income tax liabilities.

Our current liabilities amounted to approximately S$7.3 million, S$7.8 million and S$7.0 million as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively, representing 97.7%, 66.5% and 64.2% of our total liabilities as at their respective dates.

These current liabilities comprised the following:

(a) Trade and other payables, which amounted to approximately S$4.8 million and accounted for 64.7% of our total current liabilities as at 31 December 2015. As at 31 December 2016, trade payables amounted to approximately S$5.2 million or 66.6% of our total current liabilities. As at 30 June 2017, trade payables amounted to approximately S$4.2 million or 60.5% of our total current liabilities.

    Trade payables comprised amounts payable to our suppliers, including caterers and our merchandise suppliers.

Other payables mainly include amounts due to our immediate Shareholders, being dividends payable to MindChamps Holdings and Invest Learning.

Deposits received refer to the one month deposit for school fees we receive from our customers, which may be used to offset the final month's school fees.

(b) Deferred income, which comprise franchise income, school fees and service income which amounted to approximately S$2.2 million, S$2.1 million and S$2.4 million as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively, representing 29.5%, 26.7% and 33.8% of our total current liabilities as at their respective dates.

Franchise income refers to the one-off licence fees collected from our franchisees in Singapore and other territories upon the signing of franchise agreements. Our Group recognises franchise fees as revenue with the guidance from paragraph 18 of the "*FRS 18 – Revenue: Illustrative Examples*". As stated in our franchise agreements, franchise licence fee constitutes consideration for the grant of franchise licences, is non-refundable under any circumstances and is deemed fully earned by our Group upon execution of franchise agreements.

For unit franchise licences, franchise income is recognised as revenue when a franchisee secures a lease for the premises to operate the franchised business and receives from our Group the proprietary operation manual to operate such franchised business or in the event of the expiry of the unit franchise licence, e.g. if the unit franchisee fails to secure a lease to operate the franchised business within the stipulated period stated in the franchise agreement.

For master franchise licences, exclusivity to a territory is granted to a master franchisee upon execution of the master franchise agreement, prohibiting our Group from entering such territory. As such, franchise income is recognised as revenue upon the execution of the master franchise agreement. This revenue recognition is independent of the number of unit franchise licences sold or the number of centres established in such exclusive territory, as it is the master franchisee's obligation to support the unit franchisees in such exclusive territory.

For continuing use of rights granted under the franchise agreements, our Group charges royalty fees to the franchisees and recognises the royalty fees as revenue over the franchise period.

School fees refer to the programme fees collected in advance from our students before the commencement of classes. The school fees are recognised as revenue when our Company has commenced the classes for the students.

Service income refers to the income generated from the services provided to our franchisees and related companies such as employees training, secondment of employees, IT services, advertisement and marketing services. Service income is recognised as revenue when the services are rendered.

(c) Finance lease liabilities, which comprise the current portion of the Finance Lease. Such finance lease liabilities amounted to approximately S$38,611, S$40,019 and S$40,878 as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively, representing 0.5%, 0.5% and 0.6% of our total current liabilities as at their respective dates.

(d) Current income tax liabilities, which amounted to approximately S$0.4 million and accounted for 5.2% of our total current liabilities as at 31 December 2015. As at 31 December 2016, provision for current income tax liabilities amounted to approximately S$0.5 million or 6.2% of our total current liabilities. As at 30 June 2017, provision for current income tax liabilities amounted to approximately S$0.4 million or 5.1% of our total current liabilities.

Capital and reserves attributable to equity holders of our Company

As at 31 December 2015, equity attributable to owners of our Company amounted to approximately S$3.4 million, comprising mainly share capital of S$0.5 million and retained profits of approximately S$2.8 million.

As at 31 December 2016, equity attributable to owners of our Company amounted to approximately S$3.7 million, comprising mainly share capital of S$0.5 million and retained profits of approximately S$3.2 million.

As at 30 June 2017, equity attributable to owners of our Company amounted to approximately S$5.1 million, comprising mainly share capital of S$0.5 million and retained profits of approximately S$4.6 million.

CASH FLOWS

The following table sets forth selected cash flows data from our consolidated statement of cash flows for the periods indicated:

	FY2014	FY2015	FY2016	6M2016	6M2017
	(S$) (audited)	(S$) (audited)	(S$) (audited)	(S$) (unaudited)	(S$) (unaudited)
Net cash generated from operating activities	**3,690,807**	**3,328,015**	**3,975,229**	**2,409,965**	**2,178,891**
Net cash used in investing activities	(837,887)	(314,260)	(1,629,609)	(912,014)	(381,926)
Net cash used in financing activities	(28,704)	(107,159)	(5,380,237)	(2,571,528)	(2,631,689)
Net increase/(decrease) in cash and cash equivalents	2,824,216	2,906,596	(3,034,617)	(1,073,577)	(834,724)
Cash and cash equivalents at beginning of year/period	1,180,967	4,005,169	6,911,740	6,911,740	3,873,728
Effects of currency translation on cash and cash equivalents	(14)	(25)	(3,395)	(783)	5,932
Cash and cash equivalents at end of year/period	4,005,169	6,911,740	3,873,728	5,837,380	3,044,936

Net cash flows generated from operating activities

In FY2014, we generated cash inflows from operating activities before movement in working capital of approximately S$3.2 million, with net increases in working capital of S$0.5 million. Our net working capital inflow was mainly due to cash inflows from a decrease in trade and other receivables of approximately S$1.8 million, which was offset by cash outflows from a decrease in trade and other payables of approximately S$1.2 million and decrease in deferred income of approximately S$0.1 million. Our net cash generated from operating activities amounted to S$3.7 million.

In FY2015, we generated cash inflows from operating activities before movement in working capital of approximately S$4.5 million, with net decreases in working capital of S$1.2 million. Our net working capital outflow was mainly due to cash outflows from an increase in trade and other receivables, decrease in trade and other payables and decrease in deferred income of approximately S$0.5 million, S$0.3 million and S$0.4 million respectively. Our net cash generated from operating activities amounted to S$3.3 million.

In FY2016, we generated cash inflows from operating activities before movement in working capital of approximately S$6.8 million, with net decreases in working capital of S$2.5 million and income tax paid of approximately S$0.4 million. Our net working capital outflow was mainly due to cash outflows from an increase in trade and other receivables of approximately S$2.2 million and from a decrease in trade and other payables of approximately S$0.2 million respectively. Our net cash generated from operating activities amounted to S$4.0 million.

For 6M2016, we generated cash inflows from operating activities before movement in working capital of approximately S$3.7 million, with net decreases in working capital of S$0.9 million and income tax paid of approximately S$0.4 million. Our net working capital outflow was mainly due to cash outflows from an increase in trade and other receivables and decrease in deferred income of approximately S$1.2 million and S$0.1 million respectively, which was offset by cash inflows from an increase in trade and other payables of approximately S$0.4 million. Our net cash generated from operating activities amounted to S$2.4 million.

For 6M2017, we generated cash inflows from operating activities before movement in working capital of approximately S$2.0 million, with net increases in working capital of S$0.4 million and income tax paid of approximately S$0.2 million. Our net working capital inflow was mainly due to cash inflow from an increase in trade and other payables of approximately S$1.4 million, which was offset by cash outflow from a decrease in deferred income of approximately S$0.1 million and an increase in trade and other receivables and inventories of approximately S$0.8 million and S$0.1 million respectively. Our net cash generated from operating activities amounted to S$2.2 million.

Net cash flows used in investing activities

In FY2014, net cash used in investing activities amounted to approximately S$0.8 million due to additions to property, plant and equipment and intangible assets of approximately S$0.4 million and S$0.5 million respectively.

In FY2015, net cash used in investing activities amounted to approximately S$0.3 million mainly due to additions to intangible assets of approximately S$0.3 million.

In FY2016, net cash used in investing activities amounted to approximately S$1.6 million due to additions to property, plant and equipment and intangible assets of approximately S$0.6 million and S$0.5 million respectively, and due to the acquisition of MindChamps Serangoon and MindChamps Zhongshan of approximately S$0.6 million, net of cash acquired.

For 6M2016, net cash used in investing activities amounted to approximately S$0.9 million due to additions to property, plant and equipment and intangible assets of approximately S$0.1 million and S$0.2 million respectively, and due to the acquisition of MindChamps Serangoon of approximately S$0.6 million, net of cash acquired.

For 6M2017, net cash used in investing activities amounted to approximately S$0.4 million due to additions to property, plant and equipment and intangible assets of approximately S$0.2 million and S$0.2 million respectively.

Net cash flows used in financing activities

In FY2014, net cash used in financing activities amounted to approximately S$0.03 million mainly due to the repayment of finance lease liabilities and the payment of finance lease interest.

In FY2015, net cash used in financing activities amounted to approximately S$0.1 million mainly due to the dividend paid to non-controlling interest of approximately S$0.1 million.

In FY2016, net cash used in financing activities amounted to approximately S$5.4 million mainly due to the dividends paid to the equity holders of our Company and non-controlling interests of approximately S$5.1 million and S$0.2 million respectively.

For 6M2016, net cash used in financing activities amounted to approximately S$2.6 million mainly due to the dividend paid to the equity holders of our Company of approximately S$2.6 million.

For 6M2017, net cash used in financing activities amounted to approximately S$2.6 million mainly due to the dividends paid to the equity holders of our Company and non-controlling interests of approximately S$2.5 million and S$0.1 million respectively.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Other than the remaining consideration payable for the Franchise Acquisitions as described in "*– Capital Expenditures – Franchise Acquisitions*", our Group does not have any material contractual obligations or commitments for capital expenditures as at the Latest Practicable Date.

CAPITAL EXPENDITURES

The following table sets forth information regarding our total capital expenditures for FY2014, FY2015, FY2016, 6M2016 and 6M2017.

	FY2014	**FY2015**	**FY2016**	**6M2016**	**6M2017**
	(S$)	**(S$)**	**(S$)**	**(S$)**	**(S$)**
Acquisitions	121	0	4,924,559	601,419	1
Property, Plant and Equipment	417,633	57,262	584,627	96,469	203,562
Total capital expenditures	**417,754**	**57,262**	**5,509,186**	**697,888**	**203,563**

In addition to the above, we had on 2 August 2017 entered into a business sale agreement (the "**Business Sale Agreement**") for the Australian Acquisition for a total consideration of A$15.75 million. Apart from the Australian Acquisition, which was financed through a combination of the Acquisition Loan and internal funding, all of our other capital expenditures were funded from our working capital. Details of our acquisitions for FY2014, FY2015, FY2016, 6M2017 and up to the Latest Practicable Date are as follows:

Franchise Acquisitions

MindChamps Serangoon and MindChamps Zhongshan Park

Pursuant to a share purchase agreement dated 1 February 2016 (the "**MindChamps Serangoon SPA**") entered into between our Company as purchaser and Teoh Mei Yian and Wong Wei Hsng as vendors, our Company acquired 80% of the ordinary shares of MindChamps Serangoon for an aggregate consideration of S$4,114,934, which was commercially negotiated between our Company and such parties on a willing-seller-willing-buyer basis and is based on an agreed earnings multiple, of which (i) S$1,000,000 was satisfied by a cash payment at the completion of the acquisition; (ii) S$3,000,000 shall be satisfied by the issuance of 3,614,458 Consideration Shares, representing a total value of S$3,000,000 based on the Offering Price per Consideration Share; and (iii) S$114,934 which shall be payable to the vendors within three months from the closing of the Offering. The payment of S$1,000,000 referred to in (i) above was, and the payment of S$114,934 referred to in (iii) above will be, financed by internal sources of funding.

Under the MindChamps Serangoon SPA, the vendors (but not our Group) are subject to a non-compete and non-solicitation restrictions which apply for as long as the vendors own any shares in our Company as well as for a period of three years after the vendors cease to own any shares in our Company. Furthermore, we are indemnified by the vendors from and against any and all losses sustained, incurred or suffered by reason of any breach of any representation, warranty or undertaking given by the vendors in the share purchase agreement.

On the same date, our Company also entered into a shareholders' agreement with the vendors (being the minority shareholders of MindChamps Serangoon) to regulate the affairs of MindChamps Serangoon. The shareholders' agreement provides for similar non-compete and non-solicitation restrictions, as well as pre-emptive rights and tag-along rights in respect of any proposed sale or transfer of shares in MindChamps Serangoon by any shareholder.

Pursuant to a share purchase agreement dated 1 July 2016 (the "**MindChamps Zhongshan Park SPA**") entered into between our Company as purchaser and Chow Wun Shi, Phua Sze Shen, Ong Bee Hing and Noor Hudayah Binte Mohamed Ariff as vendors, our Company acquired 75% of the ordinary shares of MindChamps Zhongshan Park, for an aggregate consideration of S$809,574, which was commercially negotiated between our Company and such parties on a willing-seller-willing-buyer basis and is based on an agreed earnings multiple, of which (i) S$187,500 was satisfied by a cash payment at the completion of the acquisition; (ii) S$562,500 shall be satisfied by the issuance of 677,711 Consideration Shares, representing a total value of S$562,500 based on the Offering Price per Consideration Share; and (iii) S$59,574 which shall be payable to the vendors within three months from the closing of the Offering. The payment of S$187,500 referred to in (i) above was, and the payment of S$59,574 referred to in (iii) above will be, financed by internal sources of funding.

Under the MindChamps Zhongshan Park SPA, the vendors (but not our Group) are subject to a non-compete and non-solicitation restrictions which apply for as long as the vendors own any shares in our Company as well as for a period of three years after the vendors cease to own any shares in our Company. Furthermore, we are indemnified by the vendors from and against any and all losses sustained, incurred or suffered by reason of any breach of any representation, warranty or undertaking given by the vendors in the share purchase agreement.

On the same date, our Company also entered into a shareholders' agreement with the vendors (being the minority shareholders of MindChamps Zhongshan Park) to regulate the affairs of MindChamps Zhongshan Park. The shareholders' agreement provides for similar non-compete and non-solicitation restrictions, as well as pre-emptive rights and tag-along rights in respect of any proposed sale or transfer of shares in MindChamps Zhongshan Park by any shareholder.

The MindChamps Serangoon SPA and MindChamps Zhongshan Park SPA provide that the sellers shall not be entitled to sell or otherwise dispose of any of the Consideration Shares to any third party at any time during the period commencing from the date of allocation of the Consideration Shares and expiring on the date immediately prior to the first anniversary of such allocation date. The Consideration Shares are expected to be issued on or around the Listing Date.

MindChamps Kallang

MindChamps PreSchool @ Leisure Park Kallang Pte. Limited ("**MindChamps Kallang**") was incorporated in December 2016 as a 51% owned subsidiary of our Company, with the remaining 49% held by MindChamps PreSchool @ Mountbatten Pte. Limited ("**MP Mountbatten**") (a co-investor which is not related to our Group or the MCH Group, and which is not licensed to utilise the MindChamps PreSchool branding for its business).

In fulfilment of a condition of a loan agreement dated 20 December 2016 between our Company as lender and Ng Mui Lee, Tan Bee Teck, MP Mountbatten and Asia Education Consulting Holding Pte Ltd as borrowers whereby our Company lent S$80,000 to MP Mountbatten, MP Mountbatten transferred the preschool centre business now known as MindChamps PreSchool @ Leisure Park Kallang to MindChamps Kallang for a cash consideration of S$1. Such transfer was completed on 9 January 2017. As at the Latest Practicable Date, the full amount of the loan remains outstanding.

MindChamps Changi

Pursuant to a share purchase agreement dated 25 September 2017 (the "**MindChamps Changi SPA**") entered into between our Company as purchaser and Soo Han Beng Andy as vendor, our Company acquired 49% of the ordinary shares of MindChamps Changi for a consideration of S$387,000, which was commercially negotiated between our Company and such party on a willing-seller-willing-buyer basis and is based on an agreed earnings multiple.

MindChamps PreSchool Franchise

Pursuant to share purchase agreements dated 9 November 2017 (the "**MindChamps PreSchool Franchise SPAs**") entered into between our Company as purchaser and each of Invest Learning and Mrs Carmee Lim as vendors, our Company will acquire 22,260 ordinary shares of MindChamps PreSchool Franchise from Invest Learning and 78,921 ordinary shares of

MindChamps PreSchool Franchise from Mrs Carmee Lim, in each case shortly before the Listing Date. Upon such acquisition, MindChamps PreSchool Franchise will become a wholly-owned subsidiary of our Company.

Our Company will pay Invest Learning a consideration of S$13,000, which is the same consideration paid by Invest Learning for the shares in 2014 as described in "*Interested Person Transactions and Potential Conflicts of Interest – Past Interested Person Transactions – Purchase of Shares of MindChamps PreSchool Franchise*".

Our Company will pay Mrs Carmee Lim a consideration of S$279,915, which was commercially negotiated between our Company and Mrs Carmee Lim on a willing-seller-willing-buyer basis and is based on an agreed earnings multiple.

Australian Acquisition

On 2 August 2017, our subsidiary MindChamps Australia Pty. Ltd. entered into the Business Sale Agreement with an unincorporated partnership comprising of J. Sarkis Pty Limited and Niltil Holdings Pty Ltd (who are unrelated third parties with respect to our Group), to acquire the businesses and assets of four preschool centres in Sydney, Australia (the "**Australian Acquisition**"). The assets to be acquired include, among others, the authorisations of the Australian government agency to carry on providing child care and education services, the benefit of the leases of the preschool centre premises, the intellectual property rights and licences in relation to the businesses, and the plants and equipment of the preschool centres. The aggregate consideration for the Australian Acquisition was A$15.75 million subject to adjustments for (i) apportionable outgoing payments and costs of and incidental to the businesses and assets including rent, rates, electricity, gas, telephone and lease payments; and (ii) cash at hand or on deposit that is refundable to customers or vendors and cash at hand or on deposit that is collected in advance from customers. The completion of the Australian Acquisition took place on 10 November 2017. The Australian Acquisition was financed through a combination of the Acquisition Loan and internal funding.

Property, Plant and Equipment

Our property, plant and equipment expenditure comprises expenses related to (a) furniture and office equipment; (b) renovation; (c) computer equipment; and (d) motor vehicles. Our property, plant and equipment expenditure (other than in the case of the motor vehicle in Singapore which is financed by way of the Finance Lease) is financed by internal sources of funding.

DESCRIPTION OF MATERIAL INDEBTEDNESS

We have historically funded our operations and growth primarily through internal funds. Up to 30 June 2017, our sole borrowing comprised the Finance Lease. The applicable interest rate for the Finance Lease is 2.08% for a hire period of 60 months commencing on 23 April 2014. Our liabilities under the Finance Lease amounted to approximately S$134,433, S$95,965 and S$76,173 as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively, representing 1.8%, 0.8% and 0.7% of our total liabilities as at their respective dates. The aggregate amount remaining outstanding under the Finance Lease as at 30 June 2017 was approximately S$76,173.

On 6 November 2017, we obtained a term loan, an overdraft facility and a specific advance facility for an aggregate amount of up to S$13,700,000, from Oversea-Chinese Banking Corporation Limited for the purposes of financing the Australian Acquisition (the "**Acquisition Loan**"). In connection with the completion of the Australian Acquisition on 10 November 2017, we drew down S$13,305,600 of the Acquisition Loan, comprising S$11,550,000 under the term loan, S$1,650,000 under the specific advance facility and S$105,600 under the overdraft facility.

The term loan, which was extended under the International Enterprise Singapore Board's ("**IE Singapore**") Internationalisation Finance Scheme, is for an amount up to S$11,550,000 or 70% of the acquisition price of the Australian Acquisition, whichever is the lower. The overdraft facility is for an amount of up to S$500,000, for financing the additional amount if the combined limit of the term loan and the specific advance facility is exceeded, on the condition that any unutilised amount shall be cancelled once the Australia Acquisition is completed. The specific advance facility is for an amount up to S$1,650,000 or 10% of the acquisition cost of the Australian Acquisition, whichever is the lower.

The interest payable on the term loan and the specific advance facility is 2.75% per annum over the swap offer rate for Singapore Dollars for the relevant interest period. The interest payable on the overdraft facility will be at the bank's prevailing prime lending rate calculated on daily balance with monthly rests.

The tenor of the term loan is up to five years from the date of first disbursement and the overdraft facility and the specific advance facility expire on 31 December 2018 or two weeks upon completion of the Offering, whichever is earlier. The terms of the Acquisition Loan require S$6,000,000 from the proceeds of the Offering to be utilised towards repayment of drawn down and outstanding amounts under the Acquisition Loan. In addition, the amount of S$105,600 drawn down under the overdraft facility is to be repaid within two weeks of the completion of the Offering.

The Acquisition Loan is secured by a charge over the shares of our subsidiary, MindChamps Australia Pty Ltd. In addition, MindChamps Holdings has provided a guarantee and indemnity in favour of Oversea-Chinese Banking Corporation Limited. Under the deed of guarantee and indemnity, the guarantee provided by MindChamps Holdings shall be a continuing guarantee and MindChamps Holdings shall pay to Oversea-Chinese Banking Corporation Limited on demand all sums of monies or liabilities due or owing or which shall remain unpaid or be incurred from or by our Company, including interest and all legal and other costs, charges and expenses incurred in obtaining or seeking to obtain payment of the Acquisition Loan. No fees were paid to MindChamps Holdings for the provision of such guarantee and indemnity.

The terms of the Acquisition Loan also require, among other things, that Mr David Chiem Phu An remain as our Chief Executive Officer for the tenure of the Acquisition Loan and for us to maintain a specified debt servicing coverage ratio and net worth (calculated as the sum of our paid up capital and retained earnings). We are also to comply with all additional terms and conditions as may be specified by IE Singapore from time to time.

As at the Latest Practicable Date, our Group is not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our Group's financial position and results or business operations, or the investments by our Shareholders.

LIQUIDITY AND CAPITAL RESOURCES

We have funded our operations and growth primarily through internal funds. As at 30 June 2017 and as at the Latest Practicable Date, our primary sources of liquidity included cash and bank deposits of S$3,044,936 and S$5,185,783, respectively. On 6 November 2017, we obtained the Acquisition Loan described in "– *Description of Material Indebtedness*".

Taking into account the expected cash to be generated from the operations of our Group, together with cash and cash equivalents, and the banking facilities available to our Group (including the Acquisition Loan), the Directors are of the opinion that the working capital available to our Group, as at the date of lodgment of this Prospectus is sufficient for our Group's present requirements and anticipated requirements for capital expenditures and other cash requirements for 12 months following the date of this Prospectus.

FOREIGN CURRENCY AND INTEREST RATE RISK DISCLOSURES

The following discussion summarises our exposure to fluctuations in foreign exchange rates and interest rates. It is difficult to accurately predict changes in economic or market conditions and anticipate the effects of such changes on our financial performance and business operations. See Note 24 to our consolidated financial statements for more information on our exposure to such risks.

Foreign Currency Risk

Although our Group has a number of investments in foreign subsidiaries in Australia whose net assets are exposed to currency translation risk, our Group does not currently have significant exposure to currency risk as our transactions are currently predominantly denominated in Singapore Dollar. Accordingly, our Group does not currently enter into any hedging arrangements or instruments for the purposes of hedging currency risk. In the event that our Group encounters any significant exposure or potential exposure to any currency risk, our Group may take precautionary measures including entering into hedging arrangements or instruments as may be prudent or necessary.

Interest Rate Risk

Cash flows interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As our Group has no significant interest bearing assets, our Group's operating cash flows are substantially independent of changes in market interest rate. Accordingly, our Group does not currently enter into any hedging arrangements or instruments for the purposes of hedging interest rate risk. In the event that our Group encounters any significant exposure or potential exposure to any interest rate risk, our Group may take precautionary measures including entering into hedging arrangements or instruments as may be prudent or necessary.

TREND INFORMATION

The following discussion about our prospects and trends include forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those that may be projected in these forward-looking statements. See also "*Notice to Investors – Forward-Looking Statements*".

We expect that our sales and results of operations for FY2017 will be affected by the following:

- general economic and financial market conditions which will have an impact on household incomes and the general demand for our services from our customers;

- our ability to execute our business plans and strategies, in particular, our ability to grow organically through franchise arrangements as well as our business in Australia following the completion of the Australian Acquisition;

- growing awareness of the importance of early childhood education;

- government initiatives to promote early childhood education; and

- number of competitors and competition in the early childhood education industry.

Save as disclosed above and in the sections "*Risk Factors*", "*Management's Discussion and Analysis of Results of Operations and Financial Position*", "*Appendix D – Early Childhood Education – Singapore, Australia and Global*", "*Business*", "*Capitalisation and Indebtedness*" and "*Regulatory Environment*", barring unforeseen circumstances, our Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that will cause the financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

CHANGES IN ACCOUNTING POLICIES AND STANDARDS

We have not made any material changes in our accounting policies during the three years ended 31 December 2016.

ORDER BOOK

Due to the nature of our business, we do not maintain an order book. There are however a number of unit franchise licences which have already been granted, but in relation to which, the FOFO centres have yet to be established by the franchisee (i.e. by way of securing a lease for the premises to operate the franchised business) and in relation to which, the franchise income of the one-off licence fees collected have yet to be recognised as revenue. As at the Latest Practicable Date, there were a total of 65 unit franchise licences which have been granted and for which one-off licence fees have been collected, but in relation to which FOFO centres have yet to be established.

SEASONALITY

We have experienced, and expect to continue to experience, seasonal fluctuations in our results of operations, primarily due to seasonal changes in student enrolments. The number of students at our preschool centres in Singapore is typically the lowest at the start of each calendar year, due to the graduation of Kindergarten 2 students at the end of the preceding year, before gradually being replaced over the course of the year by new enrolments. As our revenue is directly affected by the headcount of students at our preschool centres, such seasonal fluctuations in student enrolments generally give rise to a corresponding seasonal fluctuation in our revenue over the course of a year.

OUR HISTORY

Our Group was founded by our Executive Chairman and Chief Executive Officer, Mr David Chiem Phu An, with the incorporation of our Company in Singapore as a private limited company under the Companies Act on 25 July 2008. On 9 November 2017, our Company was converted into a public company limited by shares. In connection with such conversion, we changed our name to "MindChamps PreSchool Limited". According to the Independent Market Research Report, we are the market share leader with a market share of 38.5% in the premium range preschools market in Singapore[1], through our policy of both operating and franchising preschools. The table below sets forth our key milestones since incorporation:

Year	Milestone
2008	Our Company was incorporated on 25 July 2008. MindChamps PreSchool was launched. It was fully booked within three months with excess applicants placed on a waiting list. MindChamps PreSchool Franchise Pte. Limited ("**MindChamps PreSchool Franchise**") (formerly known as MindChamps PreSchool Franchise (Worldwide) Pte. Limited) was also established on 25 July 2008, to facilitate the franchising of our Company's preschool business. 22 franchise licences were sold before the first MindChamps PreSchool centre was opened in April 2008. In recognition of this achievement, we were featured as the cover story in Asia Franchise magazine.
2009	By end-2009, a total of six preschool centres had opened. In that year, our strong branding and franchise business model was recognised by the Franchising and Licensing Association, who accorded us the Promising Franchisor of the Year award.
2011	In May 2011, we acquired 100.0% of the equity interests in A&I Edu Investments Pte. Ltd., and renamed it MindChamps PreSchool @ Paragon Pte. Limited ("**MindChamps Paragon**"). In November 2011, we acquired 51.0% of the equity interests in Enkindle Pte. Ltd., and renamed it MindChamps PreSchool @ Changi Business Park Pte. Ltd. ("**MindChamps Changi**"). MindChamps Reading & Writing was launched and was subsequently incorporated into the MindChamps Preschool curriculum in 2012. A multi-media division was formed to produce more than 200 electronic reading and phonics books at a cost of more than S$3.5 million to be used in class and at home by parents and children. As far as we can ascertain, we became, with this innovation, the first and only early childhood education provider in Singapore to produce proprietary electronic reading and phonics books.

[1] As at 15 September 2017.

Year	Milestone
2013	In recognition of our rapid expansion and consistency in the delivery of high quality education, the Franchising and Licensing Association awarded us the Franchisor of the Year award.
2014	In July 2014, we acquired 100.0% of the equity interests in Bentley Institute Pte. Ltd. to expand our reach to commercial schools offering higher education programmes, and renamed it Champion Mindset Academy Pte. Limited ("**Champion Mindset Academy**").
	In August 2014, SPH invested S$12 million in our Group, acquiring through its wholly-owned subsidiary Invest Learning an equity interest of 22% in our Company and an equity interest of approximately 1.4% in our subsidiary MindChamps PreSchool Franchise.
	In connection with the investment by SPH, we acquired 60% of the equity interests in MindChamps Shanghai Pte. Limited ("**MindChamps Shanghai**") from MindChamps Holdings. See "*Interested Person Transactions – Past Interested Person Transactions – Acquisition of MindChamps Shanghai Shares and Related Transactions*" for further details.
	In November 2014, we were awarded the Influential Brands Top Brand 2014 Winner in the preschool education sector.
2015	In June 2015, the first MindChamps International PreSchool was established in the Philippines.
	In November 2015, we were named the Number 1 consumer choice Influential Brand of the Year 2015 by Influential Brands.
2016	In January 2016, the first MindChamps Chinese PreSchool was launched.
	In February 2016, we acquired 80% of the equity interests in MindChamps PreSchool @ Serangoon Pte. Limited ("**MindChamps Serangoon**"). See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions – MindChamps Serangoon and MindChamps Zhongshan Park*" for further details.
	In July 2016, we acquired 75% of the equity interests in MindChamps PreSchool @ Zhongshan Park Pte. Ltd ("**MindChamps Zhongshan Park**"). See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions – MindChamps Serangoon and MindChamps Zhongshan Park*" for further details.
	In September 2016, the first MindChamps Reading & Writing centre in Australia was launched in Sydney.
	In November 2016, we were named the Number 1 consumer choice Influential Brand of the Year 2016 by Influential Brands.

Year	Milestone
2017	In January 2017, MindChamps Kallang (which was incorporated in December 2016) acquired the preschool centre business of MindChamps PreSchool @ Leisure Park Kallang. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions – MindChamps Kallang*" for further details.
	In July 2017, we were awarded the Business Eminence award by Dun and Bradstreet.
	In September 2017, we acquired the remaining 49.0% of the equity interests in MindChamps Changi upon which MindChamps Changi became a wholly-owned subsidiary of our Company.
	In October 2017, we entered into a Heads of Terms – Business Cooperation Agreement with CFCG and Hillhouse Capital. See "*Share Capital and Shareholders – Information on the Cornerstone Investors – Business Cooperation Agreement*" for more information.
	In November 2017, we entered into the MindChamps PreSchool Franchise SPAs pursuant to which we are to acquire the ordinary shares of MindChamps PreSchool Franchise held by Invest Learning and Mrs Carmee Lim shortly before the Listing Date, upon which MindChamps PreSchool Franchise will become a wholly-owned subsidiary of our Company.
	In November 2017, we completed the Australian Acquisition whereby we acquired the businesses and assets of four preschool centres in Sydney, Australia.

SUBSIDIARIES

The table below sets forth our subsidiaries as at the date of this Prospectus:

No	Company name	Date of incorporation	Country of incorporation	Principal place of business	General nature of business	Effective ownership interest
	Singapore					
1.	Champion Mindset Academy Pte. Limited	6 February 2009	Singapore	Singapore	(1) Commercial schools offering higher education programmes; (2) Business and management consultancy services (general)	100%

No	Company name	Date of incorporation	Country of incorporation	Principal place of business	General nature of business	Effective ownership interest
2.	MindChamps PreSchool Franchise Pte. Limited	25 July 2008	Singapore	Singapore	Business and management consultancy services (general) – franchising for child care services for preschool children	93.6%[(1)]
3.	MindChamps PreSchool @TPY Pte. Limited (formerly known as MindChamps PreSchool Pte. Limited)	14 February 2008	Singapore	Singapore	(1) Child care services for preschool children (Including own-account babysitting); (2) Other education N.E.C	100%
4.	MindChamps PreSchool @ Changi Business Park Pte. Ltd.	18 September 2008	Singapore	Singapore	(1) Child care services for preschool children (including own-account babysitting); (2) Other education N.E.C	100%
5.	MindChamps PreSchool @ Leisure Park Kallang Pte. Limited	14 December 2016	Singapore	Singapore	(1) Child care services for preschool children (including own-account babysitting); (2) Business and management consultancy services (general)	51%
6.	MindChamps PreSchool @ Paragon Pte. Limited	29 May 2009	Singapore	Singapore	(1) Child care services for preschool children (including own-account babysitting); (2) Other education N.E.C	100%
7.	MindChamps PreSchool @ Serangoon Pte. Limited	9 April 2012	Singapore	Singapore	Child care services for preschool children (including own-account babysitting)	80%

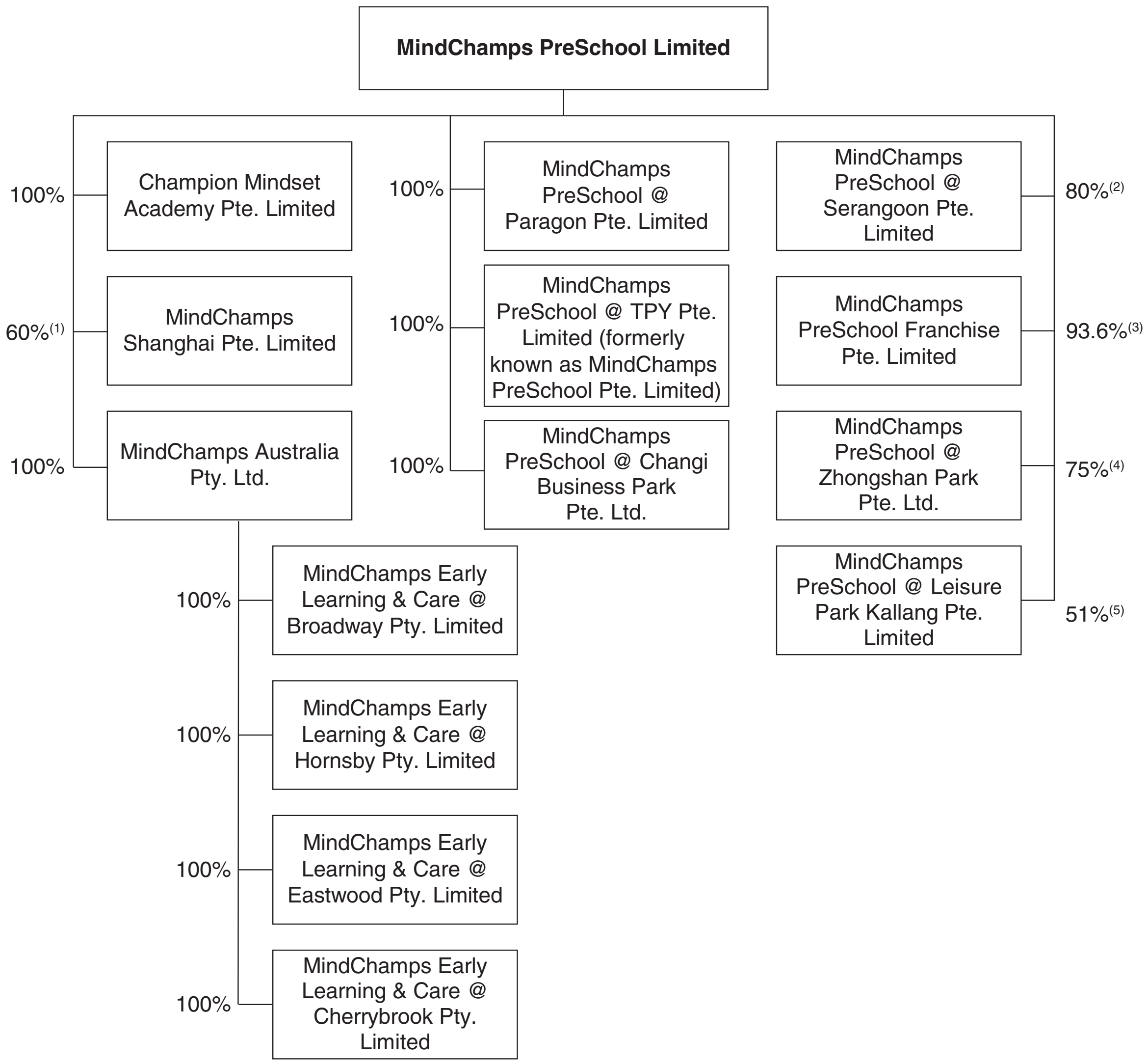
No	Company name	Date of incorporation	Country of incorporation	Principal place of business	General nature of business	Effective ownership interest
8.	MindChamps PreSchool @ Zhongshan Park Pte. Ltd.	17 July 2012	Singapore	Singapore	Child care services for preschool children (including own-account babysitting)	75%
9.	MindChamps Shanghai Pte. Limited	16 August 2010	Singapore	Singapore	Dormant	60%
	Australia					
10.	MindChamps Australia Pty. Ltd.	5 October 2012	Australia	Australia	Child care and related services	100%
11.	MindChamps Early Learning & Care @ Broadway Pty. Limited	4 May 2017	Australia	Australia	Dormant	100%
12.	MindChamps Early Learning & Care @ Eastwood Pty. Limited	4 May 2017	Australia	Australia	Dormant	100%
13.	MindChamps Early Learning & Care @ Cherrybrook Pty. Limited	4 May 2017	Australia	Australia	Dormant	100%
14.	MindChamps Early Learning & Care @ Hornsby Pty. Limited	5 May 2017	Australia	Australia	Dormant	100%

Note:

(1) Pursuant to the MindChamps PreSchool Franchise SPAs, we are to acquire the ordinary shares of MindChamps PreSchool Franchise held by Invest Learning and Mrs Carmee Lim shortly before the Listing Date, upon which MindChamps PreSchool Franchise will become a wholly-owned subsidiary of our Company.

OUR CORPORATE STRUCTURE

The following diagram summarises our corporate structure as at the date of this Prospectus:



Notes:

(1) The remaining 40% of MindChamps Shanghai is held by Mou Shan Ye and Lee Beng Seng (holding 20% each).

(2) The remaining 20% of MindChamps Serangoon is held by Teoh Mei Yian and Wong Wei Hsng (holding 10% each).

(3) The remaining 6.4% of MindChamps PreSchool Franchise is held by Mrs Carmee Lim (5%) (a member of our and MindChamps Holdings' respective World Advisory Board) and our Controlling Shareholder Invest Learning (approximately 1.4%). Pursuant to the MindChamps PreSchool Franchise SPAs, our Company is to acquire the remaining shares of MindChamps PreSchool Franchise from each of Invest Learning and Mrs Carmee Lim shortly before the Listing Date, upon which MindChamps PreSchool Franchise will become a wholly-owned subsidiary of our Company.

(4) The remaining 25% of MindChamps Zhongshan Park is held by Chow Wun Shi (8.8%), Phua Sze Shen (8.8%), Ong Bee Hing (5%) and Noor Hudayah Binte Mohamed Ariff (2.5%).

(5) The remaining 49% of MindChamps Kallang is held by MP Mountbatten (a co-investor which is not licensed to utilise the MindChamps PreSchool branding for its business).

Save as disclosed above, the remaining shareholders of the non-wholly owned entities are not associates of our Company or any of our Directors or Controlling Shareholders.

OVERVIEW

According to the Independent Market Research Consultant, we are the largest operator and franchisor of premium range preschool centres[1], which is defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above[2] per month for a 5-day week or 5.5-day week full-day programme, in Singapore. We offer premium academic and enrichment programmes for children between the ages of two months up to 10 years old, through (a) infant care centres (for children between two to 18 months old), (b) preschools (for children between 18 months to six years old), (c) enrichment centres offering reading and writing programmes (for children between three to 10 years old), and (d) enrichment centres offering theatre-related enrichment programmes for children. We also offer training programmes for adults at the certificate and diploma levels in early childhood care and education. We are the only preschool operator globally to nurture children with the Champion Mindset as researched by award-winning neuroscientist, Professor Emeritus Allan Snyder FRS. Our unique curriculum is the result of over a decade of research and development in the four domains of early childhood education, neuroscience, child psychology and theatre.

We operate and manage our business primarily as three business segments:

(a) **Education** – this is the provision of premium child care, education and learning-related services for preschool children through our COCO centres.

(b) **Franchise** – this is the franchising of premium child care, education and learning-related services and enrichment classes and provision of administrative support services to our FOFO centres.

We have two main types of franchise agreements: unit franchise agreements (where a franchisee purchases one unit franchise licence to operate one FOFO centre) and master franchise agreements (where a master franchisee purchases the right to on-sell and/or operate an agreed number of units of franchise licences).

(c) **Others** – this is the provision of commercial schools offering higher education programmes, business and management consulting services, which currently comprise the adult training programmes in early childhood care and education, conducted by Champion Mindset Academy.

As at the date of this Prospectus, our preschool and reading and writing centres comprise 10 COCO centres which we operate (six COCO preschool centres in Singapore and four COCO preschool centres in Australia) and 44 FOFO centres operated by our franchisees (30 FOFO preschool centres in Singapore, eight FOFO reading and writing centres in Singapore, three FOFO preschool centres in the Philippines, two FOFO reading and writing centres in Australia and one FOFO preschool centre in the UAE). Our centres are located in convenient locations such as shopping malls that are near residential areas or workplaces.

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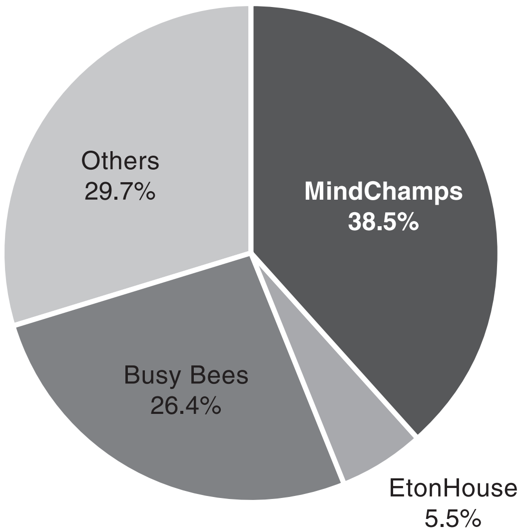
1 As at 15 September 2017.

2 Based on non-promotional rates and before GST and government subsidies.

According to the Independent Market Research Report, the two main categories of preschools in Singapore are kindergartens and child care centres. In the premium range category of preschool centres in Singapore[1], according to the Independent Market Research Report, we have the largest number of centres amongst the players and have established ourselves as the market share leader with a market share of 38.5%[2].

Market Share in Singapore Based on Number of Private Premium Preschool Child Care Centres



Note:

(1) The sum of percentages does not add up to 100.0% due to rounding differences

Source: Independent Market Research Report

OUR COMPETITIVE STRENGTHS

Largest operator and franchisor of premium range preschool centres in Singapore

We are the largest operator and franchisor of premium range preschool centres in Singapore[1], according to the Independent Market Research Consultant[2]. We have six COCO preschool centres and 30 FOFO preschool centres in Singapore as at the date of this Prospectus. In addition, we have eight FOFO reading and writing centres in Singapore as at the date of this Prospectus.

According to the Independent Market Research Consultant, we are also one of the few preschool child care centre chain operators in Singapore that focus entirely on serving the premium segment[1], which is defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above[3] per month for a 5-day week or 5.5-day week full-day programme. According to the Independent Market Research Report, the early childhood

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1 Defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above (based on non-promotional rates and before GST and government subsidies) per month for a 5-day week or 5.5-day week full-day programme.

2 As at 15 September 2017.

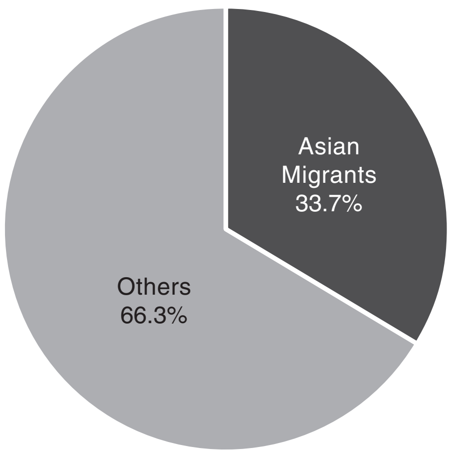
3 Based on non-promotional rates and before GST and government subsidies.

education industry in Singapore is expected to grow on the back of elevation in awareness of the importance of early childhood education, growing married females labour participation rate and better affordability and accessibility of early childhood education.

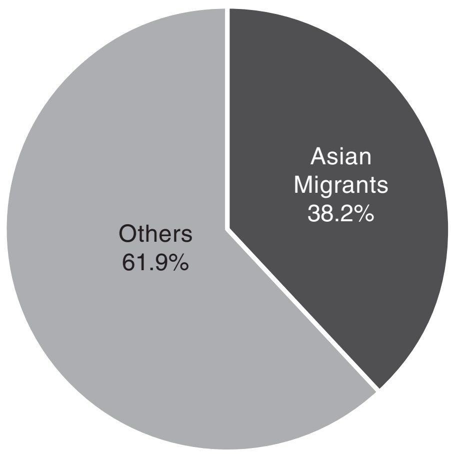
According to the Independent Market Research Report, globally, the early childhood education sector has also gained much visibility in recent years as these early childhood programmes have been widely reported to have a profound impact on a child's development that will ultimately bring forth benefits to the social and economic welfare of a nation. In Australia, the government has introduced a new CCS to make child care more affordable to families in the lower income groups, generating a demand for more services, according to the Independent Market Research Report. According to the Independent Market Research Report, the quality of preschools is a concern among Australian parents. In 2016, 31.0% of Australian preschools and day-care centres assessed failed to meet the standards set out in the national quality framework of the commonwealth and state governments. Despite the Australian Federal Government contributing A$61 million over three years, the country does not have a standardised framework for children in their early years, resulting in differing standards across the country.

In addition, according to the Independent Market Research Report, the growing Asian population in Australia is expected to spur a competitive mindset and increase demand for early childhood education. The number of people born in China and residing in Australia has increased from 401,560 persons in 2012 to 526,040 persons in 2016, which was the highest among all Asian immigrants. Coupled with a psyche to succeed in a new environment, affluent Chinese parents have higher propensities to invest in better quality education for their children, which would create opportunities for players wishing to tap into the early childhood education sector in Australia.

Proportion of Asian Residents in Australia Born Outside of Australia (2012)



Proportion of Asian Residents in Australia Born Outside of Australia (2016)



Note:

The sum of percentages does not add up to 100.0% due to rounding differences.

Source: Independent Market Research Report

With our entrenched position in the premium early childhood education segment in Singapore, we believe that we are well positioned to ride on the growth in the early childhood education industry in Australia, China and globally.

We are the only preschool brand globally to nurture children with and own intellectual property on the Champion Mindset

The "MindChamps" pedagogy was developed in collaboration with world experts working in the domains of neuroscience, child psychology and theatre. Discoveries are synthesised with education theory and best practice to produce new and more effective approaches. This development is on-going, and our pedagogy and curricula are being constantly upgraded, as new insights are developed worldwide.

We are the only preschool brand globally to work directly with award-winning neuroscientist, Professor Emeritus Allan Snyder FRS, in the development of strategies to nurture children with the Champion Mindset – a term he coined and introduced over 15 years ago.

Professor Snyder is a Fellow of the Royal Society (the prestigious scientific fellowship that counts Newton and Einstein amongst its many renowned present and former Fellows). Winner of the Marconi Prize, and holder of the 150th Anniversary Chair of Science at the University of Sydney, Professor Snyder was the founder of the Centre for the Mind (a collaborative initiative of the University of Sydney and the Australian National University) and is regarded as 'the father of Champion Mindset research'. His pioneering work in the neuroscience of Concept-Formation and Creativity underpins many of our unique learning and teaching strategies, and he collaborates directly, and exclusively, with our and MindChamps Holdings' respective MindChamps Research and Programme-Development team to develop effective and practical educational applications of his acclaimed theoretical work. Professor Snyder is also the Chair of Research of MindChamps.

The principles of Champion Mindset were distilled from Professor Snyder's studies into high-achievers in all areas of society which include, among others, business, sport, politics, the arts, religion and academia. By understanding the elements which make high-achievers "champions" (in the broadest sense of the word), we can introduce them in an age-appropriate way to children. In our infant care and preschool centres, we focus specifically on laying, in children who are in the critical phase of developing key neural networks, the cognitive and psychological foundations for the Champion Mindset – the behaviours which will support the development of the key Champion Mindset components, to become creative and confident life-long learners and better prepare them for the new digital age. Our and MindChamps Holdings' exclusive collaboration with him has enabled us to use the key precepts of Champion Mindset research in the development of the Champion Mindset components of all our learning programmes.

Further, Professor Snyder's work in both Concept-Formation and Creativity has been integral in the development of strategies to foster both the Learning Mind and the Creative Mind which is part of MindChamps' development of the '3-Mind' model of learning, as outlined in the book *The 3-Mind Revolution* (written by our founder, Executive Chairman and Chief Executive Officer, Mr David Chiem Phu An and MindChamps' Dean of Research and Programme-Development, Mr Brian Paul Caswell). When we were developing both the MindChamps PreSchool S.M.I.L.E.S.^{TM} curriculum (including the programme for infants) and the MindChamps Reading and Writing Programmes, it was with a view to establishing the essential foundations of the '3 Minds' in every child during the vitally-important formative years.

The S.M.I.L.E.S.^{TM} Curriculum is a result of over a decade of research and development in the four distinct domains of early childhood education, neuroscience, child psychology and theatre. It nurtures all aspects of a child's development – including the Sensory, the Motor, the Intellectual, the Linguistic, the Emotional and the Social – using specifically-designed, age-appropriate 'Crafted Play' activities and unique learning and enrichment programmes. Teachers are trained in the art of 'seizing' and 'crafting' moments, responding to the children's individual and immediate needs and developmental stages. We are also entitled to copyright protection over our proprietary materials developed by us (including the research curriculum, books, operating manuals and other material that we develop in-house) under applicable law, such as the Copyright Act, Chapter 63 of Singapore.

Scalability and quality earnings through our robust franchise business and franchise model

We have 44 FOFO centres in Singapore, Australia, the Philippines and the UAE as at the Latest Practicable Date, which represents a compound annual growth rate in the number of our FOFO centres (from one to 44 centres over the period from January 2009 to the Latest Practicable Date) of 54.1%. As at the Latest Practicable Date, we have sold a total of 109 licences under unit franchise agreements and master franchise agreements. Each franchise licence entitles the franchisee to operate one FOFO centre and as at the Latest Practicable Date, there are a total of 65 units of franchise licences which have been granted and for which one-off licence fees have been collected, but in relation to which FOFO centres have yet to be established. We believe that our franchise model allows us to achieve scalability within a short period of time, and we plan to replicate such a model in Australia and other parts of the world.

Our franchise model also allows us to achieve quality earnings. By charging our franchisees a fixed percentage of their revenue, we are able to generate high financial returns without bearing the cost of operating the centres, thereby effectively leveraging on the cashflow of our franchisees.

We believe that our franchise business is robust and this is underpinned by our strong commitment to quality and excellence. The preschool franchise licence fees which we charge in Singapore have increased over the years from S$55,000 in 2008 to S$150,000 as at the Latest Practicable Date, which we believe is an endorsement by the market of the value of our franchise.

Firstly, we have an experienced central management team at our headquarters to oversee our franchisees and gather feedback from our centres' principals and teaching staff regarding operational improvements. This central management team comprises our curriculum research and development team, our operations team as well as our senior management team. While each centre is managed on a day-to-day basis by a principal or vice-principal, the teaching curriculum, policies and standards for operating and managing the centres' operations are developed and administered by our central management team. We carry out regular audits on our franchisees, to ensure consistency in the quality of the curriculum, lesson plans and method of teaching across all our centres.

Secondly, we believe that our teachers play a crucial role in creating a conducive learning environment for our students and delivering the curriculum to our students in an effective manner that enhances their learning process. While the ECDA has determined the minimum teacher-student ratio for preschool centres, we have adopted a teacher-student ratio that is higher than the prescribed standards, to increase the exposure of each student to teachers and facilitate more supervision and learning opportunities. To uphold and maintain our reputation for excellence – and, therefore, our competitive advantage in the industry – we require our teachers, regardless of previous qualifications or experience, to undergo up to 200 hours of compulsory training and accreditation. Besides teachers, principals and vice-principals are required to undergo regular training to keep themselves up-to-date with the latest curriculum and operational developments.

Thirdly, we believe that nutrition and food quality are important for our preschool students, as part of their overall development and well-being. Through our commercial arrangement with Beston MindChamps, a subsidiary of the MCH Group, which sources produce from companies specialising in nutritious, chemical-free, organic and biodynamic foods, we are able to incorporate fresh and nutritious foods as a part of our students' diets, and ensure consistency in the area of food provision across all our centres.

We have a strong and experienced management team, supported by an esteemed World Advisory Board

As described earlier, we have a strong and professional management team which possesses extensive knowledge and experience in the early childhood education industry. Our management team is led by our founder, Executive Chairman and Chief Executive Officer, Mr David Chiem Phu An, who has more than 19 years of experience in the education sector. With extensive experience, both in Australia and Singapore, Mr David Chiem Phu An is an award-winning, dynamic entrepreneur, whose extensive background in theatre, film and television and unique ability to anticipate social demands and market trends in education, have enabled him to assemble the MindChamps 'Dream Team' of educators, curriculum developers and franchising and management specialists, to keep the brand 'ahead of the curve' in both education and franchising. He was instrumental in championing the development of the preschool curriculum and setting up the MindChamps brand when we opened our first preschool centre in 2008.

Our management team is supported by our World Advisory Board, which is a non-executive board of advisors comprising highly established experts in the fields of education and arts and established scientists, from the United States, the United Kingdom, Australia and Singapore, who have deep experience, knowledge and credentials in their respective areas of expertise. Each member contributes his/her expertise to the research and development of our curriculum, to ensure that our students' learning remains dynamic and holistic. By drawing on their professional experience and research findings, we are also able to modify our curriculum based on the latest scientific methods, to ensure that our students' learning and our teaching methodologies are up-to-date. See "– *Our World Advisory Board*" below for further details on the members of our World Advisory Board.

We have a proven track record and have demonstrated our ability to grow our business in Singapore and overseas

Since the commencement of operations of our first preschool in 2008, we have grown in scale rapidly via the opening of new centres and the sale of franchise licences to the 10 COCO centres and 44 FOFO centres as at the date of this Prospectus all within a short span of nine years. From our inception in 2008 to the date of this Prospectus, we achieved a compound annual growth rate in the number of our COCO and FOFO centres of 50.0% in Singapore (from one to 44 centres) and 53.3% in Singapore, Australia, the Philippines and the UAE (from one to 54 centres). Through active and ongoing marketing campaigns to create awareness of our unique pedagogy and referrals from parents whose children have gone through our curriculum, we have built a prominent brand for preschool education over the years and achieved a leading position in the premium range preschool market as a result of our highly scalable business.

Due to the success of our preschool operations in Singapore, we have been able to leverage on our strong branding and expand our franchise network to overseas markets and we currently have 10 centres located overseas. As at the date of this Prospectus. we have three FOFO centres in the Philippines, four COCO and two FOFO centres in Australia and one FOFO centre in the UAE.

In addition, by 1Q2018, we expect to open one additional FOFO centre in the Philippines and one additional FOFO centre in the UAE. The two FOFO centres in the UAE, which are named MindChamps Nursery, are targeted at children aged over two months to four years old.

As a testament to our proven track record and success, we have won various industry-wide and national awards in branding, intellectual property and franchise management. Some examples include FLA Promising Franchisor of the Year Award (2009), FLA Franchisor of the Year (2013) and Dun & Bradstreet Business Eminence Awards (2017). For a more complete list, see "– *Our Awards*" below.

STRATEGIES

Grow our business via mergers and acquisitions, joint ventures and partnerships

Following our recent acquisition of four COCO preschool centres in Sydney, Australia, we intend to continue to identify additional regions in Australia as well as additional countries where the local demographics and supply-demand dynamics are favourable for us to further penetrate the market and increase our brand presence.

We believe that the acquisition of centres overseas will allow us to establish a meaningful presence and gain a toehold in the overseas preschool education market.

Leverage on our strong branding and robust franchise model to grow our franchise business overseas

Leveraging on our strong branding and our robust franchise model, we have expanded our franchise footprint beyond Singapore, and as at the date of this Prospectus, established three FOFO centres in the Philippines, two FOFO centres in Australia and one FOFO centre in the UAE. By 1Q2018, we expect to open one additional FOFO centre in the Philippines and one additional FOFO centre (through Bloom Education LLC) in the UAE. Bloom Education LLC is part of an established group in the UAE, and has previously teamed up with international experts in education, such as Brighton College, to establish and operate world class schools and colleges.

We intend to continue to seek suitable local partners who demonstrate a strong track-record and prior experience in the preschool market to become our brand franchisees and introduce our preschool education brand to their local markets, through international master franchise arrangements. Apart from Singapore and Australia, we view the China, United States and United Kingdom markets as potential key strategic target markets for our global expansion, from which we may access other target markets such as New Zealand, Malaysia, South Korea and Vietnam.

We may also selectively partner large and/or reputable institutions or funds which have a regional or global presence, to establish FOFO centres in new markets. In this regard, we are in discussions with certain institutions and funds on potential collaboration arrangements, relating to the acquisition of preschools, to be rebranded and operated as MindChamps preschools, in markets such as but not limited to Australia and China, through international master franchise and other similar arrangements with us. For example, we have entered into a Heads of Terms – Business Cooperation Agreement with CFCG and Hillhouse Capital. See "*Share Capital and Shareholders – Information on the Cornerstone Investors – Business Cooperation Agreement*" for more information.

In the home market of Singapore, we continue to receive strong interest for franchising opportunities, and these may include interest from satisfied parents of children who attend our preschools. We will selectively grow our franchise footprint in Singapore by setting up new FOFOs in strategic locations. In Australia, where we see favourable government policies but a relative shortage in supply of quality preschool centres, we plan to replicate our existing franchise model in Sydney, Australia and extend it to other cities and states in Australia.

On the long-term basis, we target to achieve the majority of our income from our Franchise segment, which offers high scalability, minimal capital expenditure and higher margin as compared to our Education segment.

Expand our product offering

We intend to expand our infant care services, which are targeted at children between the ages of two months to 18 months. By 1Q2018, we expect to have two FOFO infant care centres co-located at our existing MindChamps PreSchool centres in Singapore, as well as two FOFO centres in the UAE which also cater to this age group. Due to the higher educarer-to-infant ratio that such services would entail, we intend to hire more staff and provide them with the requisite training so as to equip them with the necessary skills. In this area, we believe that our unique S.M.I.L.E.S.™ curriculum and environment will give us a distinct advantage in the industry for this age group.

We also intend to launch Actors Centre Kids, a series of classes aimed at helping children become confident, creative and collaborative through theatre. The Actors Centre Kids programme is designed and structured in collaboration with Actors Centre Australia, an Australian acting school which counts Hugh Jackman as its Patron. We have exclusively licensed the Actors Centre Kids programme from Actors Centre Australia Pte. Limited (a subsidiary of the MCH Group) as described in "*Interested Person Transactions and Potential Conflicts of Interest – Present and Ongoing Interested Person Transactions – Actors Centre Kids Exclusive Licence Agreement with Actors Centre Australia Pte. Limited*". This programme will be rolled out at existing MindChamps PreSchool centres to leverage upon our existing COCO and FOFO network as well as other non-MindChamps preschool centres, starting with Singapore and Australia. This programme will allow the owners of preschools (including our COCO centres and FOFO centres) to increase the utilisation of their premises as the programme will be conducted at the premises of existing preschool centres.

We also intend to increase our research into improving the nutritional value of our meals, so as to holistically enhance our students' overall experience in our preschool centres. For example, we have begun to incorporate natural organic foods such as fresh milk and low-fat cheese, and also organic probiotic yoghurts, into the daily meals that we provide our preschool students in Singapore.

OUR SERVICES

We operate and manage our business primarily as three business segments:

(a) **Education** – this is the provision of premium child care, education and learning-related services for preschool children through our company-owned-company-operated (COCO) centres.

(b) **Franchise** – this is the franchising of premium child care, education and learning-related services and enrichment classes and provision of administrative support services to our franchisee-owned-franchisee-operated (FOFO) centres.

We have two main types of franchise agreements: unit franchise agreements (where a franchisee purchases one unit franchise licence to operate one FOFO centre) and master franchise agreements (where a master franchisee purchases the right to on-sell and/or operate an agreed number of units of franchise licences).

(c) **Others** – this is the provision of commercial schools offering higher education programmes, business and management consulting services.

We provide preschool education services through our COCO centres and FOFO centres, which we manage and operate under our Education business segment and oversee under our Franchise business segment respectively. Our Others business segment currently comprises the adult training programmes in early childhood care and education, conducted by Champion Mindset Academy.

Preschool Education Services

Our Group offers both premium academic and enrichment programmes for children between two months up to 10 years old, through (a) infant care centres (for children between two to 18 months old), (b) preschools (for children between 18 months to six years old), (c) enrichment centres offering reading and writing programmes (for children between three to 10 years old), and (d) enrichment centres offering theatre-related enrichment programmes for children. As at the date of this Prospectus, our preschool and reading and writing centres comprise six COCO centres in Singapore and four COCO centres in Australia which we operate, 38 FOFO centres in Singapore, three FOFO centres in the Philippines, two FOFO centres in Australia and one FOFO centre in the UAE. In addition, by 1Q2018, we expect to have two FOFO infant care centres co-located at existing MindChamps PreSchool centres, as well as two FOFO centres in the UAE which also provide infant care services. Our preschool centres are located in convenient locations such as shopping malls that are near residential areas or workplaces. Each centre is equipped with an indoor learning environment, a children's gym and for certain centres, an outdoor learning area which maximises opportunities for varied learning within a play environment. In Singapore, preschool centres are open for 52 weeks a year, from 7 a.m. to 7 p.m. Monday to Friday except for public holidays and designated centre closure days. Some preschool centres are also open on Saturday from 7 a.m. to 2 p.m.

To ensure that all our preschool centres are equipped with professional and qualified early childhood educators, we require our teachers to undergo up to 200 hours of compulsory training and accreditation in "The MindChamps Way" – an approach which underpins the S.M.I.L.E.S.™ Curriculum and the numerous MindChamps teaching and learning strategies.

Our curriculum brings together research and development from four distinct domains of early childhood education, neuroscience, child psychology and theatre, which we believe together contributes to a child's holistic learning and development according to his or her individual strengths and abilities. Our curriculum also inculcates the "Champion Mindset", as researched by neuroscientist Professor Emeritus Allan Snyder FRS, which seeks to build every child's character and nurture the child towards becoming a confident individual. Further, under the guidance and advice of international experts, our curriculum is designed to prepare children for the change in teaching styles, relationships, environment and routine when they enter both international and local schools.

Details of our curriculum and other programmes that our Group provides are set out below.

Core Curriculum

Our core curriculum encompasses:

1. *Enquiry Moments*, which spurs active learning and thinking as children construct meaning from experience about the world around them. It is predicated upon a base of thinking, exploring and data collection, with the data being subsequently analysed.

2. *The Love for Chinese Language*, which is conducted 30 minutes to an hour a day, for up to two sessions a day, in our Singapore and Philippines centres. It seeks to enhance children's language communication skills in reading, listening, engaging and writing. Lessons are aimed at being fun and interactive and elements of drama, music, song and movement are incorporated.

3. *Numeracy Strategies*, which seeks to develop the children's numeracy recognition through grouping and counting exercises, the physical manipulation of numbers and groups, shapes and patterns and through calculating and experimenting with money denominations. Children participate and role play in "real life" money calculation exercises as our curriculum incorporates the latest research which shows that young children are able to grasp the complexities of the world through experience, experiment and understanding.

4. *Fun with Language*, which ensures that the children are given access to wide range of literature.

5. *MindChamps Reading & Writing*, which balances phonics instruction with understanding of meaning and engagement with the act of reading. Children are taught skills and strategies for reading so that they will adapt and use them beyond the classroom. It seeks to nurture the enjoyment of reading in children as they read literature in an engaging manner.

Enrichment programmes

Our enrichment programmes offered during curriculum time encompass:

1. *Creativity & Theatrical Strategies*, which focuses on developing written and oral skills with confidence and creativity through role play.

2. *Gourmet Moments*, which seeks to facilitate creativity, associative thinking ability, observation and inquiry skills and cognitive development through culinary programmes. It also seeks to cultivate language and communication skills.

3. *Music for the Mind*, which integrates music, movement, dance and creativity during classes where children can explore, enjoy and solve problems to enhance their potential.

4. *NeuroMooves*, which uses structured movement to build neural networks – including 'cross-lateral' structures which link the right and left brain through the corpus callosum. *NeuroMooves* also equips children with core skills for sports and games.

We have also established MindChamps Chinese PreSchool in which our curriculum is delivered with a more focused emphasis on the Chinese language, nurturing a positive Chinese speaking learning environment to help younger children love and speak the language fluently and to provide them with a strong foundation in the Chinese language in preparation for primary school. The Chinese Culture Appreciation is a core programme that is conducted from play group to Kindergarten 2 level in which children will, through our lessons, gain an insight into China's history and culture.

Franchise Arrangements

We have two main types of franchise agreements: unit franchise agreements (where a franchisee purchases one unit franchise licence), and master franchise agreements (where a master franchisee purchases the right to on-sell and/or operate an agreed number of units of franchise licences). Master franchise agreements will be with respect to specific countries, territories or regions that the master franchisee is granted exclusivity to. Each franchise licence entitles the franchisee to operate one FOFO centre.

For unit franchise licences, decisions regarding the grant of franchise licences are made by a special committee comprising our Group's Business Development Director and our Group's Finance Director. Each potential franchisee is required to complete and submit a profile form setting out the particulars as well as relevant experience and qualifications of such franchisee, which will be used by our Group's Business Development Director to assess its suitability. If such franchisee is assessed to be suitable, a phone interview is then conducted to further understand the franchisee's interest. Franchisees who successfully complete the phone interviews will then be invited to a face-to-face meeting to evaluate their ability to meet certain key criteria such as their passion about early childhood education, financial capability and potential conflicts of interests. Based on the information gathered through the above, our Group's Business Development Director will shortlist suitable franchisees to meet our Group's Finance Director for a franchise financial preview session. Any eligible franchisees who decide to attend the franchise financial preview sessions will be required to pay an administration fee, which will be used to offset against the franchise licence fee should such potential franchisees eventually purchase a franchise licence – the administration fee is a mechanism to filter out potential franchisees who are not serious about obtaining a franchise licence. Through these franchise financial preview sessions, our Group's Finance Director will also be able to make his own assessment of the franchisees' suitability, and the special committee (comprising our Group's Business Development Director and our Group's Finance Director), taking into consideration of all available information, will then make a final decision as to the suitability of the franchisee to purchase a franchise licence. If the special committee (at its absolute discretion) deems that the franchisee is suitable to purchase a franchise licence, our Company will then proceed to negotiate and enter into the appropriate franchise agreement with the franchisee.

For master franchise transactions (which typically involve the grant of multiple franchise licences for overseas territories), each potential master franchisee will have to complete and submit a profile form setting out the particulars as well as relevant experience and qualifications of such master franchisee, which will be used by our Group's Business Development Director to assess its suitability. If such master franchisee is assessed to be suitable, a phone interview is then conducted to further understand the master franchisee's interest. Master franchisees who successfully complete the phone interviews will then be invited to a face-to-face meeting to evaluate their ability to meet certain key criteria such as passion about early childhood education, financial capability and potential conflicts of interests, following which the such potential master franchisees will be required to submit a proposal detailing their plans to develop their master franchise business in the relevant overseas territories. The special committee comprising our Group's Business Development Director and our Group's Finance Director will evaluate the feasibility of the proposal and, together with other available information, make a joint decision as to the suitability of such prospective master franchisees. If the special committee (at its absolute discretion) deems that the master franchisee is suitable to purchase a master franchise licence, the special committee will make a recommendation to our Company's management team, who will then proceed (if it deems appropriate) to negotiate and enter into the appropriate master franchise agreement with the master franchisee.

Singapore

As at the Latest Practicable Date, we have sold 63 units of franchise licences to third party franchisees in Singapore. Each franchise licence entitles the franchisee to operate one FOFO centre. We have 38 FOFO centres in operation in Singapore as at the Latest Practicable Date, comprising 30 centres under the brand name MindChamps PreSchool and eight centres under the brand name MindChamps Reading & Writing.

Under the franchise agreements entered into between MindChamps PreSchool Franchise and the franchisees, the franchisees are granted non-exclusive rights to operate the FOFO centres and to use our intellectual property. To assist the franchisees in establishing and operating the FOFO centres, and to maintain a consistent standard of service across our centres, we provide the franchisees with our standard operating manual documenting our distinctive business format and methods, including but not limited to operational procedures, plans, directions, staff and teacher training methods, our self-developed pedagogical methods, retailing, marketing and advertising strategies and techniques developed by us, as well as our standard education resources, props and furniture, which the franchisees will purchase from us and vendors approved by us. Under the terms of the franchise agreements, we conduct an annual audit of each FOFO centre to ensure continuing compliance by our franchisees of their obligations under the franchise agreements, which include obligations to operate the franchise according to our specified standards, quality and systems. Please refer to "*– Compliance and Audit Procedures*" below. In this regard, the franchise agreements also require our franchisees to permit us or our authorised representatives to visit and inspect the FOFO centres at all reasonable times for the purpose of ascertaining whether the provisions of the franchise agreements are being complied with, without the need for any advance notice to be given to the franchisee.

Our franchise agreements typically have a term of six years. We receive a one-off licence fee which typically ranges from S$70,000 to S$150,000, payable up-front, upon the signing of the franchise agreement, as well as royalty fees which typically range from 9% to 15% of the gross invoiced amounts of each FOFO centre for each calendar month, including any subsidies but exclusive of GST and any merchandise purchased from our Group.

Furthermore, under the franchise agreements, the franchisees are required to achieve certain performance targets in relation to enrolment rate of the FOFO centres. Our franchisees are also subject to a non-compete restriction which applies worldwide, for three years after termination or expiry of the franchise agreement. Furthermore, MindChamps PreSchool Franchise is indemnified by the franchisee under the franchise agreements from and against any and all losses, damages, expenses or liabilities and costs of settlement due to any neglect or default, misuse of intellectual property or any other reason in connection with the operation of the business by the franchisee.

Generally, the franchise agreements may be terminated by MindChamps PreSchool Franchise or the franchisee immediately by notice in writing upon the occurrence of certain events, including if the other party commits a breach of any term or condition of the franchise agreement, where such breach is capable of remedy, but has failed to remedy the breach within 14 days of being informed of such breach. Upon the expiry or termination of the franchise agreement, MindChamps PreSchool Franchise has the option to purchase the course materials, education resources and furnishing which are used in the operation of the FOFO centres, as well as the option of taking a transfer or assignment of the premises of the FOFO centre. The franchisee shall also cease to carry on the business and shall cease to have the right to utilise our intellectual property.

Pursuant to a master resale franchise agreement dated 24 January 2013, MindChamps PreSchool Franchise has separately granted a master resale franchise licence for the MindChamps Reading & Writing brand and utilisation of our educational system and intellectual property to H2 Investments Pte. Ltd., an unrelated third party with respect to our Group and a company incorporated in Singapore, as master franchisee to resell 20 non-exclusive units of franchise licence(s) to sub-franchisees in Singapore. Sub-franchisees are subject to our approval at our discretion and will enter into separate unit franchise agreements with us directly. We provide the master franchisee and other key employees nominated by the master franchisee with training in resale procedures, presentation techniques and methods, and we meet at least once a year with the master franchisee for the purposes of reviewing the performance of the resale development. Pursuant to the master resale franchise agreement, we received a lump sum cash payment from the master franchisee and also derive net royalty fees from the sub-franchisees based on a percentage of the gross invoiced amounts of the business of each sub-franchisee for each calendar month, including any subsidies but exclusive of GST and any merchandise sales.

Furthermore, under the master resale franchise agreement, the master franchisee is subject to a non-compete restriction which applies worldwide, for three years after termination or expiry of the master resale franchise agreement. Generally, the sub-franchise agreements entered into with sub-franchisees will similarly provide for the sub-franchisees to also be subject to non-compete restrictions. The terms of the master resale franchise agreement provide that subject to the grant of a right of first refusal by us to the master franchisee, we shall not sell any individual franchise licence for the MindChamps Reading & Writing brand until all 20 units of franchise licences under the master resale franchise agreement are sold. Furthermore, we are indemnified by the master franchisee under the master resale franchise agreement from and against any and all losses, damages, expenses or liabilities and costs of settlement due to any neglect or default, misuse of intellectual property or any other reason in connection with the operation of the business by the master franchisee.

The master resale franchise agreement may be terminated by us or the franchisee immediately by notice in writing upon the occurrence of certain events, including if the other party commits a breach of any term or condition of the master resale franchise agreement, where such breach is capable of remedy, but has failed to remedy the breach within 14 days of being informed of such breach. Upon the expiry or termination of the master resale franchise agreement, the master franchisee shall cease to carry on the business and shall cease to have the right to utilise our intellectual property.

The Philippines

Pursuant to a country master franchise agreement dated 4 December 2014, our Company has granted a country master franchise licence for the MindChamps PreSchool brand and utilisation of our educational system and intellectual property to Synapse Global Pte. Ltd., an unrelated third party with respect to our Group and a company incorporated in Singapore, as master franchisee to resell five non-exclusive units of franchise licences to sub-franchisees in the Philippines. Sub-franchisees are subject to our approval at our discretion and will enter into separate unit franchise agreements with us, together with the master franchisees. We provide the master franchisee and other key employees nominated by the master franchisee with training in resale procedures, presentation techniques and methods, and we meet at least once a year with the master franchisee for the purposes of reviewing the performance of the resale development.

Pursuant to the master franchise agreement, we received a one-off licence fee from the master franchisee and also derive royalty fees from the sub-franchisees based on a percentage of the gross invoiced amounts of the business of each sub-franchisee for each calendar month, including any subsidies but exclusive of value added tax ("**VAT**") and any merchandise purchased from our Group.

Furthermore, under the country master franchise agreement, the master franchisee is subject to a non-compete restriction which applies worldwide, for three years after termination or expiry of the country master franchise agreement. Generally, the sub-franchise agreements entered into with sub-franchisees will similarly provide for the sub-franchisees to be also subject to non-compete restrictions. As at the Latest Practicable Date, there are no restrictions against our subsequent sale of additional franchises, under either unit franchises or master franchise agreements to other third parties in the Philippines (as the exclusivity granted to the master franchisee expired on 30 June 2015). Furthermore, we are indemnified by the master franchisee under the country master franchise agreement from and against any and all losses, damages, expenses or liabilities and costs of settlement due to any neglect or default, misuse of intellectual property or any other reason in connection with the operation of the business by the master franchisee.

The country master franchise agreement may be terminated by us or the franchisee immediately by notice in writing upon the occurrence of certain events, including if the other party commits a breach of any term or condition of the country master franchise agreement, where such breach is capable of remedy, but has failed to remedy the breach within 14 days of being informed of such breach. Upon the expiry or termination of the country master franchise agreement, the master franchisee shall cease to carry on the business and shall cease to have the right to utilise our intellectual property. The master franchisee shall also cease to be entitled to any royalty fees. Additionally, we shall have the right of first refusal to enter into a separate franchise agreement directly with each of the sub-franchisees. Such right of first refusal allows us to continue the franchising relationship directly with the sub-franchisee without disruption to the operations of the relevant centres operated by the sub-franchisee in the event of a termination of the master franchise agreement.

Australia

Pursuant to a territorial master franchise agreement dated 19 February 2016, our Company has granted a territorial master franchise licence for the MindChamps Reading & Writing brand and utilisation of our educational system and intellectual property to Peak Education Group Pty Ltd, an unrelated third party with respect to our Group and a company incorporated in Australia, as master franchisee to resell 20 non-exclusive units of franchise licences to sub-franchisees in New South Wales and Victoria, Australia. Sub-franchisees are subject to our approval at our discretion and will enter into separate unit franchise agreements with us, together with the master franchisees. We provide the master franchisee and other key employees nominated by the master franchisee with training in resale procedures, presentation techniques and methods, and we meet at least once a year with the master franchisee for the purposes of reviewing the performance of the resale development. The initial territorial master franchise licence has been granted for a term of 12 years, and may be renewed for subsequent terms of six years each, subject to certain conditions being met. Pursuant to the master franchise agreement, we will receive an aggregate licence fee, to be paid in three tranches (once upon execution of the master franchise agreement, once on the second anniversary from the date of the master franchise agreement and once on the sixth anniversary from the date of the master franchise agreement). We also derive royalty fees from the sub-franchisees based on a percentage of the gross invoiced amounts of the business of each sub-franchisee for each calendar month, including any subsidies but exclusive of GST and any merchandise purchased from our Group.

Furthermore, under the territorial master franchise agreement, the master franchisee is required to achieve certain performance targets in relation to the number of operational centres. The master franchisee is also subject to a non-compete restriction which applies worldwide, for three years after termination or expiry of the territorial master franchise agreement. Generally, the sub-franchise agreements entered into with sub-franchisees will similarly provide for the sub-franchisees to also be subject to non-compete restrictions. In this regard, the terms of the territorial master franchise agreement also provide for an exclusivity to the master franchisee, whereby we have agreed that we shall not, for an agreed period, operate or permit any of our franchisees to operate any educational centre under the MindChamps brand name in New South Wales and Victoria, Australia, subject to a right of first refusal which operates as follows: in the event that our Group desires to offer franchise licences to operate in the same territories, we shall give to the master franchisee notice of such desire, granting them the right of first refusal to purchase additional territorial master franchise licences; if the master franchisee does not exercise such right of first refusal, we may proceed to sell such additional territorial master franchise licences. The exclusivity provided to the master franchisee under the territorial master franchise agreement is also subject to the master franchisee having achieved certain agreed performance targets, and not having breached any of the terms of the territorial master franchise agreement or failed to pay any monies due under the territorial master franchise agreement.

We are also indemnified by the master franchisee under the territorial master franchise agreement from and against any and all losses, damages, expenses or liabilities and costs of settlement due to any neglect or default, misuse of intellectual property or any other reason in connection with the operation of the business by the master franchisee.

The territorial master franchise agreement may be terminated by us if the master franchisee, among other conditions, no longer holds the necessary licences and permits required to carry on the business or if the master franchisee commits a breach of any term or condition of the territorial master franchise agreement and fails to remedy the breach within a reasonable time, which shall not be more than 30 days in general. Upon the expiry or termination of the territorial master franchise agreement, the master franchisee shall cease to carry on the business and shall cease to have the right to utilise our intellectual property. The master franchisee shall also cease to be entitled to any royalty fees. Additionally, we shall have the right of first refusal to enter into a separate franchise agreement directly with each of the sub-franchisees.

Pursuant to a franchise agreement dated 28 December 2016, our Company has also granted a franchise licence for the MindChamps PreSchool brand (branded as MindChamps Early Learning in the territory of Australia) and utilisation of our educational system and intellectual property to Dream Big Education Pty Ltd ("**Dream Big**"), (an unrelated third party with respect to our Group and a company incorporated in Australia) to operate one school in New South Wales, Australia. The initial franchise licence has been granted for a term of six years, and may be renewed for subsequent terms of six years each, subject to certain conditions being met. Pursuant to the franchise agreement, we received a one-off licence fee and we also receive royalty fees monthly. Pursuant to an agreement dated 27 October 2016 (the "**Option Agreement**") between our Company and Dream Big, Dream Big also has an option to require us to purchase 51% of all of its shares for an agreed purchase price in the event that all of the following occur: (a) the school has been operating continuously for a period of at least one year; (b) it has suffered negative operating cash flows for a period of six consecutive months immediately prior to the month in which it exercises the option; (c) the franchisee has suffered cumulative net losses as reflected in its audited profit and loss statement exceeding A$500,000; and (d) it has undertaken no other business other than the school and the business, and it has not incurred any costs or expenses that are solely in relation to the fitting-out and operation of the school and business. This option can only be exercised within one month of the occurrence of all the events described above and expires two years after the franchise agreement was signed (i.e. 2018). In the event that Dream Big exercises its option to require our Company to purchase 51% of its shares at the purchase price, such acquisition by our Company will be subject to Chapter 10 of the Listing Manual provided that the relevant thresholds pursuant to Chapter 10 of the Listing Manual are triggered. As at the Latest Practicable Date, none of the conditions required for the option to be effective have been satisfied.

Gulf Cooperation Council Countries

Pursuant to a regional master franchise agreement dated 14 October 2016, our Company has granted a regional master franchise licence for the MindChamps International PreSchool brand and utilisation of our educational system and intellectual property to Bloom Education LLC, an unrelated third party with respect to our Group and a company incorporated in Abu Dhabi, the UAE, as master franchisee to sublicense six non-exclusive units of franchise licences to sub-franchisees in the Gulf Cooperation Council Countries, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. Sub-franchisees are subject to our approval at our discretion and will enter into separate unit franchise agreements with us, together with the master franchisees. These franchisees will operate our MindChamps Nursery centres, which are targeted at children aged over two months to four years old. From time to time as required, we provide training in the standards, procedures, techniques and methods comprising our educational system to the master franchisee and the sub-franchisees. The initial regional master franchise licence has been granted for a term of six years, and may be renewed for subsequent terms of six years each, subject to certain conditions being met. Pursuant to the master franchise agreement, we will receive an aggregate licence fee in different stages over a six-year period.

We have entered into a separate management agreement with Bloom Education LLC to provide certain consulting and management services including, among other things, advising on financial planning, budgeting, preparation of a business plan, levels of tuition fees, curriculum, training, marketing and human resources. The management agreement is for a term of one year, which is automatically renewed for on an annual basis for three subsequent years, and renewable thereafter upon mutual agreement on variations to the management fees. The management fees payable under the management agreement is an agreed percentage of the monthly earnings of Bloom Education LLC in relation to the operation of the nursery centres pursuant to the regional master franchise agreement. The management agreement may be terminated with immediate effect by either party in the event of material breach of obligations under the agreement, and if the breach is capable of remedy, upon failure of remedy within 30 days of notice of breach. For so long as the management agreement is in place, under the regional master franchise agreement, we derive royalty fees from the sub-franchisees of (i) an agreed percentage of the gross invoiced amounts of the tuition fees collected by each centre run by the sub-franchisees, including any subsidies, grants and donations but exclusive of VAT and any merchandise sales procured from us and rebates, discounts or scholarships approved by us, or (ii) an agreed cash amount per centre run by the sub-franchisees (whichever is higher), for each 12-calendar month period of operation. Upon the expiry or termination of the management agreement, the royalty fees due to us from the sub-franchisees will based on an agreed percentage of the gross invoiced amounts of the tuition fees collected by each centre run by the sub-franchisees for each month, including any subsidies, grants and donations but exclusive of VAT and any merchandise sales procured from us and rebates, discounts or scholarships approved by us.

Furthermore, under the regional master franchise agreement, the master franchisee is required to achieve certain performance targets in relation to the number of operational FOFO centres. The master franchisee is also subject to a non-compete restriction which applies worldwide, for three years after termination or expiry of the regional master franchise agreement. Generally, the sub-franchise agreements entered into with sub-franchisees will similarly provide for the sub-franchisees to also be subject to non-compete restrictions. In this regard, the terms of the regional master franchise agreement also provide for an exclusivity to the master franchisee, whereby we have agreed that we shall not, for an agreed period, operate or permit any of our franchisees to operate any educational centre under the MindChamps brand name in in the Gulf Cooperation Council Countries, subject to a right of first refusal which operates as follows: in the event that our Group desires to open and operate any other centres in the same territories, we shall give to the master franchisee notice of such desire, granting them the right of first refusal to purchase additional regional master franchise licences; if the master franchisee does not exercise such right of first refusal, we may proceed to sell such additional regional master franchise licences. The exclusivity provided to the master franchisee under the regional master franchise agreement is also subject to the master franchisee having achieved the agreed performance targets, and not having breached any of the terms of the regional master franchise agreement or failed to pay any monies due under the regional master franchise agreement.

We are also indemnified by the master franchisee under the regional master franchise agreement from and against any and all losses, damages, expenses or liabilities and costs of settlement due to any neglect or default, misuse of intellectual property or any other reason in connection with the operation of the business by the master franchisee.

The regional master franchise agreement may be terminated by us or the master franchisee (with our prior written approval) immediately by notice in writing to the franchisee upon the occurrence of certain events, including if the franchisee commits a breach of any obligation under the franchise agreement, where such breach is capable of remedy, but has failed to remedy the breach within 30 days of being called upon to remedy such breach. Upon the expiry or termination of the regional master franchise agreement, the franchisee shall cease to carry on the business and shall cease to have the right to utilise our intellectual property. Additionally, we, together with the master franchisee and each unit franchisee, will have the obligation to do all such acts and execute such deeds and documents as may be required to effect the assignment of all rights and obligations of the master franchisee under each unit franchise agreement to our Company.

China

Pursuant to a territorial master franchise agreement dated 15 June 2015, our Company has granted a territorial master franchise licence for the MindChamps International PreSchool brand and utilisation of our educational system and intellectual property to MC China Holdings Pte. Ltd., an unrelated third party with respect to our Group and a company incorporated in Singapore, as master franchisee to resell four non-exclusive units of franchise licences to sub-franchisees in Chengdu, China. Sub-franchisees are subject to our approval at our discretion and will enter into separate unit franchise agreements with us, together with the master franchisees. We provide the master franchisee and other key employees nominated by the master franchisee with training in resale procedures, presentation techniques and methods, and we meet at least once a year with the master franchisee for the purposes of reviewing the performance of the resale development. Pursuant to the territorial master franchise agreement, we received a one-off licence fee from the master franchisee and we also derive royalty fees from the sub-franchisees based on a percentage of the gross invoiced amounts of the business of each sub-franchisee for each calendar month, including any subsidies but exclusive of VAT and any merchandise purchased from our Group.

Furthermore, under the territorial master franchise agreement, the master franchisee is required to achieve certain performance targets in relation to the number of operational centres. The territorial master franchisee is also subject to a non-compete restriction which applies worldwide, for three years after termination or expiry of the territorial master franchise agreement. Generally, the sub-franchise agreements entered into with sub-franchisees will similarly provide for the sub-franchisees to also be subject to non-compete restrictions. As at the Latest Practicable Date, there are no restrictions against our subsequent sale of additional franchises, under either unit franchises or master franchise agreements, to other third parties in Chengdu, China (as the exclusivity granted to the master franchisee expired on 15 June 2017). Furthermore, we are indemnified by the master franchisee under the territorial master franchise agreements from and against any and all losses, damages, expenses or liabilities and costs of settlement due to any neglect or default, misuse of intellectual property or any other reason in connection with the operation of the business by the master franchisee. The territorial master franchise agreement may be terminated by us or the franchisee immediately by notice in writing upon the occurrence of certain events, including if the other party commits a breach of any term or condition of the territorial master franchise agreement, where such breach is capable of remedy, but has failed to remedy the breach within 14 days of being informed of such breach. Upon the expiry or termination of the territorial master franchise agreement, the master franchisee shall cease to carry on the business and shall cease to have the right to utilise our intellectual property. The master franchisee shall also cease to be entitled to any royalty fees. Additionally, we shall have the right of first refusal to enter into a separate franchise agreement directly with each of the sub-franchisees.

Pursuant to a territorial master franchise agreement dated 28 July 2015, our Company has granted a territorial master franchise licence for the MindChamps International PreSchool brand and utilisation of our educational system and intellectual property to MindChamps Chinese PreSchool @ Tampines Central Private Limited, an unrelated third party with respect to our Group and a company incorporated in Singapore, as master franchisee to resell 10 non-exclusive units of franchise licences to sub-franchisees in Beijing, Guangzhou and Shenzhen, China. Sub-franchisees are subject to our approval at our discretion and will enter into separate unit franchise agreements with us, together with the master franchisees. We provide the master franchisee and other key employees nominated by the master franchisee with training in resale procedures, presentation techniques and methods, and we meet at least once a year with the master franchisee for the purposes of reviewing the performance of the resale development. Pursuant to the territorial master franchise agreement, we received a one-off licence fee from the master franchisee and we also derive royalty fees from the sub-franchisees based on a percentage of the gross invoiced amounts of the business of each sub-franchisee for each calendar month, including any subsidies but exclusive of VAT and any merchandise purchased from our Group.

Furthermore, under the territorial master franchise agreement, the master franchisee is required to achieve certain performance targets in relation to the number of operational centres. The master franchisee is also subject to a non-compete restriction which applies worldwide, for three years after termination or expiry of the territorial master franchise agreement. Generally, the sub-franchise agreements entered into with sub-franchisees will similarly provide for the sub-franchisees to also be subject to non-compete restrictions. In this regard, the terms of the territorial master franchise agreement also provide for an exclusivity to the master franchisee, whereby we have agreed that we shall not, for an agreed period, operate or permit any of our franchisees to operate any educational centre under the MindChamps brand name in Beijing, Guangzhou and Shenzhen, China, subject to a right of first refusal which operates as follows: in the event that any of our other franchisees desire to purchase franchise licences to operate in the same territories, we shall give to the master franchisee notice of such desire, granting them the right of first refusal to purchase additional territorial master franchise licences comprising additional bundles of at least 10 franchise licences; if the master franchisee does not exercise such right of first refusal, we may proceed to sell such additional territorial master franchise licences. The exclusivity provided to the master franchisee under the territorial master franchise agreement is also subject to the master franchisee not having failed to achieve the agreed performance targets, breached any of the terms of the territorial master franchise agreement or failed to pay any monies due under the territorial master franchise agreement.

We are also indemnified by the master franchisee under the territorial master franchise agreement from and against any and all losses, damages, expenses or liabilities and costs of settlement due to any neglect or default, misuse of intellectual property or any other reason in connection with the operation of the business by the master franchisee.

The territorial master franchise agreement may be terminated by us or the master franchisee immediately by notice in writing upon the occurrence of certain events, including if the other party commits a breach of any term or condition of the territorial master franchise agreement, where such breach is capable of remedy, but has failed to remedy the breach within 14 days of being informed of such breach. Upon the expiry or termination of the territorial master franchise agreement, the master franchisee shall cease to carry on the business and shall cease to have the right to utilise our intellectual property. The master franchisee shall also cease to be entitled to any royalty fees. Additionally, we shall have the right of first refusal to enter into a separate franchise agreement directly with each of the sub-franchisees.

Franchising Services

To maintain our minimum quality standards and to ensure consistency of services within our preschools and infant care centres, we provide various training programmes to our franchisees, including the following:

- The MindChamps Way – Culture and Pedagogy for all Franchisees, Principals, Teachers, Educarers and Support staff of our preschool centres and nurseries
- The MindChamps Teachers Specialisation modules for all Principals, Teachers and Educarers
- On-the-job training for Teachers
- Accreditation of Teachers and Educarers in the MindChamps Way and Specialisation modules
- On-going Continuing Professional Development workshops for Centre Leaders and Educators/Educarers
- Staff Development Trainings
- Leadership training for our franchisees and Centre Leaders
- Sales Training and Workshops for the Operation of a Successful Centre
- CEO Series of MindChamps Leadership programme
- MindChamps ChampionGold Standard training programme

In addition to training programmes, we also offer marketing support to our franchisees, including and not limited to the following:

- Generating and building brand awareness and brand presence throughout the year through:
  - o Generating publicity from media coverage, such as print media, television, internet and radio
  - o Corporate advertising in print and other media
  - o Corporate participation or organisation of events such as education consumer fairs, conferences or seminars, parenting talks
  - o Strategic alliances and/or promotional tie-ups with corporate partners
  - o Corporate marketing collaterals such as website, generic collaterals
  - o Provision of consultancy advice on marketing activities and collateral design
- Planning of initial marketing campaigns in order to garner initial student enrolments
- Providing our corporate branded business stationery and marketing collateral templates
- Design services for centre specific collaterals, including facade and vicinity branding, flyers and others
- Planning of quarterly joint marketing campaigns for centres' open house events
- Consultancy for marketing activities by centres

We also produce uniforms, school bags and work books for our students and which we sell to our franchisees.

Adult Training Programmes

We offer, through Champion Mindset Academy, adult training programmes in early childhood care and education and working with children with special needs. These programmes are SkillsFuture approved courses and are organised in modules with a total duration of between 55 to 180 hours.

Compliance and Audit Procedures

Our standard franchise agreement provides for our franchisees and all teachers to attend regular training sessions (described in "– *Franchising Services*" above). All teachers and principals are required to attend compulsory staff-development training four times a year to upgrade themselves. We also conduct monthly internal training sessions for principals and our franchisees to equip them with the knowledge and skills to run their centres effectively, so that we can achieve consistent service delivery at all our preschool centres.

Our Quality Assurance team will periodically audit every FOFO centre (both in Singapore as well as overseas) against the following seven areas, based on ECDA licensing requirements: (1) Physical Environment; (2) Safety, Health, Hygiene, Nutrition & Routine Care; (3) Staffing; (4) Programme and Curriculum; (5) Administration; (6) Operation; and (7) Business. In addition, we are in the process of implementing the following additional audit procedures into our franchisees' franchised companies in Singapore conducted by our auditor and we expect such additional procedures to be in place by 1Q2018. We also intend to put in place similar procedures for our franchisees' overseas franchised companies.

1. Perform the following procedures and report the deviation, if there is any:

   (a) Corporate tax compliance:

      (i) the auditor will check whether the franchised company submits the Corporate Income Tax Return to the Inland Revenue Authority of Singapore ("**IRAS**") for the previous Year of Assessment before the annual filing deadline, through inspecting the Notice of Assessment or any other documents received from IRAS;

      (ii) the auditor will check whether the franchised company pays income taxes on or before the due date, through inspecting the payment advices or any other documents submitted to the IRAS; and

      (iii) the auditor will inspect all correspondence which the franchised company receives from the IRAS.

   (b) Compliance with the ECDA's requirements:

      (i) the auditor will inspect the GSII report (a report obtained from the online portal of the ECDA setting out the details of the relevant subsidies for each child attending a child care centre), in respect of the twelve months period of the relevant financial year, and ensure that the GSII report and its related auditors' report are submitted to the ECDA within three months after the financial year end, and filed in accordance with applicable legal and regulatory requirements; and

      (ii) the auditor will inspect all correspondences which the franchised company received from the ECDA.

   (c) Compliance with Accounting and Corporate Regulatory Authority requirements:

      (i) the auditor will obtain a Corporate Compliance and Financial Profile, a Certificate of Compliance, or inspect the physical documents available to confirm that the franchised company holds its annual general meeting and files its annual return as required pursuant to the Companies Act.

   (d) Human resource compliance:

      (i) the auditor shall inspect the records of at least 80% of the franchised company's headcount, verify that the wages and pay slips are duly computed in the payroll reports, supported by valid employment contracts and complies with applicable legal and regulatory requirements;

      (ii) the auditor shall verify the total of net wages computed as per payroll reports against the bank remittance amount or payroll disbursement in respect of a full financial year;

(iii) the auditor will inspect monthly CPF statement from the CPF Board and ensure the computation and submissions comply with applicable legal and regulatory requirements;

(iv) the auditor will inspect all documents the franchised company submits to MOM and check whether they comply with applicable legal and regulatory requirements; and

(v) the auditor will inspect all correspondence between the franchised company and MOM.

(e) Statutory solvency compliance – to be performed on a half yearly basis:

(i) the auditor will review the deferred income account and assess whether the collection is in permissible frequency of fee collection on a monthly basis;

(ii) the auditor will review the financial position of the franchised company and assess the appropriateness of management's use of the going concern basis, based on the audit evidence obtained; and

(iii) the auditor will query management of the franchised company if there is any event that would cast a significant doubt on the franchised company's ability to operate as a going concern in the next twelve months.

(f) Litigation free status:

(i) the auditor will peruse through the accounts on professional fees and inspect if there are any amounts recorded which pertain to the legal fees in relation to litigation claims or legal disputes against the franchised company;

(ii) the auditor will inspect all minutes of meeting held by the shareholders and/or the directors of the franchised company until the date of report;

(iii) the auditor will inquire of management as to whether the franchised company has any ongoing or potential litigation, as well as commitments that the franchised company is obligated to meet, if any;

(iv) the auditor will inspect all correspondence between the franchised company and the legal advisors and/or the corporate secretary;

(v) the auditor will inspect all correspondences from court or other regulatory authorities, if there is any; and

(vi) the auditor will perform litigation searches in the country of the franchised company's operation.

(g) Insurance coverage

(i) the auditor shall inspect the insurance policies with the following coverages and check if they are in place and have been renewed on time:

(a) public liability (minimum coverage of S$2 million);

(b) all risks;

(c) students' personal accident;

(d) workmen's compensation; and

(e) GHS/outpatient medical for staff (if applicable).

Furthermore, we maintain open communication with our franchisees (through regular meetings as well as surveys) to keep them engaged, and also maintain a feedback channel for all parents to write directly to us if they face issues at any centres.

RECENT DEVELOPMENTS

MindChamps Changi

Pursuant to the MindChamps Changi SPA, our Company acquired 49% of the ordinary shares of MindChamps Changi for a consideration of S$387,000, which was commercially negotiated between our Company and such party on a willing-seller-willing-buyer basis and is based on an agreed earnings multiple. The acquisition of such ordinary shares of MindChamps Changi was completed on 25 September 2017, upon which MindChamps Changi became a wholly-owned subsidiary of our Company. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions*" for further details.

MindChamps PreSchool Franchise

Pursuant to the MindChamps PreSchool Franchise SPAs, our Company is to acquire 22,260 ordinary shares of MindChamps PreSchool Franchise from Invest Learning and 78,921 ordinary shares of MindChamps PreSchool Franchise from Mrs Carmee Lim, in each case shortly before the Listing Date. Upon such acquisition, MindChamps PreSchool Franchise will become a wholly-owned subsidiary of our Company. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions*" for further details.

Australian Acquisition

On 2 August 2017, our subsidiary MindChamps Australia Pty. Ltd. entered into the Business Sale Agreement with an unincorporated partnership comprising of J. Sarkis Pty Limited and Niltil Holdings Pty Ltd in relation to the Australian Acquisition, to acquire the businesses and assets of four preschool centres in Sydney, Australia. The assets to be acquired include, among others, the authorisations from the Australian government agency to carry on providing child care and education services, the benefit of the leases of the preschool centre premises, the intellectual property rights and licences in relation to the businesses, and the plants and equipment of the preschool centres. The aggregate consideration for the Australian Acquisition was A$15.75 million subject to adjustments for (i) apportionable outgoing payments and costs of and incidental to the businesses and assets including rent, rates, electricity, gas, telephone and lease payments; and (ii) cash at hand or on deposit that is refundable to customers or vendors and cash at hand or on deposit that is collected in advance from customers. The completion of the Australian Acquisition took place on 10 November 2017. The Australian Acquisition was financed through a combination of the Acquisition Loan and internal funding. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Description of Material Indebtedness*" for details of the Acquisition Loan.

OUR WORLD ADVISORY BOARD

In keeping with our philosophy of working with the best in international research and practice, post-Listing, we will have a non-executive board of advisors comprising educational experts, creative thinkers and scientists from across four different continents, Asia, Europe, North America and Australia (the "**World Advisory Board**"). The World Advisory Board will guide the direction of our research and development and ensure that our unique advanced learning programmes and curriculum continue to be innovative and relevant. The members of our World Advisory Board have extensive experience in the four domains of early childhood education, neuroscience, child psychology and theatre.

Professor Emeritus Allan Snyder FRS

Professor Emeritus Allan Snyder FRS is the founder of the Centre for the Mind in the University of Sydney, where he currently holds the 150th Anniversary Chair of Science. He was the winner of the Marconi International Prize for his work in communication and information technology. Professor Snyder's ground-breaking findings on the "Champion Mindset" which nurtures mindset resilience, among other things, and his research on concept formation and creativity, provide a significant portion of the foundation for our curriculum, which imparts the skills and strategies of learning that are inculcated into our students.

Professor Kathy Hirsh-Pasek

Professor Kathy Hirsh-Pasek is the Stanley and Debra Lefkowitz Faculty Fellow and director of the Infant Language Laboratory at Temple University, a Senior Fellow at the Brookings Institute and President of the International Congress of Infant studies. She was the recipient of the American Psychological Association's Bronfenbrenner Award, the 2015 Association for Psychological Science James McKeen Cattell Award and the APA Distinguished Lecturer Award. The author of 12 books (including "Einstein Never Used Flash Cards" and "A Mandate for Playful Learning in Preschool") and hundreds of publications, she is an acknowledged early childhood expert, and an international lecturer.

Dr Larry Scripp

Dr Larry Scripp is the Founding Chair of the Music Education Department at the New England Conservatory in Boston University. Dr Scripp is also a researcher and consultant for the arts in education and an accomplished musician, composer and musical director. He is currently the Dean of Music in Education at MindChamps Holdings.

Dr Roberta Michnick Golinkoff

Dr Roberta Michnick Golinkoff, an early childhood expert, is a director of the Infant Language Project at the University of Delaware, USA. She is the author or co-author of 14 books including "Einstein Never Used Flash Cards" and "A Mandate for Playful Learning in Preschool" and over 150 papers and articles. She has been a recipient of a Fellowship from the prestigious John Simon Guggenheim Foundation and numerous academic awards including prizes from the American Psychological Association and the Association for Psychological Science and has served as associate editor of the journal *Child Development*.

Mrs Carmee Lim

Mrs Carmee Lim is a former principal of Raffles Girls' School, one of Singapore's top schools and was also a former Senior Inspector of Schools in the Ministry of Education Singapore. Mrs Lim was the first Executive Director of the Academy of Principals. She currently holds the part-time position of Executive Director at the Academy of Principals.

Mr Aubrey Mellor OAM

Mr Aubrey Mellor OAM was accorded the Order of Australia Medal (OAM) in 1992 for services to Theatre and the Arts. He was also the former director of the world prestigious National Institute of Dramatic Art, Australia. Mr Mellor is a renowned acting teacher to a number of acclaimed Australian actors including two-time Academy Award-winner, Cate Blanchett.

Mr Brian Paul Caswell

Mr Brian Paul Caswell is an internationally-recognised author of more than 200 books, many of which have won literary awards. He was Australian representative to the Hay on Wye International Literature Festival in 2000 and has numerous listings on the International Youth Library's 'White Ravens' list of exemplary fiction for children and young adults. He has over 40 years of experience in public and private education. Mr Caswell is also an established public speaker and literary consultant for the past two decades. He is currently our Dean of Research and Programme-Development and also the Dean of Research and Programme-Development at MindChamps Holdings.

SALES AND MARKETING

As at the Latest Practicable Date, we have 14 members of staff in our sales and marketing team.

We believe that positive word-of-mouth is the most effective marketing tool for us as it represents proof that our educational programmes are well-regarded by our customers. We rely on our customers, especially parents, to share their positive experiences with other prospective customers. Going forward, we intend to establish a "parents' relationship ambassador club" where parents are selected as our ambassadors to directly engage with other parents and provide us with feedback.

We also publicise relevant information on our Group, our preschool centres, our curriculum and our research and development through traditional media such as relevant magazines and brochures, as well as digital media such as our website, relevant online media or portals, search engine marketing and social media, etc. We also participate in education fairs/exhibitions to promote our programmes as a group, providing interaction platforms for parents. From time to time, we also organise and participate in talks and events at corporate companies and organisations, providing parenting information and promotion of our programmes.

Further, we have established a quarterly "MindChamps PreSchool Welcome Day" where we invite parents to our preschool centres to interact with our principals and educators and to learn more about our early childhood education programmes. We believe this outreach is a good opportunity for parents to learn more about our Group and our preschool education services.

OUR CUSTOMERS

Our customers comprise our franchisees as well as individual end-users of our preschool education services. Except for Peak Education Group Pty Ltd, our master franchisee of the MindChamps Reading & Writing brand in New South Wales and Victoria, Australia, which accounted for approximately 7.0% of our total revenue for the year ended 31 December 2016, none of our customers accounted for 5.0% or more of our total revenues for the years ended 31 December 2014, 2015 and 2016 and for the six months ended 30 June 2017.

OUR SUPPLIERS

None of our suppliers accounted for 5.0% or more of our total cost of sales for the years ended 31 December 2014, 2015 and 2016 and for the six months ended 30 June 2017.

INSURANCE

Where practicable, our Group maintains certain property damage, public liability, workplace injury, personal accident, hospitalisation and outpatient medical, fidelity guarantee, money and directors' and officers' and educators' professional liability insurance in the various countries where we operate. There are no significant or unusual excess or deductible amounts required under such policies. There are however, certain types of risks that are not covered by such insurance policies, including acts of war and outbreaks of contagious diseases.

We also maintain other insurance policies including work injury insurance for our employees as well as personal accident insurance for our students. We do not maintain any key man insurance for any of our Directors or Executive Officers. Our Company believes that its current insurance policies in place are sufficient and in line with industry practice, and will annually review the adequacy of its insurances.

RESEARCH AND DEVELOPMENT

Our curriculum is based on the latest internationally-validated and published scientific research and extensive secondary research in the areas of early childhood education, neuroscience, child psychology and theatre. We intend to consult our World Advisory Board on an ongoing basis in relation to the development of curriculum, and draw benefit from their research and knowledge in their different areas of expertise. We have established a set of proprietary core and enrichment programmes that propound a holistic approach in a child's education, which we continually review and improve, based on the latest research and development.

We also believe in the importance of using information technology to enhance the learning experience of our students, as well as to optimise the efficiency of our administrative functions and the utilisation of our resources. We have developed a "MindChamps Parents App" – a mobile phone application which allows parents, amongst other things, to monitor their children's weekly progress in school, receive announcements from teachers and to provide feedback in a timely manner. Our information technology team thus keeps abreast of latest developments in relevant technological advances to upgrade our systems and mobile applications.

The following table sets out the amounts spent by our Group on research and development carried out on enhancing our curriculum and courseware development:

	Year ended 31 December		
	2014	2015	2016
Amount spent (S$'000)	410	229	420
Revenue (S$'000)	10,784	12,439	18,418
Percentage of revenue (%)	3.80%	1.84%	2.28%

COMPETITION

We operate in a competitive, rapidly-evolving and fragmented preschool education sector. Our key competitors in Singapore are Odyssey the Global PreSchool, Pat's Schoolhouse, EtonHouse Pre-school, KiddiWinkie Schoolhouse, Brighton Montessori, Lorna Whiston Pre-school and Chiltern House Preschool. We compete with them based on, among other things, the quality of education offered, the location of preschool centres and cost.

To distinguish ourselves from our competitors, we focus on our curriculum and pedagogy which brings together research and development from four distinct domains of early childhood education, neuroscience, child psychology and theatre. We have also launched the "Champion Gold Standard" mark, a set of quality benchmarks, which seeks to ensure a consistent standard of teaching across our preschool centres. Further, we also believe that our strong branding, synonymous with proven high quality preschool education programmes has enhanced the public recognition of our Group. As part of our growth strategy, we have consistently trademarked our programmes and individual techniques in order to differentiate ourselves from our competitors and to lift us to a leading position in the premium education market. According to the Independent Market Research Report, we are the market share leader with a market share of 38.5% in the premium range preschools market in Singapore[1].

OUR AWARDS

We have won various industry-wide and national awards in branding, intellectual property and franchise management.

Some examples include Franchising and Licensing Association Promising Franchisor of the Year Award (2009) and Dun & Bradstreet Business Eminence Awards (2017). In addition, as testament to the strong relationships we have built with our franchisees over the years, we also won the Franchisor of the Year Award in 2013, an accolade given by the Franchising and Licensing Association (Singapore).

In 2016, we received the Superbrands Mark of Distinction in the categories of early childhood and enrichment programmes from Superbrands, an independent arbiter on branding which identifies the most valued brands internationally. 2016 was the third consecutive year that we have received this accolade for the strength and reputation of our brand as reflected by our growing presence and number of preschool centres in Singapore.

[1] As at 15 September 2017.

We earned the Influential Brands Top Brands Award under the preschool education category for the third consecutive year in 2016. Influential Brands is a think-tank that raises awareness of desirable brands and identifies and recognises brand excellence. We were accredited with the award based on research, gained since 2013, on field consumer insights, analysis of branding qualities, brand impact on consumers that were conducted through face-to-face and online surveys. Our founder, Mr David Chiem Phu An, was also among five other business leaders to be awarded the inaugural 2016 CEO Brand Leader of the Year award given to leaders who have shown strong business leadership and have embraced branding as part of their business strategy. In 2015, in addition to the Influential Top Brands Award, we also won the Top Asian Influential Brand in Singapore Award and the Influential Brands Top Franchise Award owing to our success in using franchising as a tool for business expansion and for being a top consumers' preferred brand.

Our founder, Mr David Chiem Phu An has been featured on the 2014 power list of The Peak magazine, a guide for business leaders and diplomats to keep abreast of the latest developments in corporate, professional, social and cultural spheres. In 2013, Mr David Chiem Phu An also received the Entrepreneur of the Year Award – the oldest award in Singapore that honours outstanding local entrepreneurs.

EMPLOYEES

The following tables show a breakdown of our permanent employees as at 31 December 2014, 2015 and 2016 and as at 30 June 2017 by function and geographic locations.

	Number of Permanent Employees (including contract staff)			
	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
Academic	70	71	127	139
Support and Operations	10	10	17	21
Corporate	12	15	16	15
Curriculum & Training	9	8	13	12
Sales, Marketing & Business Development	7	7	10	14
Franchise Management	0	3	3	3
Total	108	114	186	204

Geographical regions	Number of Permanent Employees (including contract staff)			
	As at 31 December			As at 30 June
	2014	2015	2016	2017
Singapore	108	114	185	202
Asia Pacific	0	0	1	2
Middle East	0	0	0	0
Total	108	114	186	204

The material fluctuation in the number of permanent employees from (a) 31 December 2015 to 31 December 2016 is due to the acquisition of two centres, MindChamps PreSchool @ Zhongshan Park and MindChamps PreSchool @ Serangoon; and (b) 31 December 2016 to June 2017 is due to the acquisition of MindChamps PreSchool @ Leisure Park Kallang.

We do not employ a significant number of temporary or part-time staff.

Our employees are not covered by any collective bargaining agreements and are not unionised.

LICENCES

As at the Latest Practicable Date, our Group has obtained the following material licences, permits and approvals in relation to our business:

Type of Licence, Permit or Approval	Issued to	Purpose	Issuing/ Licensing Body	Date of Expiry
Singapore:				
Licence to Operate Child Care Centre[(1)] (Licence No.: 15902)	MindChamps PreSchool @ TPY Pte. Limited (formerly known as MindChamps PreSchool Pte. Limited)	MindChamps PreSchool @ TPY Pte. Limited is licensed to operate and take part in the management of a child care centre	Early Childhood Development Agency	20 April 2019
Licence to Operate Child Care Centre[(1)] (Licence No.: 14798)	MindChamps PreSchool @ Paragon Pte. Limited	MindChamps PreSchool @ Paragon Pte. Limited is licensed to operate and take part in the management of a child care centre	Early Childhood Development Agency	17 February 2018
Licence to Operate Child Care Centre[(1)] (Licence No.: 15157)	MindChamps PreSchool @ Changi Business Park Pte. Ltd.	MindChamps PreSchool @ Changi Business Park Pte. Ltd. is licensed to operate and take part in the management of a child care centre	Early Childhood Development Agency	30 June 2018

Type of Licence, Permit or Approval	Issued to	Purpose	Issuing/ Licensing Body	Date of Expiry
Licence to Operate Child Care Centre(1) (Licence No.: 15152)	MindChamps PreSchool @ Serangoon Pte. Limited	MindChamps PreSchool @ Serangoon Pte. Limited is licensed to operate and take part in the management of a child care centre	Early Childhood Development Agency	28 June 2018
Licence to Operate Child Care Centre(1) (Licence No.: 15123)	MindChamps PreSchool @ Zhongshan Park Pte. Ltd.	MindChamps PreSchool @ Zhongshan Park Pte. Ltd. is licensed to operate and take part in the management of a child care centre	Early Childhood Development Agency	30 June 2018
Licence to Operate Child Care Centre(1) (Licence No.: 15858)	MindChamps PreSchool @ Leisure Park Kallang Pte. Limited	MindChamps PreSchool @ Leisure Park Kallang Pte. Limited is licensed to operate and take part in the management of a child care centre	Early Childhood Development Agency	13 March 2018
Registered as a Private Education Institution (Registration No.: 200902221H)	Bentley Institute, now known as Champion Mindset Academy Pte. Limited	Champion Mindset Academy Pte. Limited is registered as a private education institution	Council for Private Education Singapore	14 May 2018
Australia				
Provider Approval (Approval No.:PR-40008885)	MindChamps Australia Pty. Ltd.	MindChamps Australia Pty. Ltd. is licensed to operate an education and care service	New South Wales Department of Education	No expiry date

Note:

(1) The Licences to Operate Child Care Centres are valid for a period of 24 months and may be renewed subject to certain prerequisite requirements being met, such as physical requirements, staffing requirements and financial requirements. See "*Regulatory Environment – Singapore*" for further details.

In addition, service approvals from the New South Wales Department of Education for the four COCO centres in Australia have been transferred to us. The service approvals are required under the Australian Children (Education and Care Services) National Law in order for MindChamps Australia Pty. Ltd. to provide education and child care services through the four centres.

PROPERTIES

We currently lease all of the properties that we use to operate our business. Our principal place of business is located at 480 Lorong 6 Toa Payoh HDB Hub East Wing #17-01 Singapore 310480. We occupy and use this office space with a gross floor area of approximately 13,034 square metres. The premises are leased by MindChamps Singapore Pte. Limited ("**MindChamps Singapore**"), a subsidiary of the MCH Group, pursuant to a lease agreement entered into on 29 March 2016 and expiring on 31 May 2019, and we share office space with MindChamps

Singapore as described in "*Interested Person Transactions and Potential Conflicts of Interest – Past Interested Person Transactions – Rental Arrangements*" and "*Interested Person Transactions and Potential Conflicts of Interest – Present and Ongoing Interested Person Transactions – Corporate Services Agreement*".

The properties occupied by our offices and preschool centres are leased under tenancy agreements that do not generally contain any covenants, easements or exceptions that are not customary for agreements of this nature. The terms of our lease agreements generally range from three to six years.

The details of our material leases are set out below:

Address	Name of Lessor	Name of Lessee	Existing use/type	Built-up area (sq ft)	Tenure
480 Lorong 6 Toa Payoh HDB Hub East Wing #17-01 Singapore 310480	Housing Development Board	MindChamps Singapore	Office	13,034	1 June 2016 for a three year term expiring on 31 May 2019
490 Lorong 6 Toa Payoh HDB Hub Biz 3, Lift Lobby 2, #05-11/12 Singapore 310490	Housing Development Board	MindChamps PreSchool@ TPY Pte. Limited (formerly known as MindChamps PreSchool Pte. Limited)	Preschool centre	8,888	1 June 2016 for a three year term expiring on 31 May 2019
Paragon, 290 Orchard Road, #06-19/20 Singapore 238859	DBS Trustee Limited as Trustee of SPH REIT	MindChamps PreSchool @ Paragon Pte. Limited	Preschool centre	5,673	23 December 2016 for a three year term expiring on 22 December 2019
51, Changi Business Park Central 2, #01-16, The Signature, Singapore 486066	DBS Trustee Limited	MindChamps PreSchool @ Changi Business Park Pte. Ltd.	Preschool centre	4,979	15 May 2015 for a three year term expiring on 14 May 2018
151, Lorong Chuan, #03-06, New Tech Park, Singapore 556741	HSBC Institutional Trust Services (Singapore) Limited as trustee of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust	MindChamps PreSchool @ Serangoon Pte. Limited	Preschool centre	12,943	1 December 2015 to 30 November 2018 renewed with lease agreement for another three years starting on 1 December 2018 to 30 November 2021

Address	Name of Lessor	Name of Lessee	Existing use/type	Built-up area (sq ft)	Tenure
18 Ah Hood Road, #05-51 HiapHoe, Singapore 329983	HH Properties Pte. Ltd.	MindChamps PreSchool @ Zhongshan Park Pte. Ltd.	Preschool centre	5,404	25 June 2016 for a three year term expiring on 24 June 2019
5 Stadium Walk, #01-01, Leisure Park Kallang, Singapore 397693	Jack Investment Pte Ltd	MindChamps PreSchool @ Leisure Park Kallang Pte. Limited	Preschool centre	5,343	28 November 2016 for a three year term expiring on 27 November 2019
Broadway Shopping Centre, 1 Bay Street, Broadway, NSW 2007 (Title Folio Identifier 109/LF272)	Mirvac Retail Sub SPV Pty Limited and Perron Investments Pty Limited	MindChamps Australia Pty. Limited	Preschool centre	7,836	10 November 2017 for a six year term expiring on 9 November 2023
31x Shepherds Drive, Cherrybrook, NSW 2126 (Title Folio Identifier 1/360995)	The Council of the Shire of Hornsby	MindChamps Australia Pty. Limited	Preschool centre	9,365	6 October 2015 for a five year term expiring on 5 October 2020
679 Blaxland Road, Eastwood, NSW 2122 (Title Folio Identifier 101/1058396)	City of Parramatta Council	MindChamps Australia Pty. Limited	Preschool centre	6,771	6 October 2015 for a five year term expiring on 5 October 2020
241 Peats Ferry Road, Hornsby, NSW 2077 (Title Folio Identifier 6/659126)	Max Ignatius Lowery and Lorraine Gladys Lowery	MindChamps Australia Pty. Limited	Preschool centre	7,319	4 November 2016 for a 10 year term expiring on 3 November 2026

INTELLECTUAL PROPERTY

We believe that our brands and trademarks are one of the key elements of the success of our business, and we depend on their increased recognition for the continuing success in branding and marketing our services to our customers.

Pursuant to deeds of assignment and a licence of intellectual property rights each dated 20 August 2014 (collectively, the "**IP Deeds**") entered into with each of MindChamps Holdings, Champion Minds, MindChamps Singapore, MindChamps Family Online Pte. Ltd. and Mr Brian Paul Caswell on 20 August 2014, we were assigned certain exclusive intellectual property rights and granted a perpetual royalty-free licence to use certain non-exclusive intellectual property rights, including certain trademarks and domain names held by such entities and individual. See "*Interested Person Transactions and Conflicts of Interests – Present and Ongoing Interested Person Transactions – Deeds of Assignment and Licence of Intellectual Property Rights*" for further details.

As at the Latest Practicable Date, our Company has registered and/or is licensed to use the following trademarks which are material to our business:

Trademark/ Servicemark	Registered Proprietor	Class Code	Country of Registration	Expiry Date	Trade Mark Number
MindChamps preschool	MindChamps PreSchool Limited	41	Singapore	19 August 2024	T1413129H
MindChamps Reading & Writing	MindChamps PreSchool Limited	41	Singapore	19 August 2024	T1413130A
MINDCHAMPS	MindChamps Holdings Pte. Limited	41	Singapore	10 June 2020	T1007262I
MindChamps	MindChamps Holdings Pte. Limited	41	Singapore	18 October 2026	T0621894J
MindChampion	MindChamps Holdings Pte. Limited	41	Singapore	1 November 2025	40201515208U
	MindChamps Holdings Pte. Limited	41	Singapore	15 May 2025	40201508227U
	MindChamps Holdings Pte. Limited	41	Singapore	15 May 2025	40201508233W
Champion Mindset Academy	MindChamps Holdings Pte. Limited	41	Singapore	1 September 2024	T1414027J
MindChamps International preschool	MindChamps PreSchool Limited	41	The Philippines	2 October 2025	4/2015/00500626
MindChamps	MindChamps Holdings Pte. Limited	41	The Philippines	29 September 2018	4/2008/005040
MindChamps	MindChamps Holdings Pte. Limited	41	The UAE	8 January 2018	105234

Trademark/ Servicemark	Registered Proprietor	Class Code	Country of Registration	Expiry Date	Trade Mark Number
MindChamps	MindChamps Holdings Pte. Limited	41	Madrid Agreement and Protocol (Designating Australia, European Community, Japan, Republic of Korea and Vietnam)	8 April 2018	965491
Champion Mindset	MindChamps Holdings Pte. Limited	41	Australia	7 January 2025	1667948
MindChamps	MindChamps Holdings Pte. Limited	41	New Zealand	8 April 2018	787179
MindChamps preschool	MindChamps PreSchool Limited	41	Malaysia	21 August 2024	2014009364
MindChamps Reading & Writing	MindChamps PreSchool Limited	41	Malaysia	21 August 2024	2014009363
MindChamps	MindChamps Holdings Pte. Limited	41	Malaysia	13 November 2027	07022311
MindChamps	MindChamps Holdings Pte. Limited	41	Thailand	8 April 2018	692222
MindChamps	MindChamps Holdings Pte. Limited	41	Indonesia	2 May 2018	IDM000228210
MindChamps	MindChamps Holdings Pte. Limited	41	Hong Kong	8 November 2027	300990388
MindChamps	MindChamps Holdings Pte. Limited	41	Taiwan	15 Feb 2019	01350890
MindChamps	MindChamps Holdings Pte. Limited	41	China	13 April 2023	6704088
迈杰思	MindChamps Holdings Pte. Limited	41	China	13 September 2020	6906806
MindChamps	MindChamps Holdings Pte. Limited	41	India	28 December 2017	806248

Trademark/ Servicemark	Registered Proprietor	Class Code	Country of Registration	Expiry Date	Trade Mark Number
MindChamps	MindChamps Holdings Pte. Limited	41	United States	5 January 2020	3,733,123
MINDCHAMPS	MindChamps Holdings Pte. Limited	41	United States	13 September 2021	4,024,355

As at the Latest Practicable Date, our Company is licensed to use the following domain names pursuant to the IP Deed entered into with MindChamps Holdings:

Domain Name	Registration Date	Expiry Date
mindchampspreschool.com	14 October 2013	14 October 2018
mindchampspreschool.org	24 November 2008	25 November 2019
mindchamps.org/preschool	12 August 2005	12 August 2019

As at the Latest Practicable Date, our Company has applied for the following trademarks:

Trademark/ Servicemark	Registered Proprietor	Class Code	Application Date	Status	Trade Mark Number
100% Respect Zero Fear	MindChamps PreSchool Limited	41	9 October 2017	Pending	40201719712Q
I'm Proud of You. A Champion Family Festival	MindChamps PreSchool Limited	41	9 October 2017	Pending	40201719711S

As at the Latest Practicable Date, MindChamps Holdings has applied for the following trademark, which our Company is licensed to use pursuant to the IP Deed entered into with MindChamps Holdings:

Trademark/ Servicemark	Registered Proprietor	Class Code	Application Date	Status	Trade Mark Number
100% Respect Zero Fear	MindChamps Holdings Pte. Limited	41	8 April 2014	Pending	T1405320C

As at the Latest Practicable Date, we are not engaged in any material litigation or legal proceedings relating to our intellectual property.

LEGAL PROCEEDINGS

Our Company has commenced legal proceedings on 28 February 2017 against certain defendants (the "**Defendants**") under the Australian Consumer Law, Schedule 2 to the Competition and Consumer Act and under general contract and tort law. We had entered into certain negotiations with the Defendants and had signed a term sheet with the Defendants. Our Company is alleging that that the Defendants have failed to promptly make available all information requested by us as part of our due diligence investigations and consequently the Defendants are in breach of the term sheet, resulting in losses and damages incurred by our Company. We are seeking to claim back the deposit of A$500,000 which we paid and any accrued interest thereon and additional costs incurred in undertaking the due diligence process which includes the costs of professional advisers and the costs of transporting staff to Sydney to undertake the due diligence. As at the Latest Practicable Date, legal proceedings are still in progress.

Save as disclosed above, we are not, and have not been, involved in any legal or arbitration proceedings and no proceedings are currently pending or contemplated which may have or have had in the 12 months immediately preceding the date of lodgment of this document, a material effect on our financial position or profitability.

SINGAPORE

Child care centres in Singapore are governed by the Child Care Centres Act, Chapter 37A of Singapore (the "**Child Care Centres Act**") and the Child Care Centres Regulations, Chapter 37A, Section 19 of Singapore (the "**Child Care Centres Regulations**"). The ECDA serves as the regulatory and developmental authority for the early childhood sector in Singapore and oversees the setting up and licensing of child care centres.

Child Care Centres Act

Child care centres are defined by the Child Care Centres Act as "any premises at which five or more children who are under the age of seven years are habitually received for the purposes of care and supervision during part of the day or for longer periods."

Under the Child Care Centres Act, child care centres are required to be licensed and to comply with the Child Care Centres Regulations made under the Child Care Centres Act, or any other requirements that may be specified by the Director of Social Welfare appointed under the Children and Young Persons Act, Chapter 38 of Singapore or any person who is authorised by him to perform any of the duties or exercise any of the powers of the Director of Social Welfare under the Child Care Centres Act or any regulations made thereunder.

A child care centre licence may be issued to an individual or an entity subject to fulfilment of the conditions prescribed in the Child Care Centres Act. An individual or entity may be refused a licence if: (a) the Director of Social Welfare is not satisfied as to the character or fitness of the applicant to be the licensee of a child care centre or, where the applicant is a body corporate, as to the character or fitness of the members of the board of directors or committee or board of trustees or other governing body of the body corporate; (b) for reasons connected with the situation, construction, accommodation, staffing or equipment, the premises to be used for the child care centre are not fit to be used for the purposes of a child care centre; (c) the premises to be used as a child care centre do not comply with any requirements relating to the structure, fire precautions, health, sanitation and safety set out in the Child Care Centres Regulations; or (d) the child care centre would not be under the continuous personal management and supervision of a person of sufficient qualifications and experience to ensure the satisfactory operation of the child care centre.

A child care centre licence may be transferred if the Director of Social Welfare thinks fit to transfer the licence on an application in writing signed by the licensee of a child care centre and by the person to whom the licensee desires to transfer the licence. A child care licence shall continue for a period of two years from the date of issue or such shorter period as specified in the licence, unless revoked.

The Director of Social Welfare also has authority to carry out inspections of child care centres. He and any officer authorised by him may at all reasonable times enter and inspect any child care centre or any premises which he has reason to suspect are used for the purposes of a child care centre, and may also require any person taking part in the operation or management of a child care centre to produce documents relating to the management of that child care centre as well as to do such other things as are necessary for the inspection of a child care centre.

The Director of Social Welfare may direct remedial measures in respect of any licensed child care centre to ensure that it is operated and managed satisfactorily, that the welfare of the children attending it is promoted in a proper manner and that the provisions of the Child Care Centres Act are complied with.

The Director of Social Welfare may suspend or revoke a child care centre licence (a) if the licensee fails to comply with the directions given by the Director of Social Welfare in respect of remedial measures or orders regarding the cessation of use of premises as child care centres; (b) if the child care centre has ceased to be operated as such or to exist; (c) if the licensee has been convicted of an offence under the Child Care Centres Act; (d) on any ground which would have entitled the Director of Social Welfare to refuse an application for a licence in respect of that child care centre; or (e) on the ground that any term or condition specified in the licence has not been or is not being complied with.

The Director of Social Welfare may order cessation of use of premises as a child care centre of any licensed child care centre if it appears to him that there is any danger or risk of danger to persons in any licensed child care centre or if in respect of any licensed child care centre, a direction given in respect of any remedial measures is not complied within the period of time specified.

Upon the coming into force of the ECDC Act (as defined below), the Child Care Centres Act will be repealed. See "– *Early Childhood Development Centres Act 2017*" below for further information.

Child Care Centres Regulations

The Child Care Centres Regulations prescribe certain requirements which must be met in order to obtain or renew a licence to operate a child care centre, such as, among others, relating to the physical premises of the child care centre, health and medical care staffing and financial matters (including fees charged).

Under the Child Care Centres Regulations, no licence may be issued or renewed in respect of an applicant who has been convicted of (a) any offence under prescribed sections of the Children and Young Persons Act, Chapter 38 of Singapore, or any other offence involving child abuse or child neglect; (b) any offence under prescribed sections of the Women's Charter, Chapter 353 of Singapore; or (c) any offence under prescribed sections of the Penal Code, Chapter 224 of Singapore. An applicant applying for a licence has to pay a licence fee of S$264 for a period of 24 months.

The Child Care Centres Regulations require every licensee of a child care centre to submit information on the period of operation of the child care centre as well as a written daily programme schedule for each specified age range of children to the Director of Social Welfare for his approval. Under the Child Care Centres Regulations, no child shall be retained in a child care centre for more than 24 hours continuously and every child care centre has to establish a system for sharing with parents information on matters that may affect the children and to allow parents to visit the child care centre at any reasonable time. Every child care centre also has to keep up-to-date records which shall be made available for inspection by the Director of Social Welfare at all times.

With respect to child care fees, an applicant for a child care centre licence shall, in applying for the licence, inform the Director of Social Welfare of the registration fees and the deposits payable. The licensee of a child care centre may change its fee or deposit for any year only if it has given in writing to the Director of Social Welfare and parent or guardian of every child attending the child care centre not later than 1st October of the preceding year. The regulations do not stipulate any restrictions regarding the increase in the amount of fees or deposits.

Child care centres also have to adhere to certain staffing requirements. With regard to the appointment of staff, the licensees of child care centres are each required to employ a supervisor and programme staff, each of whom must have the necessary child care qualifications and a valid certificate in first aid. Furthermore the licensees of child care centres must ensure that the ratio of educarer to children enrolled is in compliance with the Child Care Centres Regulations.

The Child Care Centres Regulations prescribe requirements for the physical premises of the child care centres, namely that, among others, (a) every child care centre has access to outdoor play space for gross motor activity; (b) playgrounds within the compounds of a child care centre are adequately fenced; (c) every child care centre provides sufficient and suitable chairs, tables, play materials and equipment; and (d) where children who are 18 months of age or younger are enrolled, separate facilities for changing diapers and dressing as well as a cot for each child are provided. Where child care centres are without access to outdoor play space, they are required to have additional indoor space equipped with materials for gross motor activity.

With regard to hygiene and environmental health, the Child Care Centres Regulations require child care centres to have washing and sanitary facilities of a type suitable for children, sufficient and suitable kitchen facilities as well as to ensure that the premises and equipment of the child care centre are in a clean and sanitary condition and kept in a good state of repair to the satisfaction of the Director of Social Welfare. Furthermore no smoking shall be allowed in the child care centre during its operating hours.

The Child Care Centres Regulations also prescribe requirements relating to health, medical care, nutrition and discipline, including the following. Child care centres are not to enrol any child who has not been given immunisation as required under existing law and are not to allow any child with a fever or on medication to attend class. Child care centres are also required to maintain a first aid kit for emergency treatment which shall be kept in an accessible and safe place on the premises as well as ensuring that, at all times, at least one person in the child care centre holds a valid certificate in first aid. Further, child care centres have to ensure that the physical premises and operation of the child care centre conform with such guidelines as may be set by the Ministry of Health relating to the prevention of infectious diseases in child care centres and kindergartens, and have to immediately report any suspected or known case of infectious disease amongst the staff or children of the child care centre to a health officer, the Director of Social Welfare and the parents of all the children attending the child care centre. Any staff suffering from any infections diseases is to be excluded from the centre until certified by a registered medical practitioner that he may be permitted to return.

Child care centres are also to ensure that staff do not administer certain disciplinary measures which include: (a) corporal punishment such as striking a child, directly or with physical objects, other forms of aggressive contact or requiring the child to repeat physical movements; (b) harsh, humiliating or degrading responses of any kind, including verbal, emotional or physical; (c) deprivation of meals; and (d) isolation and physical restriction of movements.

Any person who contravenes any of the provisions set out in the Child Care Centres Regulations will be guilty of an offence and will be liable on conviction to a fine not exceeding $2,000 and in the case of a continuing offence to a further fine not exceeding $50 for every day during which the offence continues after conviction.

Early Childhood Development Centres Bill

The Early Childhood Development Centres Bill was passed by Parliament on 28 February 2017. The Early Childhood Development Centres Act 2017 (the "**ECDC Act**") was first published in the Government Gazette, Electronic Edition, on 11 May 2017 and will come into operation on a date to be appointed by notification in the Gazette. As at the date of this Prospectus, the ECDC Act is not in operation.

Upon its coming into force in the future, the ECDC Act will replace the existing Child Care Centres Act (which will be repealed) and will regulate the operation of early childhood development centres, which is defined as any premises where any early childhood development service is provided or is to be provided. Early childhood development service is defined as the provision of care or education, or care and education, habitually of five or more children who are below seven years of age, for a fee, reward or profit by a person who is not a relative or guardian of all the children.

Similar to the existing licensing requirement under the Child Care Centres Act, the ECDC Act will require an operator of an early childhood development centre to hold a licence under the ECDC Act or be otherwise exempted from such requirement thereunder. In this regard, the ECDC Act sets out certain matters to be taken into consideration by the Chief Licensing Officer appointed for the purposes of the ECDC Act, in deciding whether a licence should be granted or renewed. Such matters include, among other things, whether the applicant has the appropriate character and fitness to operate and maintain an early childhood development centre and whether every key appointment holder of the applicant has the appropriate character and fitness to act in that capacity. The Chief Licensing Officer may impose such conditions as he considers requisite or expedient.

Under the ECDC Act, any licensee or individual deployed at an early childhood development centre to perform prescribed duties relating to the provision of care or education to children at that centre or the operation of that centre, will be subject to the approval of the Chief Licensing Officer. Similarly, the engagement of any individual (i.e. third party education service providers), to provide for a fee or reward, any educational service for children at an early childhood development centre will also be subject to the approval of the Chief Licensing Officer. The Chief Licensing Officer may impose such conditions as he considers requisite or expedient.

With regards to early childhood development centres that are already operating at the time when the ECDC Act comes in operation, the ECDC Act provides that all licences already granted under the existing Child Care Centres Act that are in force immediately before the repeal of the Child Care Centres Act, shall be deemed to be licences granted under the ECDC Act and shall be subject to the same conditions (if applicable) of such licences under the repealed Act. The ECDC Act also provides that every individual who, immediately before the repeal of the Child Care Centres Act, is deployed by an operator to undertake any prescribed duties relating to the provision of care or education to children at that centre or the operation of that centre, shall be deemed to be an individual whose deployment at that centre to perform such duties is approved by the Chief Licensing Officer for the purposes of the ECDC Act for a period of 24 months after the coming into operation of the ECDC Act.

The ECDC Act empowers the Chief Licensing Officer to (without compensation) give a direction to a licensee if he has reasonable grounds to believe that there are circumstances that may endanger, or are likely to endanger, the safety, wellbeing and welfare of children or other individuals at an early childhood development centre, and may require a licensee to stop the operation of a centre, or any part of a centre, until the Chief Licensing Officer is satisfied that the foregoing circumstances no longer exist. The ECDC Act also sets out requirements regarding record-keeping and giving of information to the Chief Licensing Officer and provides for the Chief Licensing Officer to have powers of enforcement.

AUSTRALIA

The Australian Federal Government Department of Education and Training is responsible for setting the national legislative framework and policy for child care programs in Australia.

National Quality Framework

The National Quality Framework was implemented on 1 January 2012 to provide an integrated national approach to the regulation and quality assessment processes for early childhood education and services, including child care services. Its implementation is managed by The Australian Children's Education and Care Quality Authority which was established to support its administration.

The National Quality Framework operates under an applied law system, comprising the Education and Care Services National Law Act 2010 ("**National Law**"), the Education and Care Services National Regulations 2011 ("**National Regulations**") and other subsidiary legislation and regulations. Under the National Quality Framework, each state and territory has a regulatory authority ("**Regulatory Authority**"), which takes primary responsibility for the approval, monitoring and quality assessment of services.

The laws and regulations covered under the National Quality Framework prescribe detailed requirements for child care and education service providers to adhere to. In particular, first, education and care service providers have to meet a minimum ratio of educators to children. The minimum ratio of educators to children is dependent on the age bracket of the children attending the particular centre. Where the children attending each centre are of mixed age brackets, the educators must meet the minimum number of educators per age group. In addition, each centre must have a minimum number of early childhood teachers.

Second, each educator employed is required to have the minimum qualification requirements. At least 50% of the educators who are required to meet the relevant educator to child ratios must have, or be actively working towards, an approved diploma level education and care qualification. The remaining educators must have, or be actively working towards, at least an approved certificate III level education and care qualification under Australian law.

Children (Education and Care Services) National Law

In order to provide education and child care services, a person must be an approved provider and must obtain service approval for each of the sites. In respect of the service approvals, an approved provider who holds a service approval may transfer the service approval for a centre to another approved provider. Failure to obtain approval in either case is an offence carrying a maximum penalty of A$100,000. Our subsidiary MindChamps Australia Pty. Ltd. was granted the provider approval on 7 September 2016 and it was the transferee with respect to the service approvals for the four other Australian subsidiaries in the acquisition.

The Regulatory Authority may suspend or cancel a provider approval if, among other things, the approved provider has failed to comply with a condition of the provider approval or that the Regulatory Authority is satisfied that the approved provider is not a fit and proper person to be involved in the provision of an education and care service. Similarly, the Regulatory Authority may suspend or cancel a service approval if, among other things, the Regulatory Authority reasonably believes that it would not be in the best interests of children being educated and cared for by the service for the service to continue or if the Regulatory Authority reasonably believes that the continued operation of the education and care service would constitute an unacceptable risk to the safety, health or wellbeing of any child or class of children being educated and cared for by the education and care service.

The Regulatory Authority also has investigative powers and may appoint officers to assess and monitor the approved education and care service to ensure that it is in compliance with the National Law and for rating purposes.

A New Tax System (Family Assistance) (Administration) Act 1999

The Australian Federal Government provides the CCB which is a means-tested form of payment to families to assist with the cost of child care. In order for eligible families to receive the CCBs, each service provider must have a CCB approval ("**CCB Approval**") under the A New Tax System (Family Assistance) (Administration) Act 1999 ("**Family Assistance Law**"). Holding a CCB Approval enables a service provider to pass on Child Care Benefits by way of reduction in child care fees to parents under the Family Assistance Law.

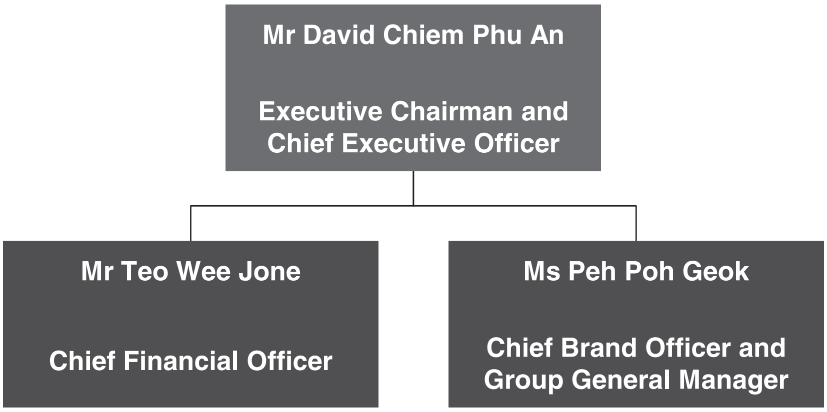
Each service provider is required to adhere to conditions under the Family Assistance Law for continued approval for CCBs. These conditions, among others, include complying with rules and laws, conditions imposed by the minister from time to time and ensuring that the child care places limit are not exceeded. Failure to adhere to such conditions may result in the imposition of additional conditions for the continued approval of the service, the reduction of number of child care places allocated to the service, suspension or cancellation of the service's CCB Approval by the authorities.

The Family Assistance Legislation Amendment (Jobs For Families Child Care Package) Bill 2016

The Family Assistance Legislation Amendment (Jobs For Families Child Care Package) Bill 2016 which passed both Houses of the Australian Parliament on 27 March 2017 replaces the existing CCB and CCR scheme with one means-tested scheme called the CCS. The CCS is to be introduced on 2 July 2018 and recipients will be subject to both an income and activity test. The activity test requires both parents to work, study or volunteer at least eight hours per fortnight. The income test subjects families with an income of between A$185,710 to A$349,999 to an annual cap of A$10,000, whereas families with an income under this range are not subject to a cap. The CCS provides additional assistance to children at risk of serious abuse or neglect, families experiencing temporary financial hardship and families on income support or looking for work.

MANAGEMENT

The following chart shows our management reporting structure at the Latest Practicable Date.



DIRECTORS

The following table sets forth information regarding our Directors:

Name	Age	Address	Position	Date of Appointment as Director
Mr David Chiem Phu An	47	480 Lorong 6 Toa Payoh #17-01 HDB Hub Singapore 310480	Executive Chairman and Chief Executive Officer	25 July 2008
Ms Catherine Du	46	480 Lorong 6 Toa Payoh #17-01 HDB Hub Singapore 310480	Non-Independent Non-Executive Director	1 June 2010
Ms Janice Wu Sung Sung	48	1000 Toa Payoh North, News Centre Singapore 318994	Non-Independent Non-Executive Director	20 August 2014
Mr Philip Antony Jeyaretnam	53	480 Lorong 6 Toa Payoh #17-01 HDB Hub Singapore 310480	Lead Independent Director	8 November 2017
Mr Lee Suan Hiang	67	480 Lorong 6 Toa Payoh #17-01 HDB Hub Singapore 310480	Independent Director	8 November 2017
Mr Phua Chin Chor	63	480 Lorong 6 Toa Payoh #17-01 HDB Hub Singapore 310480	Independent Director	8 November 2017

None of the Independent Directors sits on the board of any of the principal subsidiaries of our Company that are based in jurisdictions other than Singapore.

Experience and Expertise of our Board

Certain information on the business and working experience of our Directors is set out below:

Mr David Chiem Phu An is our Executive Chairman and Chief Executive Officer.

Mr David Chiem Phu An is our founder, Executive Chairman and Chief Executive Officer. He has been a director of our Company since 2008, and is also a director of MindChamps Holdings, several of our subsidiaries and the subsidiaries of the MCH Group. He is responsible for the overall strategic guidance of our Group. Mr Chiem holds a Bachelor of Arts in Communication from the University of Technology, Sydney and a Specialist Extension Course Certificate in Producing from the Australian Film Television and Radio School. Mr Chiem was awarded the Top Entrepreneur – Entrepreneur of the Year Award by the Rotary Club of Singapore/Association of Small and Medium Enterprises in 2008, the Outstanding Entrepreneur Award (Asia-Pacific Entrepreneurship Awards) by Enterprise Asia in 2010 and the CEO Brand Leader of the Year award by Brand Alliance in 2016.

Ms Catherine Du is our Non-Independent Non-Executive Director.

Ms Catherine Du is our co-founder and Non-Independent Non-Executive Director. She has been a director of our Company since 2010 and is also a director of MindChamps Holdings and certain of its subsidiaries. She is the interim Chief Executive Officer of MindChamps Australia.

Ms Du is instrumental in the founding of our Company and its expansion, having recognised the global gap in early childhood education. She has a background in finance and education and up to November 2017, was responsible for the international franchise and business development of our Group. Ms Du has more than 19 years of education and business experience in the education industry. She was previously Director, Operations & Client Relations at MindChamps Holdings (from 2007 to 2008 and 2012 to 2016), Champion Minds (2003 to 2007) and Accelerated Learning Worldwide Pty Ltd (1998 to 2002). Ms Du, who holds an Associate Diploma of Business (Accounting) from the New South Wales Technical and Further Education Commission, was also an accountant at QBE Insurance Ltd from 1994 to 1998.

Ms Janice Wu Sung Sung is our Non-Independent Non-Executive Director.

Ms Janice Wu Sung Sung is our Non-Independent Non-Executive Director. She has been a director of our Company since 2014. Ms Wu joined Singapore Press Holdings Limited in 1998 and has held various positions across functions, with active involvement in legal advisory work, M&A transactions, joint ventures, property acquisitions, corporate planning and analytics. Ms Wu is currently Executive Vice-President, Corporate Development of Singapore Press Holdings Limited and is responsible for, among others, leading their multi-discipline business development team in sourcing and executing mergers and acquisitions initiatives, including active involvement in negotiating deals terms and structure, due diligence and supervision of valuation analysis. Prior to joining Singapore Press Holdings, she was a legal counsel in the Ministry of Defence from 1997 to 1998. From 1993 to 1997, she was a legal associate at PK Wong & Advani. She is currently a director of several companies, including SGCM Pte. Ltd., SPH Interactive International Pte. Ltd. and The Seletar Mall Pte. Ltd., as a nominee of Singapore Press Holdings Limited.

Ms Wu holds a Bachelor of Laws (Honours) from the National University of Singapore and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1993.

Mr Philip Antony Jeyaretnam is our Lead Independent Director.

Mr Philip Antony Jeyaretnam is our Lead Independent Director. Mr Jeyaretnam is currently the Managing Partner of Dentons Rodyk & Davidson LLP, as well as a member of the Public Service Commission of Singapore and of the Presidential Council for Minority Rights. He was formerly President of the Law Society of Singapore and Vice President of the Senate, Singapore Academy of Law from 2004 to 2007. Mr Jeyaretnam has experience advising on matters relating to education. He was a Board Member of the Advisory Board to the Law Faculty, National University of Singapore from 2009 to 2011 and of The Board of Legal Education from 2004 to 2007, a Member of the Steering Committee for the Establishment of the New University, Ministry of Education Singapore in 2007, and a Council Member of the National Arts Council from 2000 to 2008. Mr Jeyaretnam is currently Chairman of Maxwell Chambers Pte. Ltd. and Singapore Arts School Ltd., and is also a director of Singapore Art Museum. He is also a trustee of Singapore University of Technology and Design.

Mr Jeyaretnam was awarded the Public Service Medal in 2013. He is also a writer and has received the Young Artist Award in 1993, the Montblanc-NUS Centre for the Arts Literary Award in 1997 and the Southeast Asia Write Award in 2003.

Mr Jeyaretnam holds a Bachelor of Arts (Honours) in Law and Master of Arts in Law from Cambridge University. He was admitted to the English Bar in 1987 and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1988. Mr Jeyaretnam is also a Fellow of the Singapore Institute of Arbitrators, a member of the Regional Panel of Arbitrators, Singapore International Arbitration Centre and a Fellow of the Chartered Institute of Arbitrators.

Mr Lee Suan Hiang is our Independent Director.

Mr Lee Suan Hiang is our Independent Director. He had a varied career as a senior civil servant, serving as chief executive officer of the National Arts Council from 2003 to 2009, chief executive officer of SPRING Singapore from 2001 to 2003, chief executive of the Productivity & Standards Board from 1996 to 2001, chief executive of the National Productivity Board and Singapore Institute of Standards and Industrial Research from 1995 to 1996 and deputy managing director of the Economic Development Board from 1993 to 1995. He was also chief executive officer of the Real Estate Developers' Association of Singapore from 2011 to 2016. He is the current President of the EDB Society and Chairman of Global Culture Alliance Limited. Mr Lee also serves as a director in several listed companies. He is the Chairman of Anacle Systems Limited, a company listed on the HKSE, and also a director of Viking Offshore and Marine Limited, CITIC Envirotech Ltd., Advance SCT Limited, Perennial Real Estate Holdings Limited and United Engineers Limited, all of which are listed on the SGX-ST.

A Colombo Plan Scholar, Mr Lee holds a Bachelor of Arts (Honours) in Industrial Design (Engineering) from Manchester Polytechnic. He also attended the Leaders in Administration Programme at the Singapore Civil Service College in 1997, the Advanced Management Program at Harvard University in 1998 and the International Executive Programme at INSEAD in 1988. Mr Lee is also a Fellow of the Singapore Institute of Directors, the Chartered Management Institute and the Chartered Institute of Marketing, United Kingdom. He has won several awards including the National Day Public Administration Gold Medal in 1998, the World Association for Small and Medium Enterprises Special Honour Award in 2001, the Japan External Trade Organisation Award in 2002, the Chevalier d' l'Ordre des Arts et des Lettres from the Republic of France in 2010 and the NTUC Friend of Labour Award in 2012.

Notwithstanding such directorships of Mr Lee as set out above, our Nominating Committee (other than Mr Lee) believes that Mr Lee is able to devote sufficient time to discharge his duties as our Independent Director. In this regard, our Nominating Committee (other than Mr Lee) has discussed with Mr Lee on the frequency of the meetings of our Board, as well as the meetings of our Board committees of which Mr Lee is a member. Mr Lee is fully aware of the commitment required of him in his role as our Independent Director, including his duties as the Chairman of our Nominating Committee. Mr Lee has also confirmed that he is able to devote sufficient time to discharge his duties as our Independent Director. In addition, our Nominating Committee (other than Mr Lee) values the contribution of Mr Lee's experience and expertise. For the reasons set out above, our Nominating Committee (other than Mr Lee) is of the opinion that Mr Lee will be able to devote sufficient time to discharge his duties as our Independent Director.

Mr Phua Chin Chor is our Independent Director.

Mr Phua Chin Chor is our Independent Director. He was the chief financial officer of NCS Pte Ltd from 2008 to 2013, chief financial officer of Singapore Computer Systems Limited from 2005 to 2008, Senior Vice President, Group Financial Controller of MediaCorp Pte Ltd from 2001 to 2005 and Director of Finance (Asia) for EDS International (Singapore) Pte from 1993 to 2001. Mr Phua is also currently a director of Softcraft India Private Limited.

Mr Phua holds a Bachelors of Accountancy from the University of Singapore (now known as National University of Singapore). He is currently a member of the Singapore Institute of Directors and the Institute of Singapore Chartered Accountants and was previously an associate of the Chartered Institute of Management Accountants of the United Kingdom up till 2011.

Listed Company Experience

The Directors have been briefed on the roles and responsibilities of a director of a public-listed company in Singapore.

Mr Lee Suan Hiang has served as a director of one or more public-listed companies in Singapore and has also served as a director of a public-listed company in Hong Kong.

Independence of our Independent Directors

The Singapore Code of Corporate Governance 2012 (the "**Code**") recommends that there should be a strong and independent element on the board of directors which is able to exercise objective judgment on corporate affairs independently, in particular, from the management of the listed company (the "**Listco**") and any person who has an interest in not less than 10.0 per cent. of the voting shares excluding treasury shares, in the Listco (the "**10.0 per cent. Shareholder**").

Under the Code, an "independent director" is defined as one who has no relationship with the Listco, its related corporations, its 10.0 per cent. Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Listco. Examples of relationships, which deem a director not to be independent, include:

(a) a director being employed by the Listco or any of its related corporations for the current or any of the past three financial years;

(b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Listco or any of its related corporations and whose remuneration is determined by the remuneration committee;

(c) a director, or an immediate family member, accepting any significant compensation from the Listco or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service;

(d) a director:

(i) who, in the current or immediate past financial year, is or was; or

(ii) whose immediate family member, in the current or immediate past financial year, is or was,

a 10.0 per cent. Shareholder of, or a partner in (with 10.0 per cent. or more stake), or an executive officer of, or a director of, any organization to which the Listco or any of its subsidiaries made, or from which the Listco or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant;

(e) a director who is a 10.0 per cent. Shareholder or an immediate family member of a 10.0 per cent. Shareholder of the Listco; or

(f) a director who is or has been directly associated with a 10.0 per cent. Shareholder of the Listco, in the current or immediate past financial year.

Mr Lee Suan Hiang

Mr Lee Suan Hiang was a non-executive director of MindChamps Media Pte. Limited and MindChamps WorldSchool Pte. Limited (subsidiaries of the MCH Group which are not part of our Group) from 2015 to June 2017.

In light of the foregoing, our Board and our Nominating Committee (other than Mr Lee Suan Hiang) have reviewed Mr Lee Suan Hiang's independence under the Code and are satisfied that the relationship described above will not interfere, or be reasonably perceived to interfere, with the exercise of Mr Lee Suan Hiang's independent business judgment of the best interests of our Company and our subsidiaries.

Our Board and our Nominating Committee (other than Mr Lee Suan Hiang) have reached this conclusion based on the following reasons:

- Mr Lee Suan Hiang has stepped down as a non-executive director of both MindChamps Media Pte. Limited and MindChamps WorldSchool Pte. Limited.

- While Mr Lee Suan Hiang was paid for his services as a director of MindChamps Media Pte. Limited and MindChamps WorldSchool Pte. Limited, the fees paid to him in the immediate past financial year and the current financial year are in aggregate significantly less than S$200,000.

- Mr Lee Suan Hiang's participation on our Board will benefit our Company given his expertise. Mr Lee Suan Hiang was the Chief Executive of the Real Estate Developers' Association of Singapore, the National Arts Council of Singapore, SPRING Singapore, the National Productivity Board of Singapore and the Singapore Institute of Standards and Industrial Research and was also formerly Deputy Managing Director of the Economic Development Board of Singapore.

- Mr Lee Suan Hiang has further confirmed that the relationships described above will not interfere with the exercise of his independent business judgement with a view to the best interests of our Company and its subsidiaries.

On the basis of the above, our Board and our Nominating Committee (other than Mr Lee Suan Hiang) are of the view that Mr Lee Suan Hiang should be regarded as independent.

Terms of Office for our Directors

Our Directors do not have fixed terms of office. Each Director is required to retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) is required to retire from office by rotation and will be eligible for re-election at that annual general meeting (the Directors so to retire being those longest in office).

Committees of Our Board

We have three Board committees: the Audit Committee, the Remuneration Committee and the Nominating Committee.

Our Audit Committee

Our Audit Committee comprises Mr Phua Chin Chor, Mr Philip Antony Jeyaretnam, and Mr Lee Suan Hiang. The Chairman of our Audit Committee is Mr Phua Chin Chor.

Responsibilities of our Audit Committee include, among others:

- assisting our Board in fulfilling its responsibility for overseeing the integrity of our Company's system of accounting and financial report and in maintaining a high standard of transparency and reliability in its corporate disclosures;

- reviewing and recommending to our Board significant financial reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to financial performance;

- reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;

- reviewing the external auditors' audit plan and audit reports, and the external auditors' evaluation of the system of internal accounting controls, with the external auditors, as well as the assistance given by management to the external auditors;

- reviewing and reporting to our Board, at least annually, the adequacy and effectiveness of our internal control systems, including financial, operational, compliance and information technology controls, and risk management policies and systems;

- monitoring and reviewing the implementation of the external auditors' recommendations for internal control weaknesses (if any);

- reviewing and approving all hedging policies and types of hedging instruments to be implemented by us, if any;

- reviewing any interested person transactions as defined in the Listing Manual. See "*Interested Person Transactions and Potential Conflicts of Interest – Review Procedures for Future Interested Person Transactions*";

- reviewing any potential conflicts of interest (including any potential conflicts of interest that may arise with respect to the granting of franchise licences to third parties) as described in "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Mitigation*";

- reviewing the scope and results of the internal audit procedures and management's response and follow-up actions, and, at least annually, the adequacy and effectiveness of our internal audit function;

- approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

- making recommendations to our Board on the proposals to Shareholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

- reviewing any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board, exercising directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by a Director, our Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of our Audit Committee will not participate in any proceedings of our Audit Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as our Audit Committee may deem reasonably necessary;

- reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with our Controlling Shareholders and propose, where appropriate, the relevant measures for the management of such conflicts;

- reviewing and resolving all conflicts of interest matters referred to it;

- reviewing on an annual basis of Mr Teo Wee Jone's engagement as consultant to the MCH Group, including whether any conflicts of interest arise from such engagement and whether his engagement as a consultant to the MCH Group impinges on his ability to perform his role as our Chief Financial Officer; and

- reviewing the report, to be submitted at the end of each quarter, on rejected applicants for franchise licences as described in "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – The MCH Group – Franchise Licences*".

Apart from the duties listed above, our Audit Committee shall review our policy and arrangements for employees and any other persons to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. Our Audit Committee shall ensure that these arrangements allow such concerns to be raised and independently investigated, and proportionate and independent investigation of such matters and appropriate follow up action be taken.

Based on the internal controls and risk management framework established and maintained by our Group, work performed by external auditors and reviews performed by management and various Board committees, our Board, with the concurrence of our Audit Committee, is of the opinion that the risk management and internal controls, including operational, financial, compliance and information technology controls, of our Group are adequate as at the date of this Prospectus to address financial, operational and compliance risks, which our Group considers relevant and material to its operations.

Our Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that our Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, our Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Our Nominating Committee

Our Nominating Committee comprises Mr Lee Suan Hiang, Mr Philip Antony Jeyaretnam and Mr Phua Chin Chor. The Chairman of our Nominating Committee is Mr Lee Suan Hiang.

Responsibilities of our Nominating Committee include, among others:

- making recommendations to our Board on relevant matters relating to:
  - the review of Board succession plans for the Directors, in particular, the Chairman, and for the Chief Executive Officer;
  - the review of training and professional development programmes for our Board; and
  - the appointment and reappointment of Directors (including alternate Directors, if applicable);
- identifying candidates, reviewing and approving nominations for the positions of Director or alternate Director (whether appointment or re-appointment) and membership of Board committees (including our Audit Committee, our Remuneration Committee and our Nominating Committee), as well as appraising the qualifications and experience of any proposed new appointments to our Board and to recommend to our Board whether the nomination should be supported;
- ensuring that our Board and our Board committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience, genders and knowledge of our Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, taking into account, among other things, the future requirements of our Group and the guidelines recommended under the Code;

- reviewing on an annual basis, and as and when circumstances require, if a Director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors; and

- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

In addition, our Nominating Committee will make recommendations to our Board on the development of a process for evaluation of the performance of our Board, our Board committees and our Directors. In this regard, our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria which address how our Board has enhanced long-term shareholder value. Our Nominating Committee will also implement a process for assessing the effectiveness of our Board as a whole and our Board committees and for assessing the contribution of the Chairman and each individual Director to the effectiveness of our Board. The Chairman will act on the results of the performance evaluation of our Board, and in consultation with our Nominating Committee, propose, where appropriate, new members to be appointed to our Board or seek the resignation of Directors. Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of any matter in which he has an interest.

Our Remuneration Committee

Our Remuneration Committee comprises Mr Philip Antony Jeyaretnam, Mr Lee Suan Hiang and Mr Phua Chin Chor. The Chairman of our Remuneration Committee is Mr Philip Antony Jeyaretnam.

Responsibilities of our Remuneration Committee include, among others:

- reviewing and recommending to our Board, in consultation with the Chairman of our Board, for endorsement:

  - a comprehensive remuneration policy, and general framework and guidelines for remuneration for our Board and other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("**Key Management Personnel**"); and

  - the specific remuneration packages for each of our Directors and Key Management Personnel;

- ensuring the remuneration policies and systems of our Group, as approved by our Board, support our Group's objectives and strategies, and are consistently administered and being adhered to within our Group;

- in the case of service contracts, reviewing our obligations arising in the event of termination of an Executive Director or Key Management Personnel's service contract, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous;

- proposing, for adoption by our Board, appropriate and meaningful performance criteria to assist in the evaluation of the performance of our Key Management Personnel and Executive Directors; and

- administering the MindChamps PreSchool Performance Share Plan and the MindChamps PreSchool Share Option Plan in accordance with the rules of the MindChamps PreSchool Performance Share Plan and the MindChamps PreSchool Share Option Plan, as the case may be, and the Listing Manual, and recommending the same with such adjustments or modifications as it may deem necessary, to our Board, for endorsement.

Our Remuneration Committee shall also ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of our Group and should be appropriate, to attract, retain and motivate (a) our Directors to provide good stewardship of our Group and (b) Key Management Personnel to successfully manage our Company or our Group, as well as ensure accountability of our Group.

If a member of our Remuneration Committee has an interest in a matter being reviewed or considered by our Remuneration Committee, he will abstain from voting on that matter.

EXECUTIVE OFFICERS

The following table sets forth information regarding our Executive Officers:

Name	**Age**	**Address**	**Position**
Mr David Chiem Phu An	47	480 Lorong 6 Toa Payoh #17-01 HDB Hub Singapore 310480	Executive Chairman and Chief Executive Officer
Mr Teo Wee Jone	44	480 Lorong 6 Toa Payoh #17-01 HDB Hub Singapore 310480	Chief Financial Officer
Ms Peh Poh Geok	49	480 Lorong 6 Toa Payoh #17-01 HDB Hub Singapore 310480	Chief Brand Officer and Group General Manager

Certain information on the business and working experience of our Executive Officers is set out below:

Mr David Chiem Phu An is our Executive Chairman and Chief Executive Officer.

See "*Management – Directors*".

Mr Teo Wee Jone is our Chief Financial Officer.

Mr Teo Wee Jone is our Chief Financial Officer. Mr Teo joined MindChamps Holdings in 2008 and was promoted to Chief Financial Officer in 2010, where he is responsible for our financial management, taxation and corporate acquisition initiatives. He has more than 17 years of accounting and finance experience in the education and information and communication technology industries. Prior to joining our Group, he was most recently Finance Director, China Operations at Singapore Computer Systems Limited from 2006 to 2007.

Mr Teo holds a Bachelor of Economics majoring in Accounting from Macquarie University, Australia and a Master of Business Administration from the University of Melbourne, Australia. He is a Fellow Chartered Accountant of Singapore and a Fellow of CPA Australia.

In considering the suitability of Mr Teo Wee Jone for his role as our Chief Financial Officer, our Audit Committee has considered several factors, including his qualifications and experience, the accounting reporting structure, the team that supports and reports to him and the interactions our Audit Committee had with Mr Teo Wee Jone. Our Audit Committee noted that Mr Teo Wee Jone has more than 17 years of working experience in finance and accounting. Mr Teo Wee Jone has also demonstrated his knowledge and experience in accounting and financial reporting. After making all reasonable enquiries, and to the best of its knowledge and belief, nothing has come to our Audit Committee's attention to cause it to believe that Mr Teo Wee Jone does not have the competence, character and integrity expected of a chief financial officer (or its equivalent rank) of a listed issuer.

Ms Peh Poh Geok is our Chief Brand Officer and Group General Manager.

Ms Peh Poh Geok is our Chief Brand Officer and Group General Manager. One of the pioneers of MindChamps, Ms Peh is instrumental as the brand champion spearheading the MindChamps brand positioning, culture and business growth over the last 14 years. Ms Peh is a highly experienced strategic leader in branding, sales, marketing, business growth and operations in Singapore and the region, having been Marketing Director at Sentosa Development Corporation from 1997 to 2003 prior to joining MindChamps Holdings.

Ms Peh holds a Bachelor of Arts with a double major in Economics and Sociology and a minor in Statistics, from the National University of Singapore.

FAMILY RELATIONSHIP/ARRANGEMENT OR UNDERSTANDING

Our Executive Chairman and Chief Executive Officer Mr David Chiem Phu An and our Non-Independent Non-Executive Director Ms Catherine Du are spouses. Save for the foregoing, there are no family relationships among any of our Directors, Executive Officers or Substantial Shareholders.

Mr David Chiem Phu An and Ms Catherine Du are also our Controlling Shareholders and also control our Controlling Shareholders MindChamps Holdings and Champion Minds. They are also non-executive directors of MindChamps Holdings and Champion Minds. Mr David Chiem Phu An was also employed by MindChamps Holdings until November 2017.

Our Chief Financial Officer, Mr Teo Wee Jone and our Chief Brand Officer and Group General Manager, Ms Peh Poh Geok, were employed by MindChamps Holdings until November 2017. Post-Listing, Mr Teo Wee Jone and Ms Peh Poh Geok will be engaged as consultants to the MCH Group. They also each have a minority shareholding interest of 5% in Champion Minds. See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest*" for further details.

Our Non-Independent Non-Executive Director Ms Janice Wu Sung Sung is a nominee of and employed by our Controlling Shareholder, SPH.

Save for the foregoing, there are no arrangements or understandings with any person pursuant to which any of our Directors or Executive Officers were selected.

PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF OUR DIRECTORS AND EXECUTIVE OFFICERS

The present principal and past directorships held by our Directors and Executive Officers in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are set out in "*Appendix H – List of Present and Past Principal Directorships of our Directors and Executive Officers*".

SERVICE AGREEMENT

The service agreement of our Executive Chairman and Chief Executive Officer, Mr David Chiem Phu An, provides for compensation in the form of a fixed monthly salary and a variable and/or performance bonus which may be awarded for each financial year of our Company during the continuance of his employment, to be determined by our Board, based on his performance and the performance of our Company for that financial year. In addition, under the service agreement, our Executive Chairman and Chief Executive Officer is entitled to the use of a private car, the specifications of which shall be determined by our Board and the cost of which will be borne by our Company.

The service agreement of our Executive Chairman and Chief Executive Officer does not have a fixed term and contains termination provisions, pursuant to which either party to the agreement may terminate his employment by giving six months' prior written notice or by paying (in the case of our Company) or forfeiting (in the case of our Executive Chairman and Chief Executive Officer) six months' salary in lieu of notice. We may also terminate his employment immediately, without notice, under certain specified conditions, which include, among others, him being convicted of any crime in a court of law, him being unable to perform the services to be provided by him as agreed in the service agreement for any reason whatsoever for a continuous period of seven days or periods in aggregate exceeding 10 days, him continuing to commit any breach of or default under his service agreement (despite a written notice from us to remedy such breach or default within seven days), including if he commits any act of wilful negligence or such other grave misconduct in performing the services.

The service agreement of our Executive Chairman and Chief Executive Officer also contains non-compete provisions that apply for the duration of the agreement and for two years following the termination of his service agreement and which prohibit, among other things, the solicitation of services or business from any person who at any time during his period of service to our Company was a customer, client, employee, officer or consultant of our Group (as the case may be), and the participation in any competing business. The service agreement also contains restrictions on the disclosure of our confidential information, including trade secrets and information relating to clients of our Group.

Save for our Executive Chairman and Chief Executive Officer, we have not entered into a service agreement with any of our Directors.

None of our Directors (including our Executive Chairman and Chief Executive Officer) has entered, or proposes to enter, into service agreements with our Company or any subsidiary or subsidiary entity of our Group which provides for benefits upon termination of employment.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The compensation, in bands of S$250,000, we paid to each of our Directors and our Executive Officers (in terms of compensation) for services rendered by them in all capacities to our Group for FY2015 and FY2016 and paid and expected to be payable by us to each of these Directors and Executive Officers for services to be rendered by them in all capacities to our Group for FY2017, is as follows:

	FY2015	FY2016	FY2017
	Actual[(1),(2)]		Estimated[(1),(2)]
Directors			
Mr David Chiem Phu An[(3)]	B	B	C
Ms Catherine Du[(4)]	A	B	B
Ms Janice Wu Sung Sung	A	A	A
Mr Philip Antony Jeyaretnam	–	–	A
Mr Lee Suan Hiang	–	–	A
Mr Phua Chin Chor	–	–	A
Executive Officers			
Mr David Chiem Phu An		See above	
Mr Teo Wee Jone[(3)]	B	B	B
Ms Peh Poh Geok[(3)]	B	B	B

Notes:

(1) Compensation includes any benefits in kind and any deferred compensation accrued for the relevant financial year and payable at a later date. The estimated compensation payable for FY2017 excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement which have not been paid.

(2) Remuneration bands:

"A" refers to remuneration less than or equal to the equivalent of S$250,000.

"B" refers to remuneration greater than the equivalent of S$250,000 and less than or equal to S$500,000.

"C" refers to remuneration greater than the equivalent of S$500,000 and less than or equal to S$750,000.

(3) Mr David Chiem Phu An, Mr Teo Wee Jone and Ms Peh Poh Geok were employed by MindChamps Holdings as Chief Executive Officer, Chief Financial Officer and Chief Brand Officer, respectively, of the MindChamps Holdings group of companies (which at such time included our Group) until November 2017. The compensation paid to them includes compensation paid by MindChamps Holdings.

(4) Ms Catherine Du was employed by MindChamps Holdings up to July 2016. The compensation paid to her includes compensation paid by MindChamps Holdings.

Our Company does not have in place any formal bonus or profit-sharing plan or any other profit-linked agreement or arrangement with any of our employees, and bonuses are expected to be paid on a discretionary basis.

We have not set aside or accrued any amounts for our Directors and Executive Officers to provide for pension, retirement or similar benefits.

SHARE-BASED INCENTIVE PLANS

Our Group has in place two share based incentive plans, namely the MindChamps PreSchool Performance Share Plan (the "**PSP**") and the MindChamps PreSchool Share Option Plan (the "**SOP**" and together with the PSP, the "**Share Plans**"), details of which are set out below and in Appendix E and Appendix F of this Prospectus. As at the Latest Practicable Date, no awards or options have been granted under the PSP and SOP, respectively.

Objectives of the Share Plans

The Share Plans are share incentive schemes. The Share Plans are proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of our Group and to give recognition to outstanding employees and directors of our Group who have contributed to the growth of our Group. The Share Plans will give participants an opportunity to have a personal equity interest in our Company and will help to achieve the following positive objectives:

(a) to motivate the participant to optimise his performance standards and efficiency and to maintain a high level of contribution to our Group;

(b) to retain key executives and executive directors of our Group whose contributions are essential to the long-term growth and profitability of our Group;

(c) to instil loyalty to, and a stronger identification by employees with the long-term prosperity of, our Company;

(d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and

(e) to align the interests of employees with the interests of our Shareholders.

MindChamps PreSchool Performance Share Plan

On 9 November 2017, our Shareholders approved a share incentive scheme known as the MindChamps PreSchool Performance Share Plan.

Operation of the PSP

Awards granted under the PSP will be principally performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management aimed at delivering long-term shareholder value.

The PSP uses methods fairly common among major local and multinational companies to incentivise and motivate senior executives and key senior management to achieve pre-determined targets which create and enhance economic value for our Shareholders. Our Company believes that the PSP will be an effective tool in motivating senior executives and key senior management to work towards stretched goals.

The PSP contemplates the award of fully paid Shares when and after pre-determined performance or service conditions are accomplished.

A participant's award under the PSP will be determined at the sole discretion of our Remuneration Committee. In considering an award to be granted to a participant who is an employee, our Remuneration Committee will take into consideration, *inter alia*, the participant's rank, role, seniority, length of service, performance history and potential contribution to our Group.

Awards granted under the PSP are principally performance-based with performance targets to be set over a performance period and may vary from one performance period to another performance period and from one grant to another grant. Performance targets set by our Remuneration Committee are intended to be based on the overall performance of our Group. Such performance targets and performance periods will be set according to the specific rank and roles of each participant, and may differ from participant to participant. The performance targets are stretched targets aimed at sustaining long-term growth.

Under the PSP, participants are encouraged to continue serving our Group beyond the achievement date of the pre-determined performance targets. Our Remuneration Committee has the discretion to impose a further vesting period after the performance period to encourage the participant to continue serving our Group for a further period of time.

Summary of the PSP

A summary of the rules of the PSP is set out as follows:

1. Eligibility

   The following persons shall be eligible to participate in the PSP at the absolute discretion of our Remuneration Committee:

   (a) Selected Group Employees who have attained the age of twenty-one (21) years and who hold such rank as may be designated by our Remuneration Committee from time to time taking into consideration, among other things, role, seniority, length of service, performance history and potential contribution to our Group; and

   (b) Controlling Shareholders of our Company and their associates who qualify under paragraph (a) above.

   "**Group Employees**" are any employee of our Group (including any executive director but not a non-executive director of our Company and/or any of its subsidiaries) or any employee of our Group who is seconded to an associated company of our Company. The secondment of an employee to an associated company shall not be regarded as a break in his employment or him having ceased by reason only of such secondment to be an employee of our Group.

   Controlling Shareholders of our Company and their associates who qualify as described above are eligible to participate in the PSP, if their participation in the PSP and terms of the awards are approved by independent Shareholders in separate resolutions for each such person and for each such award. We recognise that their participation in the PSP will serve not only as recognition of their valuable contributions to our Group but also give them a stake in the future performance of our Group which will motivate them to continue to achieve and maintain a high level of performance which is vital to the success of our Group.

2. Scheme Administration

The PSP shall be administered by our Remuneration Committee (See "*Management – Committees of Our Board*") with powers to determine, *inter alia*, the following:

(a) persons to be granted awards;

(b) number of shares which are the subject of each award to be granted; and

(c) modifications to the PSP.

A member of our Remuneration Committee who is also a participant of the PSP must not be involved in its deliberation in respect of awards granted or to be granted to him.

3. Awards

Awards represent the right of a participant to receive fully paid Shares free of charge provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

An award shall be personal to the participant and, prior to the allotment and/or transfer to the participant of the shares to which the released award relates, shall not be transferred (other than to a participant's personal representative on the death of that participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of our Remuneration Committee.

4. Participants

The selection of a participant and the number of Shares which are the subject of each award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account such criteria as it considers fit, including (but not limited to) his rank, role, seniority, length of service, performance history and potential contribution to our Group and the extent of effort and difficulty with which the performance condition(s) may be achieved within the performance period.

5. Details of Awards

Our Remuneration Committee shall decide, in relation to each award to be granted to a participant:

(a) the date on which the award is to be granted;

(b) the number of Shares which are the subject of the award;

(c) the performance condition(s) and the performance period during which such performance condition(s) are to be satisfied, if any;

(d) the extent to which Shares, which are the subject of that award, shall be released on the performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;

(e) the vesting date; and

(f) any other condition which our Remuneration Committee may determine in relation to that award.

6. Timing

While our Remuneration Committee has the discretion to grant awards at any time in the year, it is currently anticipated that awards would in general be made once a year. An award letter confirming the award and specifying (*inter alia*) the number of Shares which are the subject of the award, the prescribed performance target(s), the performance period during which the performance conditions(s) and the vesting date, will be sent to each participant as soon as reasonably practicable after the making of an award.

7. Events Prior to Vesting

Special provisions for the vesting and lapsing of awards apply in certain circumstances including the following:

(i) an order being made for the winding-up of our Company on the basis, or by reason, of its insolvency;

(ii) the misconduct on the part of the participant as determined by our Remuneration Committee in its discretion;

(iii) the participant ceasing to be in the employment of our Group for any reason whatsoever (other than as specified in paragraph (v) below);

(iv) the bankruptcy of a participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the award;

(v) the participant ceases at any time to be in the employment of our Group by reason of:

(1) ill health, injury or disability (in each case, evidenced to the satisfaction of our Remuneration Committee);

(2) redundancy;

(3) retirement at or after the legal retirement age;

(4) retirement before the legal retirement age with the consent of our Remuneration Committee;

(5) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within our Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group;

(6) his transfer to any Ministry, governmental or statutory body or corporation at the direction of our Company; or

(7) any other event approved by our Remuneration Committee;

(vi) any other event approved by our Remuneration Committee; or

(vii) a take-over, reconstruction or amalgamation of our Company or an order being made or a resolution passed for the winding-up of our Company (other than as provided in paragraph (i) above or for amalgamation or reconstruction).

Upon the occurrence of any of the events specified in paragraphs (i), (ii) and (iii), an award then held by a participant shall, subject as provided in the rules of the PSP and to the extent not yet released, immediately lapse without any claim whatsoever against our Company.

Upon the occurrence of any of the events specified in paragraphs (iv), (v) and (vi) above, our Remuneration Committee may, in its absolute discretion, preserve all or any part of any award and decide either to vest some or all of the Shares which are the subject of the award or to preserve all or part of any award until the end of the relevant performance period. In exercising its discretion, our Remuneration Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that participant and the extent to which the performance condition(s) has (have) been satisfied.

Upon the occurrence of the event specified in paragraph (vii) above, our Remuneration Committee will consider, at its discretion, whether or not to release any award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that participant. If our Remuneration Committee decides to release any award, then in determining the number of Shares to be vested in respect of such award, our Remuneration Committee will have regard to the proportion of the performance period(s) which has (have) elapsed and the extent to which the performance condition(s) has (have) been satisfied.

8. Size and Duration of the PSP

In order to reduce the dilutive impact of the PSP, the total number of Shares over which our Remuneration Committee may grant new awards on any date, when added to:

(a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the PSP;

(b) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to share options already granted under the SOP; and

(c) the total number of Shares subject to any other share option or share schemes of our Company,

shall not exceed 15% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the date preceding the date of the relevant new award.

In addition, the total number of Shares over which our Remuneration Committee may grant new awards on any date during each of the year for which the PSP is in force, when added to:

(i) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the PSP during the same year;

(ii) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to share options already granted under the SOP during the same year; and

(iii) the total number of Shares subject to any other share option or share schemes of our Company during the same year,

shall not exceed 3% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the date preceding the date of the relevant new award.

The total number of Shares which may be delivered pursuant to awards granted under the PSP to Controlling Shareholders of our Company and/or their associates shall not exceed 25% of the total number of Shares available under the PSP.

The total number of Shares which may be delivered pursuant to awards granted under the PSP to each Controlling Shareholder of our Company and each associate of such Controlling Shareholder, shall not exceed 10% of the total number of Shares available under the PSP.

Our Company believes that the foregoing 15% limit set by the SGX-ST gives our Company sufficient flexibility to decide the number of Performance Shares to offer to eligible participants. The number of eligible participants is expected to grow over the years. Our Company, in line with its goals of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base, and thus the number of eligible participants will increase as a result.

If the number of awards available under the PSP is limited, our Company may only be able to grant a small number of awards to each eligible participant which may not be a sufficiently attractive incentive. Our Company is of the opinion that it should have sufficient number of awards to offer to eligible participants, including new employees as well as existing ones. The number of awards offered must also be significant enough to serve as a meaningful reward for contributions to our Group.

However, it does not necessarily mean that our Remuneration Committee will definitely issue Performance Shares up to the prescribed limit. Our Remuneration Committee shall exercise its discretion in deciding the number of Performance Shares to be granted to each participant which will depend on the performance and value of the participant to our Group.

The PSP shall continue in force at the discretion of our Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by our Company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSP, any awards made to participants prior to such expiry or termination will continue to remain valid.

9. Operation of the PSP

Our Company will deliver Shares to participants upon vesting of their awards by way of either (i) an allotment of new Shares; or (ii) a transfer of Shares (which may include Shares held by our Company as treasury shares).

In determining whether to allot Shares to participants upon vesting of their awards, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of allotting new Shares or transferring existing Shares.

The financial effects of the above methods are discussed below.

New Shares allotted and issued, and existing Shares procured by our Company for transfer, pursuant to the release of any award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the later of (a) the relevant vesting date; and (b) the date of issue of the Shares, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

Our Remuneration Committee shall have full discretion to determine whether any performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, our Remuneration Committee shall have the right to make reference to the audited results of our Company or our Group (as the case may be) to take into account such factors as our Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend any performance condition if our Remuneration Committee decides that a changed performance target would be a fairer measure of performance.

10. Abstention from voting

Shareholders who are eligible to participate in the PSP are to abstain from voting on any shareholders' resolution relating to the PSP, including any shareholders' resolution relating to the implementation of the PSP, or the participation by, and awards granted to, Controlling Shareholders and their associates, and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

Adjustments and Alterations under the PSP

The following describes the adjustment events under, and provisions relating to alterations of, the PSP.

1. Adjustment Events

   If a variation in the ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if our Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then our Remuneration Committee may, in its sole discretion, determine whether:

   (i) the class and/or number of Shares which are the subject of an award to the extent not yet vested; and/or

   (ii) the class and/or number of Shares in respect of which future awards may be granted under the PSP,

   shall be adjusted and if so, the manner in which such adjustments should be made. Any adjustment must be made in a way that a participant will not receive a benefit that a Shareholder does not receive.

   Unless our Remuneration Committee considers an adjustment to be appropriate, the following shall not normally be regarded as a circumstance requiring adjustment:

   (a) the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares;

   (b) subscription rights of any warrants; or

   (c) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force.

   Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by our Company's auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

2. Modifications or Alterations to the PSP

   The PSP may be modified and/or altered at any time and from time to time by a resolution of our Remuneration Committee subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

   However, no modification or alteration shall adversely affect the rights attached to any award granted prior to such modification or alteration except with the consent in writing of such number of participants who, if their awards were released to them upon the performance condition(s) relating to their awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding awards upon the performance condition(s) for all outstanding awards being satisfied in full.

No alteration shall be made to particular rules of the PSP to the advantage of participants except with the prior approval of Shareholders in general meeting.

Financial Effects of the PSP

The PSP is considered a share-based payment that falls under FRS 102 where participants will receive Shares and the awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the awards would be recognised as a charge to the income statement over the period between the grant date and the vesting date of an award. The fair value per share of the awards granted will be determined using a generally accepted valuation methodology for pricing financial instruments. The significant inputs into the valuation methodology will include, *inter alia*, the share price as at the date of grant of the award, the risk-free interest rate, the vesting period, volatility of the share and dividend yield. The total amount of the charge over the vesting period is determined by reference to the fair value of each award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to the reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement is made.

The amount charged to the income statement also depends on whether or not the performance target attached to an award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the award granted at the grant date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met. However, if the performance target is not a market condition and the awards vest as a result of meeting such performance target, the fair value per share of the awards granted at the grant date is used to compute the amount to be charged to the income statement at each accounting date, based on an assessment by us at such accounting date of whether the non-market conditions have been met to enable the awards to vest.

The following sets out the financial effects of the PSP.

(a) Share capital

The PSP will result in an increase in our Company's issued share capital when new Shares are allotted to participants. The number of new Shares allotted will depend on, *inter alia*, the size of the awards granted under the PSP. In any case, the PSP provides that the total number of Shares over which our Remuneration Committee may grant new awards on any date, when added to:

(i) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the PSP;

(ii) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to share options already granted under the SOP; and

(iii) the total number of Shares subject to any other share option or share schemes of our Company,

shall not exceed 15% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the date preceding the date of the relevant new award. If instead of allotting new Shares to participants, existing Shares are transferred to participants, the PSP will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the PSP is likely to result in a charge to our Company's income statement over the period from the grant date to the vesting date of the awards. The amount of the charge will be computed in accordance with FRS 102. When new Shares are allotted under the PSP, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of allotting new Shares to participants, existing Shares are purchased for transferred to participants, the NTA would be impacted by the cost of the Shares purchased. It should be noted that the delivery of Shares to participants under the PSP will generally be contingent upon the eligible participants meeting prescribed performance targets and conditions.

(c) EPS

The PSP is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with FRS 102.

It should again be noted that the delivery of Shares to participants of the PSP will generally be contingent upon the participants meeting the prescribed performance targets and conditions.

(d) Dilutive Impact

The allotment of new Shares under the PSP will have a dilutive impact on our consolidated EPS.

Application to the SGX-ST

We have made an application to the SGX-ST for permission to deal in and for quotation of the Performance Shares which may be issued upon the vesting of awards to be granted under the PSP. The approval of the SGX-ST is not to be taken as an indication of the merits of the PSP or the Performance Shares.

MindChamps PreSchool Share Option Plan

On 9 November 2017, our Shareholders approved a share option plan known as the MindChamps PreSchool Share Option Plan.

Summary of the SOP

A summary of the rules of the SOP is set out as follow

1. Participants

The following persons shall be eligible to participate in the SOP at the absolute discretion of our Remuneration Committee:

(a) Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by our Remuneration Committee from time to time;

(b) Group Non-Executive Directors who, in the opinion of our Remuneration Committee, have contributed or will contribute to the success of our Group; and

(c) Controlling Shareholders and Associates of Controlling Shareholders who qualify under paragraph (a) or (b) above.

Controlling Shareholders of our Company and their associates who qualify as described above are eligible to participate in the SOP, if their participation in the SOP and terms of the options are approved by independent Shareholders in separate resolutions for each such person and for each such option. We recognise that their participation in the SOP will serve not only as recognition of their valuable contributions to our Group but also give them a stake in the future performance of our Group which will motivate them to continue to achieve and maintain a high level of performance which is vital to the success of our Group.

2. Scheme Administration

The SOP shall be administered by our Remuneration Committee (See "*Management – Directors – Committees of Our Board – Our Remuneration Committee*") with powers to determine, *inter alia*, the following:

(a) persons to be granted options;

(b) number of options to be granted; and

(c) modifications to the SOP.

A member of our Remuneration Committee who is also a participant of the SOP must not be involved in its deliberation in respect of options granted or to be granted to him.

3. Size of the SOP

The total number of Shares over which our Remuneration Committee may grant new options on any date, when added to:

(a) the total number of new Shares issued allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to share options already granted under the SOP;

(b) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the PSP; and

(c) the total number of Shares subject to any other share option or share schemes of our Company,

shall not exceed 15% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the date preceding the date of grant of the relevant new option.

The total number of Shares over which our Remuneration Committee may grant new options on any date during each of the years for which the SOP is in force, when added to:

(i) the total number of new Shares allotted and issued and/or issuable and transferred and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to share options already granted under the SOP during the same year;

(ii) the total number of new Shares allotted and issued and/to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the PSP during the same year; and

(iii) the total number of Shares subject to any other share option or share schemes of our Company,

shall not exceed 3% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the date preceding the date of grant of the relevant new option.

The total number of Shares which may be delivered pursuant to the exercise of options granted under the SOP to Controlling Shareholders and/or associates of Controlling Shareholders, shall not exceed 25% of the total number of Shares available under the SOP.

The total number of Shares which may be delivered pursuant to the exercise of options granted under the SOP to each Controlling Shareholder and each associate of a Controlling Shareholder, shall not exceed 10% of the total number of Shares available under the SOP.

Our Company believes that the foregoing 15% limit set by the SGX-ST gives our Company sufficient flexibility to decide the number of Option Shares to offer to eligible participants. The number of eligible participants is expected to grow over the years. Our Company, in line with its goals of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base, and thus the number of eligible participants will increase as a result.

If the number of options available under the SOP is limited, our Company may only be able to grant a small number of options to each eligible participant which may not be a sufficiently attractive incentive. Our Company is of the opinion that it should have sufficient number of options to offer to eligible participants, including new employees as well as existing ones. The number of options offered must also be significant enough to serve as a meaningful reward for contributions to our Group.

However, it does not necessarily mean that our Remuneration Committee will definitely issue Option Shares up to the prescribed limit. Our Remuneration Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each participant which will depend on the performance and value of the participant to our Group.

4. Maximum Entitlements

The number of Shares comprised in options to be offered to a participant shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account such criteria as it considers fit, including (but not limited to) his rank, job performance, years of service, potential for future development and his contribution to the success and development of our Group.

5. Options, Exercise Period and Acquisition Price

The options that are granted under the SOP may have acquisition prices that are, at our Remuneration Committee's discretion, set at a price equal to the volume-weighted average price for our Shares on the SGX-ST over the three consecutive trading days immediately preceding the date of grant of that option, as determined by our Remuneration Committee by reference to the daily official list or any other publication published by the SGX-ST (the "**Market Price**"); or at a discount to the Market Price (subject to a maximum discount of 20%). In accordance with the Listing Manual, options which are fixed at the Market Price ("**Market Price Option**") may be exercised on a date falling on or after the first anniversary of the date on which an offer to grant that option is made while options exercisable at a discount to the Market Price may be exercised on a date falling on or after the second anniversary from the date on which an offer to grant that option is made ("**Discount Price Option**").

Subject to the foregoing, our Company may, if it deems fit, impose conditions on the exercise of the options, such as restricting the number of Shares for which the option may be exercised during the initial years following its vesting. Options granted under the SOP will have a life span of 10 years for options granted to Group Employees and Controlling Shareholders and Associates of Controlling Shareholders who qualify as described above and five years for options granted to Group Non-Executive Directors.

6. Grant of Options

Under the rules of the SOP, there are no fixed periods for the grant of options. As such, offers of the grant of options may be made at any time from time to time at the discretion of our Remuneration Committee. However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers may only be made on or after the fourth market day after the date on which such announcement is released.

7. Termination of Options

Special provisions for the vesting and lapsing of options apply in certain circumstances including the following:

(i) an order being made for the winding-up of our Company on the basis, or by reason, of its insolvency;

(ii) the misconduct on the part of the participant as determined by our Remuneration Committee in its discretion;

(iii) the participant ceasing to be in the employment of our Group for any reason whatsoever (other than as specified in paragraph (v) below);

(iv) the bankruptcy of a participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the option;

(v) the participant ceases at any time to be in the employment of our Group by reason of:

(1) ill health, injury or disability (in each case, evidenced to the satisfaction of our Remuneration Committee);

(2) redundancy;

(3) retirement at or after the legal retirement age;

(4) retirement before the legal retirement age with the consent of our Remuneration Committee;

(5) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within our Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group;

(6) his transfer to any Ministry, governmental or statutory body or corporation at the direction of our Company; or

(7) any other event approved by our Remuneration Committee;

(vi) any other event approved by our Remuneration Committee; or

(vii) a take-over, reconstruction or amalgamation of our Company or an order being made or a resolution passed for the winding-up of our Company (other than as provided in paragraph (i) above or for amalgamation or reconstruction).

Upon the occurrence of any of the events specified in paragraphs (i), (ii) and (iii), an option then held by a participant shall, subject as provided in the rules of the SOP and to the extent unexercised, immediately lapse without any claim whatsoever against our Company.

Upon the occurrence of any of the events specified in paragraphs (iv), (v) and (vi) above, our Remuneration Committee may, in its absolute discretion, preserve all or any part of any option in accordance with the rules of the SOP. Our Remuneration Committee, in exercising such discretion, may allow the option to be exercised at any time, notwithstanding that the date of exercise of such option falls on a date prior to the first day of the exercise period in respect of such option.

Upon the occurrence of the event specified in paragraph (vii) above, a participant shall be entitled to exercise in full or in part any option then held by him and as yet unexercised, during the periods prescribed under the rules of the SOP. To the extent that an option is not exercised within such prescribed periods, the option shall lapse and become null and void.

If, in connection with any of the events specified in paragraph (vii) above, arrangements are made for the compensation of participants, whether by the continuation of their options or the payment of cash or the grant of other options or otherwise, a participant holding an option, as yet not exercised, may not, at the discretion of our Remuneration Committee, be permitted to exercise that option.

8. Acceptance of Options

The grant of options shall be accepted within 30 days from the date of the offer. Offers of options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay our Company a consideration of S$1.00.

9. Rights of Shares Arising

Subject to the Companies Act and the rules of the Listing Manual, our Company shall have the flexibility to deliver Shares to participants upon the exercise of their options by way of either (i) an allotment of new Shares; and/or (ii) the transfer of existing Shares, including any Shares held by our Company in treasury.

In determining whether to allot new Shares to participants upon the exercise of their options, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of allotting new Shares or transferring existing Shares.

The financial effects of the above methods are discussed below.

Shares arising from the exercise of options shall be subject to the provisions of our Constitution, and rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the later of (a) the relevant date upon which such exercise occurred; and (b) the date of issue of the Shares, and shall in all respects rank *pari passu* with other existing Shares then in issue.

10. Duration of the SOP

The SOP shall continue to be in force for a maximum period of 10 years and may continue beyond the above stipulated period with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

11. Abstention from Voting

Shareholders who are eligible to participate in the SOP are to abstain from voting on any shareholders' resolution relating to the SOP, including any shareholders' resolution relating to the implementation of the SOP, or the making of offers and grants of options under the SOP at a discount not exceeding the maximum discount, or the participation by, and options granted to, Controlling Shareholders and their associates, and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

Rationale for participation of Group Non-Executive Directors in the SOP

The extension of the SOP to Group Non-Executive Directors allows our Group to have a fair and equitable system to reward such Group Non-Executive Directors who are not employed within our Group but work closely with our Group and who have made and who continue to make significant contributions to the long-term growth of our Group.

We recognise that it is important to the well-being and stability of our Group that we acknowledge the services and contributions made by Group Non-Executive Directors, and that we continue to receive their support and contributions. In particular, Group Non-Executive Directors are persons who are able to provide us with valuable support, input and business contacts, and also provide us with strategic or significant business alliances or opportunities.

Although Group Non-Executive Directors are not involved in the day-to-day running of our Group's business, they, nonetheless, play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by Group Non-Executive Directors in the SOP will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. By implementing the SOP, we will have a means of providing Group Non-Executive Directors who, while they are not employees of our Group, are nevertheless closely associated with our Group and our business operations, with an opportunity to share in the success and achievements of our Group as well as the performance of our Group through participating in the equity of our Company.

Adjustment Events under the SOP

If a variation in the ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if our Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then our Remuneration Committee may, in its sole discretion, determine whether:

(i) the acquisition price of the Shares, class and/or number of Shares comprised in an option to the extent unexercised; and/or

(ii) the class and/or number of Shares in respect of which future options may be granted under the SOP,

shall be adjusted and if so, the manner in which such adjustments should be made. Any adjustment must be made in a way that a participant will not receive a benefit that a Shareholder does not receive.

Unless our Remuneration Committee considers an adjustment to be appropriate, the following shall not normally be regarded as a circumstance requiring adjustment:

(a) the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares;

(b) subscription rights of any warrants; or

(c) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by our Company's auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

Grant of options with a discounted acquisition price

The ability to offer options to participants of the SOP with acquisition prices set at a discount to the prevailing market prices of the Shares will operate as a means to recognise the performance of participants as well as to motivate them to continue to excel while encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation. The SOP will also serve to recruit new employees whose contributions are important to the long-term growth and profitability of our Group. Discounted options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered options at a discount as only participants who have made outstanding contributions to the success and development of our Group would be granted options at a discount.

At present, our Company foresees that options may be granted with a discount principally in the following circumstances:

(a) Firstly, where it is considered more effective to reward and retain talented individuals by way of a discounted price option rather than a market price option. This is to reward the outstanding performers who have contributed significantly to our Group's performance and the discounted price option serves as additional incentives to such participants. Options granted by our Company on the basis of market price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence, during such period, the ability to offer such options at a discount would allow our Company to grant options on a more realistic and economically feasible basis. Furthermore, options granted at a discount will give an opportunity to participants to realise some tangible benefits even if external events cause the share price to remain largely static.

(b) Secondly, where it is more meaningful and attractive to acknowledge a participant's achievements through a discounted price option rather than paying him a cash bonus. For example, options granted at a discount may be used to compensate participants and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit-based cash bonuses or rewards may be combined with grants of market price options or discounted price options, as part of eligible participants' compensation packages. The SOP will also provide participants with an incentive to focus more on improving the profitability of our Group thereby enhancing shareholder value when these are eventually reflected through the price appreciation of the Shares after the vesting period.

(c) Thirdly, where due to speculative forces and having regard to the historical performance of the Share price, the market price of the Shares at the time of the grant of the options may not be reflective of financial performance indicators such as return on equity and/or earnings growth.

Our Remuneration Committee will have the absolute discretion to grant options where the acquisition price is discounted, to determine the level of discount (subject to a maximum discount of 20% of the Market Price) and the grantees to whom, and the options to which, such discount in the acquisition price will apply provided that our Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of options under the SOP at a discount not exceeding the maximum discount as aforesaid.

In deciding whether to give a discount and the quantum of such discount (subject to the aforesaid limit), our Remuneration Committee shall be at liberty to take into consideration such criteria as our Remuneration Committee may, in its absolute discretion, deem appropriate, including but not limited to the performance of our Group, the years of service and the individual performance of the participant, the contribution of the participant to the success and development of our Company and/or our Group and the prevailing market conditions.

Our Company may also grant options without any discount to the market price. Additionally, our Company may, if it deems fit, impose conditions on the exercise of the options (whether such options are granted at the market price or at a discount to the market price), such as restricting the number of Shares for which the option may be exercised during the initial years following its vesting.

Financial Effects of the SOP

The SOP will increase our issued share capital to the extent of the new Shares that will be allotted pursuant to the exercise of options. Under the FRS 102, the fair value of employee services received in exchange for the grant of the options would be recognised as an expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each options granted at the grant date and the number of options vested by vesting date, with a corresponding increase in equity.

Before the end of the vesting period, at each balance sheet date, the entity revises its estimates of the number of options that are expected to vest by the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement would be made. The proceeds net of any directly attributable transaction costs are credited to the share capital when the options are exercised.

During the vesting period, the consolidated earnings per share would be reduced by both the expense recognised and the potential ordinary shares to be issued under the share option scheme. When the options are exercised, the consolidated NTA will be increased by the amount of cash received for exercise of the options. On a per share basis, the effect is accretive if the acquisition price is above the NTA per share but dilutive otherwise.

There will be no cash outlay expended by us at the time of grant of such options as compared to the payment of cash bonuses. However, as Shareholders may be aware, any options granted to subscribe for new shares (whether the acquisition price is set at the market price of the shares at the date of grant or otherwise) have a fair value at the time of grant. The fair value of an option is an estimate of the amount that a willing buyer would pay a willing seller for the option on the grant date. Options are granted to participants at a nominal consideration of S$1.00. Insofar as such options are granted at a consideration that is less than their fair value at the time of grant, there will be a cost to our Company in that we will receive from the participant upon the grant of the option a consideration that is less than the fair value of the option.

The following sets out the financial effects of the SOP:

(a) Share capital

The SOP will result in an increase in our Company's issued share capital when new Shares are allotted to participants. The number of new Shares allotted will depend on, *inter alia*, the size of the options granted under the SOP. Whether and when the options granted under the SOP will be exercised will depend on the acquisition price of the options, when the options will vest as well as the prevailing trading price of the Shares. In any case, the SOP provides that the total number of Shares over which our Remuneration Committee may grant new options on any date, when added to:

(i) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to share options already granted under the SOP;

(ii) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the PSP; and

(iii) the total number of Shares subject to any other share option or share schemes of our Company,

shall not exceed 15% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the date preceding the date of grant of the relevant new option. If instead of allotting new Shares to participants, existing Shares are transferred to participants, the SOP will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the grant of options will be recognised as an expense, the amount of which will be computed in accordance with FRS 102. When new Shares are allotted pursuant to the exercise of options, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of allotting new Shares to participants, existing Shares are purchased for transfer to participants, the NTA would be impacted by the cost of the Shares purchased.

(c) EPS

Without taking into account earnings that may be derived by our Company from the use of the proceeds from the allotment of new Shares pursuant to the exercise of options granted under the SOP, any new Shares allotted pursuant to any exercise of the options will have a dilutive impact on our Company's EPS.

(d) Dilutive Impact

The allotment of new Shares under the SOP will have a dilutive impact on our consolidated EPS.

Application to the SGX-ST

We have made an application to the SGX-ST for permission to deal in and for quotation of the Option Shares which may be issued upon the exercise of the options to be granted under the SOP. The approval of the SGX-ST is not to be taken as an indication of the merits of the SOP or the Option Shares.

Disclosures in Annual Reports

Our Company will make such disclosures in our annual report for so long as the Share Plans in operation as from time to time required by the Listing Manual including the following (where applicable):

(a) the names of the members of our Remuneration Committee administering the Share Plans;

(b) in respect of the following participants of the Share Plans:

  (i) Directors of our Company;

  (ii) participants who are our Controlling Shareholders or associates of our Controlling Shareholders; and

  (iii) participants (other than those in paragraphs (i) and (ii) above) who have been granted options under the SOP and/or who have received shares pursuant to the vesting of awards granted under the PSP which, in aggregate, represent 5.0% or more of the total number of Shares available under the Share Plans collectively,

  the following information:

  (aa) the name of such participant referred to in paragraph (b) above;

  (bb) the following particulars relating to Shares delivered pursuant to the awards released under the PSP:

    (1) the number of new Shares issued to such participant during the financial year under review; and

    (2) the number of existing Shares transferred to such Participant during the financial year under review; and

  (cc) the following particulars relating to options granted under the SOP:

    (1) options granted during the financial year review (including terms);

    (2) the aggregate number of Shares comprised in options granted since the commencement of the SOP to the end of the financial year under review;

    (3) the aggregate number of Shares arising from options exercised since the commencement of the SOP to the end of the financial year under review;

    (4) the aggregate number of Shares comprised in options outstanding as at the end of the financial year under review;

(5) the number of new Shares issued to such participant during the financial year under review; and

(6) the number of new Shares issued to such participant during the financial year under review;

(c) in relation to the PSP, the following particulars:

(i) the aggregate number of Shares comprised in awards granted under the PSP since the commencement of the PSP to the end of the financial year under review;

(ii) the aggregate number of Shares comprised in awards which have been released under the PSP during the financial year under review and in respect thereof, the proportion of:

(1) new Shares issued; and

(2) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased,

upon the vesting of awards granted under the PSP; and

(iii) the aggregate number of Shares comprised in awards granted under the PSP which have not been released as at the end of the financial year under review; and

(d) the number and proportion of Shares comprised in the options granted under the SOP during the financial year under review:

(i) at a discount of 10% or less of the market price in respect of the relevant option; and

(ii) at a discount of more than 10% of the market price in respect of the relevant option.

INTERESTED PERSON TRANSACTIONS

In general, a transaction between:

(1) an entity at risk (in this case, our Company or any of its subsidiaries or subsidiary entities or (if certain conditions set out in the definition of "entity at risk" in the SFR are satisfied) any of the associated companies or associated entities of our Company); and

(2) any of the interested persons of our Company (in this case (i) a Director, (ii) our Chief Executive Officer, (iii) a Controlling Shareholder of our Company, or (iv) an associate of any such Director, Chief Executive Officer or Controlling Shareholder),

would constitute an interested person transaction.

Certain terms such as "associate", "associated company", "control", "Controlling Shareholder", "interested person" and "interested person transaction" used in this section have the meanings as provided in the Listing Manual and in the SFR, unless the context specifically requires the application of the definitions in one or the other as the case may be.

See "*Defined Terms and Abbreviations*" for the meanings of "associate", "associated entity", "subsidiary" and "subsidiary entity".

Details of transactions between our Group and its interested persons for FY2014, FY2015 and FY2016 and for the period from 1 January 2017 until the Latest Practicable Date and which we consider to be material in the context of the Offering are described below. Save as otherwise provided in this section, investors, upon subscription of the Offering Shares, are deemed to have specifically approved these transactions with interested persons and as such these transactions are not subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction which value is less than S$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

PAST INTERESTED PERSON TRANSACTIONS

Details of the past transactions between our Group and interested persons which are material in the context of the Offering, for FY2014, FY2015 and FY2016 and for the period from 1 January 2017 until the Latest Practicable Date are as follows:

(I) Acquisition of MindChamps Shanghai Shares and Related Transactions

Pursuant to a share purchase agreement dated 20 August 2014 (the "**Invest Learning SPA**") entered into among our Controlling Shareholders Invest Learning, MindChamps Holdings, Champion Minds, Mr David Chiem Phu An and Ms Catherine Du, Invest Learning purchased 110,000 ordinary shares in the capital of our Company and 22,260 ordinary shares in the capital of our subsidiary, MindChamps PreSchool Franchise, from MindChamps Holdings.

The Invest Learning SPA provided as conditions precedent that, among other things, MindChamps Holdings transfers 60% of the ordinary shares in the capital of MindChamps Shanghai (the "**MindChamps Shanghai Shares**") held by it to our Company and the completion of such other agreements or arrangements as are necessary to transfer to our Group or to create licences in favour of our Group in relation to all assets and rights (including intellectual property rights) required for our Group's business.

In connection with such conditions precedent, the MindChamps Shanghai Shares were transferred by MindChamps Holdings to our Company on 18 August 2014 and consequently, MindChamps Shanghai became our subsidiary. As the transfer of the MindChamps Shanghai Shares required the waiver of pre-emption and tag-along rights by the minority shareholders of MindChamps Shanghai, MindChamps Holdings and Mr David Chiem Phu An entered into a deed of declaration of trust dated 20 August 2014 in favour of our Company and Invest Learning which provided that in the event the waivers were not obtained in time for completion under the Invest Learning SPA, MindChamps Holdings will hold the MindChamps Shanghai Shares in trust for and as a nominee of our Company.

Further, in connection with such conditions precedent under the Invest Learning SPA, the IP Deeds, including those described in "*– Present and Ongoing Interested Person Transactions – Deeds of Assignment and Licence of Intellectual Property Rights*" were entered into. Consideration of S$120 was paid by our Company in connection with the transfer of the MindChamps Shanghai Shares. No consideration was paid by our Company in connection with the deed of declaration of trust.

The transactions were not negotiated between our Company and MindChamps Holdings on an arm's length basis, as they were undertaken in satisfaction of conditions precedent under the Invest Learning SPA and our Company was a wholly-owned subsidiary of MindChamps Holdings at the relevant time. The terms of such transactions were not prejudicial to the interests of our Company or our minority Shareholders. Should our Company enter into any transactions with the MCH Group post-Listing, it would be subject to the requirements of Chapter 9 of the Listing Manual.

(II) Shareholders' Agreement

Our Company entered into a shareholders' agreement dated 20 August 2014 (the "**Shareholders' Agreement**") with our Controlling Shareholders Invest Learning, MindChamps Holdings, Champion Minds, Mr David Chiem Phu An and Ms Catherine Du to regulate the affairs of our Company and the respective rights of our Shareholders in our Company.

On 9 November 2017, the parties entered into a deed of termination which provided for the Shareholders' Agreement to terminate with effect from the Listing Date, provided that the Director nominated by Invest Learning pursuant to the Shareholders' Agreement shall remain as a Director on the Listing Date.

The Shareholders' Agreement was negotiated on an arm's length basis.

(III) Purchase of shares of MindChamps PreSchool Franchise

The Shareholders' Agreement provides that in the event that our Company undertakes an initial public offering, Invest Learning shall transfer all the shares of MindChamps PreSchool Franchise held by it to our Company for a consideration of S$13,000, subject to, among other things, Mrs Carmee Lim (a member of our and MindChamps Holding's respective World Advisory Board) also transferring all her shares in MindChamps PreSchool Franchise to our Company.

Pursuant to the above, on 9 November 2017, our Company entered into a MindChamps PreSchool Franchise SPA with Invest Learning, which provides that shortly before the Listing Date, Invest Learning will transfer 22,260 ordinary shares in the capital of MindChamps PreSchool Franchise to our Company for a consideration of S$13,000.

As described in "– *Acquisition of MindChamps Shanghai Shares and Related Transactions*" above, pursuant to the Invest Learning SPA, the 22,260 ordinary shares in the capital of MindChamps PreSchool Franchise was acquired by Invest Learning from MindChamps Holdings in 2014. The consideration of S$13,000 to be paid by our Company to Invest Learning pursuant to the MindChamps PreSchool Franchise SPA is the same as the consideration paid by Invest Learning for such shares in 2014.

Mrs Carmee Lim will also transfer 78,921 ordinary shares in the capital of MindChamps PreSchool Franchise to our Company shortly before the Listing Date. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions – MindChamps PreSchool Franchise*" for further details.

Upon completion of the above transfers, MindChamps PreSchool Franchise will become a wholly-owned subsidiary of our Company.

The transactions with Invest Learning, including the consideration paid, were entered into on an arm's length basis on normal commercial terms.

(IV) Original Management Services Agreement

As a condition precedent under the Invest Learning SPA, a management services agreement dated 20 August 2014 (the "**Original Management Services Agreement**") was entered into between our Controlling Shareholders Invest Learning, MindChamps Holdings and our Company for the provision by MindChamps Holdings of services to our Group until the earlier of an initial public offering of the shares of our Company or our Group having our own executive management team which is providing all of the services.

Under the Original Management Services Agreement, MindChamps Holdings was to provide such management, research and development, content creation and/or other services as required by our Group in order for our Group to achieve the consolidated revenue and profit before tax set out in an agreed business plan. MindChamps Holdings was required to use Mr David Chiem Phu An, Mr Brian Paul Caswell and Lynswag Pty Limited (an entity controlled by Mr Brian Paul Caswell and his wife) to provide the services.

The amounts paid to MindChamps Holdings for provision of services under the Original Management Services Agreement were S$440,000, S$462,000, S$485,100 and S$363,825 for FY2014, FY2015, FY2016 and the period from 1 January 2017 up to the Latest Practicable Date, respectively.

The Original Management Services Agreement has ceased and been replaced by the Corporate Services Agreement described in "*– Present and Ongoing Interested Person Transactions – Corporate Services Agreement*".

The provision of the services by MindChamps Holdings, including the payment of fees to MindChamps Holdings, was commercially negotiated between the parties on an arm's length basis.

(V) Rental Agreements

The following rental agreements were entered into between our Group and the MCH Group:

(a) rental agreement dated 22 June 2010 between our subsidiary MindChamps Paragon and MindChamps Singapore (a subsidiary of the MCH Group) pursuant to which MindChamps Paragon agreed to allow, on an ad-hoc basis, available classrooms (if any) located at 290 Orchard Road, #06-19/20, Singapore 238859 to be used by MindChamps Singapore for so long as MindChamps Paragon is a tenant of the premises;

(b) rental agreement dated 16 April 2013 between our subsidiary MindChamps PreSchool Franchise and MindChamps Singapore pursuant to which MindChamps Singapore agreed to rent office space located at 480 Lorong 6 Toa Payoh, HDB Hub East Wing #17-01, Singapore 310480 to MindChamps PreSchool Franchise for so long as MindChamps Singapore is a tenant of the premises;

(c) rental agreement dated 22 June 2010 between our subsidiary MindChamps PreSchool @ TPY Pte. Limited (formerly known as MindChamps PreSchool Pte. Limited) ("**MindChamps Toa Payoh**") and MindChamps Singapore pursuant to which MindChamps Toa Payoh agreed to allow, on an ad-hoc basis, available classrooms (if any) located at #05-12 HDB Hub Biz 3, Lift Lobby 2, 490 Lorong 6 Toa Payoh, Singapore 310490 to be used by MindChamps Singapore for so long as MindChamps Toa Payoh is a tenant of the premises; and

(d) rental agreement dated 25 July 2014 between our subsidiary Champion Mindset Academy and MindChamps Singapore pursuant to which MindChamps Singapore agreed to rent office space and classrooms located at 480 Lorong 6 Toa Payoh HDB Hub East Wing #17-01, Singapore 310480 to Champion Mindset Academy for so long as MindChamps Singapore is a tenant of the premises.

The rental fees paid by the MCH Group to us were S$197,168, S$194,700, S$207,900 and S$190,900 for each of FY2014, FY2015, FY2016 and the period from 1 January 2017 up to the Latest Practicable Date. The rental fees paid by us to the MCH Group were S$48,460, S$64,155, S$105,815 and S$77,374 for each of FY2014, FY2015, FY2016 and the period from 1 January 2017 up to the Latest Practicable Date.

The rental agreements were entered into on an arm's length basis on normal commercial terms taking into consideration comparable market rates for similar premises at the relevant time.

The rental agreements have ceased and post-Listing, rental arrangements between our Group and the MCH Group will be governed by the Corporate Services Agreement described in "*– Present and Ongoing Interested Person Transactions – Corporate Services Agreement*".

(VI) Provision and Receipt of Services and Sale and Purchase of Merchandise

In addition to the services provided by our Controlling Shareholder MindChamps Holdings to our Group under the Original Management Services Agreement, each of our subsidiaries MindChamps PreSchool Franchise, MindChamps Toa Payoh, MindChamps Changi and MindChamps Paragon entered into a services agreement dated 14 August 2014 with MindChamps Holdings.

Pursuant to the services agreements, there were the following transactions between our Group and the MCH Group:

(a) provision of personnel to the MCH Group as part-time receptionists;

(b) provision of employees to the MCH Group to provide business development services;

(c) sale of merchandise (being uniforms, school bags and workbooks) to MindChamps Singapore (our franchisee which is a subsidiary of the MCH Group) pursuant to the franchise agreement described in "*– Present and Ongoing Interested Person Transactions – MindChamps Singapore Franchise Agreement*";

(d) provision of advertising and promotion-related services to MindChamps Singapore;

(e) purchase of merchandise from the MCH Group, being uniforms for staff and books authored by Mr David Chiem Phu An;

(f) provision by the MCH Group to our Group of employees to provide sales, IT and training related services; and

(g) provision by the MCH Group to our Group of employees to provide curriculum development services.

The amounts paid by us to the MCH Group for each of FY2014, FY2015, FY2016 and the period from 1 January 2017 until the Latest Practicable Date were S$49,022, S$490,836, S$483,084 and S$310,710, respectively.

The amounts paid by the MCH Group to us for each of FY2014, FY2015, FY2016 and the period from 1 January 2017 until the Latest Practicable Date were S$31,076, S$24,803, S$51,919 and S$37,982, respectively.

The transactions, including the amounts paid and received, were on an arm's length basis, save for the provision of employees to the MCH Group to provide business development services and the provision by the MCH Group to our Group of employees to provide curriculum development services which were provided on a cost recovery basis. The services agreements have ceased and post-Listing, the provision and receipt of services between our Group and the MCH Group will be governed by the Corporate Services Agreement described in "– *Present and Ongoing Interested Person Transactions – Corporate Services Agreement*".

(VII) Provision of Medical Services by MindChamps Medical

MindChamps Medical Pte. Limited ("**MindChamps Medical**") is a subsidiary of the MCH Group which, through its subsidiaries, operates private medical clinics. MindChamps Medical has, through its subsidiary MindChamps Medical @ One KM Pte. Limited, provided medical services to our Group, namely the performance of the mandatory medical check-ups which we require the teachers employed by our Group to undergo.

The fees for medical services paid to MindChamps Medical @ One KM Pte. Limited in FY2016 and for the period from 1 January 2017 until the Latest Practicable Date were S$4,568 and S$2,898, respectively.

The provision of medical services by MindChamps Medical @ One KM Pte. Limited, including the fees paid to MindChamps Medical @ One KM Pte. Limited, was on an arm's length basis. The rates for each medical service were at a discount to the prevailing rates for these services offered by MindChamps Medical to other unrelated third parties at the relevant time. The discount was within the range of discounts which MindChamps Medical would offer to unrelated third parties at the relevant time. Post-Listing, the provision of medical services by the MCH Group to our Group will be governed by the Corporate Services Agreement described in "– *Present and Ongoing Interested Person Transactions – Corporate Services Agreement*".

(VIII) MindChamps Shanghai Shareholders' Loan

The MindChamps Shanghai SHA (as described in "– *Present and Ongoing Interested Person Transactions – MindChamps Shanghai Shareholders' Agreement and Licence Agreement*") provided for the extension by the then-shareholders of MindChamps Shanghai (MindChamps Holdings and the two minority shareholders) of shareholder loans to MindChamps Shanghai. MindChamps Holdings extended a loan of S$1,275,218 to MindChamps Shanghai, which was written off in 2014 (prior to and as required in connection with the transfer of the MindChamps Shanghai Shares to our Company). The largest amount outstanding under the loan from MindChamps Holdings for FY2014 was S$1,275,218.

No fees were paid to MindChamps Holdings for the provision of the shareholder loan, as MindChamps Shanghai was a subsidiary of MindChamps Holdings at the relevant time. Accordingly, the provision of the shareholder loan was not negotiated on an arm's length basis. The terms of the shareholder loan were not prejudicial to the interests of our Company or our minority Shareholders.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

Details of the present and on-going transactions between our Group and interested persons which are material in the context of the Offering, for FY2014, FY2015 and FY2016 and for the period from 1 January 2017 until the Latest Practicable Date are as follows:

(I) Corporate Services Agreement

Our Company entered into a corporate services agreement dated 9 November 2017 (the "**Corporate Services Agreement**") with MindChamps Holdings, as described below. The transactions covered by the Corporate Services Agreement are generally historical arrangements, as described in "*– Past Interested Person Transactions*".

Transactions covered by the Corporate Services Agreement

Use of classroom space

The Corporate Services Agreement provides that if required by our Group for our operations, the MCH Group shall allow our Group to use available premises (if any) as classrooms and that if required by the MCH Group for their operations, our Group shall allow the MCH Group to use available premises (if any) as classrooms, in each case provided that any such use is in accordance with the terms of the lease with the landlord. For the avoidance of doubt, in the event that our Group or the MCH Group, as the case may be, does not have any available premises, we and they shall not be under any obligation to allow the other party to use such premises.

Our subsidiary MindChamps Paragon currently allows MindChamps Singapore (a subsidiary of the MCH Group) to use classrooms located at 290 Orchard Road, #06-19/20, Singapore 238859. Our subsidiary MindChamps Toa Payoh currently allows MindChamps Singapore to use classrooms located at #05-12 HDB Hub Biz 3, Lift Lobby 2, 490 Lorong 6 Toa Payoh, Singapore 310490. MindChamps Singapore currently allows our subsidiary Champion Mindset Academy to use classrooms located at 480 Lorong 6 Toa Payoh HDB Hub East Wing #17-01, Singapore 310480.

The rate for the use of classrooms described above will be based on the market rate for similar premises at the relevant time, which is currently S$50 per hour. The rate for any other use of classrooms will also be based on the market rate for similar premises at the relevant time. Where applicable, the usage rate will be based on the rent rate paid by the tenant (i.e. our Group or the MCH Group, as the case may be) to the landlord for the relevant premises, on a cost recovery basis.

Sub-lease of office space

The Corporate Services Agreement provides for our Group to sub-lease premises for use as office space from the MCH Group, as may be required by our Group for our operations, and for the MCH Group to sub-lease premises for use as office space from our Group, as may be required by the MCH Group for its operations, provided in each case that any such sub-lease is in accordance with the terms of the lease with the landlord. For the avoidance of doubt, in the event that our Group or the MCH Group, as the case may be, does not have any available premises, we and they shall not be under any obligation to sub-lease premises to the other party.

MindChamps Singapore currently sub-leases office space located at 480 Lorong 6 Toa Payoh, HDB Hub East Wing #17-01, Singapore 310480 to our subsidiary MindChamps PreSchool Franchise and sub-leases office space located at 480 Lorong 6 Toa Payoh HDB Hub East Wing #17-01, Singapore 310480 to our subsidiary Champion Mindset Academy (the "**Current Sub-Leases**"). We currently do not sub-lease office space to the MCH Group.

Where premises are shared by the MCH Group and us (including the Current Sub-Leases), the rent charged to the sub-lessee will be calculated based on the rent paid by the sub-lessor to the landlord (on a per square foot basis) multiplied by the amount of space estimated to be occupied by the sub-lessee (based on the amount of space occupied by each employee (which is fixed at an estimated amount of 32.29 square feet) multiplied by the number of employees of the sub-lessee occupying the premises as at the end of the relevant calendar year), with a 5% mark-up.

The 5% mark-up takes into consideration as a comparative benchmark, the Inland Revenue Authority of Singapore's (the "**IRAS**") guidelines on transfer pricing for the provision of services between related parties. Although the sub-lease of office space does not fall within the specific services that these IRAS guidelines technically apply to, we have, in the absence of other applicable benchmarks or requirements, taken into consideration the general principle under the guidelines that deems a 5% mark-up to be acceptable for the provision of services between related parties.

This sharing of office space at our headquarters is a historical arrangement and it is intended that we will have our own office space within two years of the Listing Date.

To address and mitigate the risk of leakages of commercially sensitive information to the MCH Group arising from our sharing of office space with the MCH Group, we have implemented the following measures:

- Our Group's finance room has been physically segregated from that of the MCH Group's by a physical partition. Our Group's finance room has also been relocated to a deeper section of the premises such as to be physically set apart from the MCH Group's finance room.

- There are also procedures in place to segregate commercially sensitive information, such as finance-related information, information related to legal and corporate secretarial records, franchises and acquisitions and information relating to marketing.

- Access to finance-related information stored on our Group's IT systems is restricted based on the staff's job description and function. Our Group's finance-related information that is stored on our Group's IT server can only be accessed by our Group's finance team and not the MCH Group's staff. To the extent that the information is in the form of physical documents, such documents are stored in our Group's finance room, which is under lock and key and is accessible only by our Group's finance team.

- Sensitive information that is in physical form and related to legal and corporate secretarial records, franchises and acquisitions are stored in the office of our Group's General Counsel. This is a separate office within the premises that is also under lock and key and accessible only by the General Counsel.

- In addition, our Group also has a Franchise Business Development room that is accessible and used by our franchise business development team for planning and developing new franchises. This Franchise Business Development room is also under lock and key and stores information related to the new franchises that are being developed. Sensitive information that is in physical form and related to marketing is stored in the office of our Chief Brand Officer. This is a separate office within the premises that is also under lock and key and accessible only by our Chief Brand Officer.

- While our Group and the MCH Group share the same server, proper internal controls have been put in place whereby staff access is restricted based on the staff's job description and function.

<u>Provision of services to and receipt of services from the MCH Group</u>

The Corporate Services Agreement provides for our Group to provide services to and receive services from the MCH Group, as may be required by our Group or the MCH Group for our or their operations, as the case may be.

Post-Listing, we expect to provide the following services to the MCH Group:

(a) *Administrative services, being the provision of personnel to the MCH Group as part-time receptionists*

The provision of receptionists will be charged based on actual time-cost incurred by the individual, based on time sheets completed by the individual, with a 5% mark-up in line with the IRAS' guidelines on transfer pricing for the provision of services between related parties.

(b) *Advertising and promotion-related services*

Our Group provides advertising and promotion-related services to all our franchisees (including MindChamps Singapore, a subsidiary of the MCH Group) as well as for our COCO centres, for example, creating artwork for an advertisement campaign. See "*Business – Our Services – Franchising Services*" for further details. The amount we charge will be on a project basis, based on actual cost incurred (for example, advertising expenses we pay to external parties), with a 20% mark-up, being the mark-up determined by us to be required to cover the time-cost of our employees rendering the services. The total cost is divided equally among all participating COCO and FOFO centres (i.e. the amounts charged to related and unrelated parties are the same).

(c) *Training services*

Mr David Chiem Phu An may conduct leadership and corporate training programmes for employees of the MCH Group. In the event that he does so, the amount charged to the MCH Group will be at market rate with a 5% mark-up in line with the IRAS' guidelines on transfer pricing for the provision of services between related parties, benchmarked against the rates charged by third party training providers for other similar corporate training programmes in Singapore at the relevant time. Our Company intends to obtain quotes from three to five third party training providers for benchmarking purposes.

(d) *Legal services, being the provision of employees to the MCH Group to provide in-house legal services*

The provision of legal services will be on a cost recovery basis i.e. the MCH Group will bear the salary of the employee based on the time spent by the employee in performing the services to the MCH Group, with a 5% mark-up in line with the IRAS' guidelines on transfer pricing for the provision of services between related parties.

Post-Listing, we expect to receive the following services from the MCH Group:

(a) IT services;

(b) sales-related services, such as procuring new customers to enrol in enrichment programmes;

(c) curriculum development services; and

(d) medical services.

The provision of IT services and curriculum development services will be on a project basis and will be charged on a cost recovery basis (based on the salary of the employee for the period that such employee performs the services to us) with a 5% mark-up.

The provision of sales-related services will be charged based on the amount of sales that such sales staff procures for our Group in relation to enrolments into our Group's education programmes procured by such sales staff. The sales staff are engaged on a commission basis and we will bear the commission payable to such individual on the sales such individual procures for us, and we will pay to the MCH Group a 5% mark-up on such commission.

The 5% mark-up takes into consideration as a comparative benchmark the IRAS' guidelines on transfer pricing for the provision of services between related parties. Although the provision of sales-related services and curriculum development services do not fall within the specific services that these IRAS guidelines technically apply to, we have, in the absence of other applicable benchmarks or requirements, taken into consideration the general principle under the guidelines that deems a 5% mark-up to be acceptable for the provision of services between related parties.

Our receipt of IT services and sales-related services from the MCH Group are transitional arrangements which are expected to cease within two years from the Listing Date. We have also recently recruited a General Manager, Information Technology for our Company who has commenced work.

As described in "*– Past Interested Person Transactions – Provision of Medical Services by MindChamps Medical*", MindChamps Medical is a subsidiary of the MCH Group which, through its subsidiaries, operates private medical clinics, and provides medical services to our Group by performing the mandatory medical check-ups which we require the teachers employed by our Group to undergo. In addition, MindChamps Medical, through its subsidiaries, also operates allied health centres and may provide allied health services such as occupational or speech therapy to our Group.

The rates for each medical service will be at a discount to the prevailing rates for the services offered by the MCH Group to unrelated third parties at the relevant time. The discount will be within the range of discounts which MindChamps Medical would offer to unrelated third parties at the relevant time.

Sale and purchase of merchandise

As described in "*Business – Our Business – Franchising Services*", we produce uniforms, school bags and work books for our students and which we sell to our franchisees.

The MCH Group produces books authored by Mr David Chiem Phu An and uniforms for staff.

The Corporate Services Agreement provides for the sale to or purchase of such merchandise from the MCH Group as may be required by our Group or the MCH Group for our or their operations, as the case may be.

The prices charged will be the same as the prices charged to unrelated franchisees of our Group or the MCH Group, as the case may be. In the event of a bulk purchase, a discount of 45% may be provided. In the event that unrelated franchisees of our Group or the MCH Group make a bulk purchase, the same discount of 45% may also be provided to such unrelated franchisees.

Purchase of food products

Beston MindChamps, a subsidiary of the MCH Group, is in the business of providing healthy foods to children and healthy eating education. Beston MindChamps sources produce from companies specialising in nutritious, chemical-free, organic and biodynamic foods.

The Corporate Services Agreement provides for Beston MindChamps to provide food, beverages and dairy products to our COCO preschool centres and to our franchisees' FOFO preschool centres at a rate of S$50 per month per student enrolled in each such COCO or FOFO centre, as the case may be. The rate of S$50 per month per student was commercially agreed between us and Beston MindChamps on an arm's length basis and the charges will be paid by each such COCO or FOFO centre directly to Beston MindChamps.

Term and termination

Unless terminated earlier in accordance with its terms, the Corporate Services Agreement will have a term of five years commencing from the Listing Date.

The Corporate Services Agreement may be terminated in the following circumstances:

(a) by either MindChamps Holdings or our Company with immediate effect from service on the other party of written notice if the other party is in breach of any material obligation and if the breach is capable of remedy, that party has failed to remedy such breach within 30 days of receipt of notice to do so; or

(b) by either party with immediate effect from service on the other party of the written notice if the other party enters into liquidation other than for the purposes of reconstruction or amalgamation, ceases or threatens to cease to carry on business or has a receiver appointed or execution or other process levied against any of its undertaking, property or assets which is reasonably considered to have a materially adverse effect on its ability to perform its obligations under the Corporate Services Agreement.

The Corporate Services Agreement, including the amounts payable under it, was entered into on an arm's length basis on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

(II) MindChamps Singapore Franchise Agreement

Our subsidiary MindChamps PreSchool Franchise entered into a franchise agreement dated 11 August 2014 with MindChamps Singapore (a subsidiary of the MCH Group) (as supplemented by a supplemental agreement dated 11 November 2016) (together, the "**MindChamps Singapore Franchise Agreement**") pursuant to which MindChamps PreSchool Franchise granted MindChamps Singapore the right to operate up to five centres in Singapore under the name of MindChamps Reading & Writing.

The franchise rights can be utilised by MindChamps Singapore or its related corporation, and MindChamps Singapore is to cause such related corporation to fulfil all obligations under the MindChamps Singapore Franchise Agreement in relation to any centre operated by such related corporation. The MindChamps Singapore Franchise Agreement is for an indefinite period, for so long as MindChamps Singapore remains a subsidiary of MindChamps Holdings, subject to the termination provisions described below.

MindChamps PreSchool Franchise may terminate the MindChamps Singapore Franchise Agreement immediately by notice in writing to MindChamps Singapore upon the occurrence of any of certain events, including, *inter alia*, (i) a breach of any term or condition of the MindChamps Singapore Franchise Agreement by MindChamps Singapore, where such breach is capable of remedy but has failed to be remedied within 14 days of MindChamps Singapore being informed by MindChamps PreSchool Franchise of such breach, (ii) a breach of the same obligation by MindChamps Singapore at least three times within a period of 12 months, regardless of whether earlier breaches have been remedied and (iii) MindChamps Singapore being in default of payment of any monies under the

MindChamps Singapore Franchise Agreement and has failed to make good the default within one month of a written demand by MindChamps PreSchool Franchise requiring it to do so.

Pursuant to the MindChamps Singapore Franchise Agreement, MindChamps Singapore has provided an undertaking that, during the term of the agreement and for three years after its termination or expiry, it will not without the prior written approval of MindChamps PreSchool Franchise engage, directly or indirectly, in any capacity in any business venture or undertaking which may be in competition with the business of providing educational services for preschoolers and school-going children under the name MindChamps Reading & Writing. For the same period, MindChamps Singapore is also not to (without the prior written approval of MindChamps PreSchool Franchise) solicit the custom of any person or entity that is or has been a customer of MindChamps Singapore, MindChamps PreSchool Franchise or any of its other franchisees/licensees at any time or employ or solicit for the purpose of potential employment any person who is or has been an employee of MindChamps Singapore, MindChamps PreSchool Franchise or any of its other franchisees/licensees at any time.

Under the MindChamps Singapore Franchise Agreement, MindChamps Singapore is to pay royalty fees at the rate of 15% of turnover of each calendar month. While our unrelated franchisees are charged a one-off licensing fee, no licensing fee was charged to MindChamps Singapore under the MindChamps Singapore Franchise Agreement. At the time which the MindChamps Singapore Franchise Agreement was entered into, we would expect to charge an unrelated franchisee granted the right to operate up to five centres a one-off licensing fee of S$175,000 (i.e. S$35,000 per centre).

The amounts paid by MindChamps Singapore in each of FY2014, FY2015, FY2016 and the period from 1 January 2017 up to the Latest Practicable Date were S$279,790, S$241,061, S$314,703 and S$269,023, respectively.

Save for the waiver of the one-off licensing fee, the material terms (including termination provisions) of the MindChamps Singapore Franchise Agreement are comparable with the terms of the franchise agreements which MindChamps PreSchool Franchise has entered into with unrelated third parties to operate similar centres in Singapore under the name of MindChamps Reading & Writing. The terms of the MindChamps Singapore Franchise Agreement which will be operative post-Listing, including the royalty fees payable, was entered into on an arm's length basis and on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders. The royalty fees charged are within the range charged to unrelated third parties.

The waiver of the one-off licensing fee took place prior to the Listing and was agreed between a parent company and what was its unlisted subsidiary at the relevant time. In view of the quantum (being S$175,000), our Company is of the view that the waiver of the licensing fee is not prejudicial to the interests of our Company and our minority Shareholders.

(III) Paragon Lease Agreement

Our subsidiary, MindChamps Paragon, entered into a lease agreement dated 17 July 2013 with Orchard 290 Ltd, an indirect wholly-owned subsidiary of our Controlling Shareholder SPH, for the lease of a unit at Paragon from Orchard 290 Ltd for use as an early childhood learning centre. The lease was assigned by Orchard 290 Ltd to DBS Trustee Limited as trustee of SPH REIT (of which approximately 70% of the issued units are owned by SPH) with effect from 24 July 2013. The lease was for a three year term commencing on 23 December 2013 and has since expired.

MindChamps Paragon subsequently entered into a lease agreement dated 25 October 2016 with DBS Trustee Limited as trustee of SPH REIT for the lease of the same premises for a three year term commencing on 23 December 2016. The rent payable for the first year is S$442,494 per annum and the rent payable for each of the second and third years of the term are S$476,532 per annum, in each case with an additional rent amount chargeable at 20% of the net sales/turnover minus certain agreed costs.

The amounts paid to DBS Trustee Limited (as trustee of SPH REIT) under the lease agreements in FY2014, FY2015, FY2016 and for 1 January 2017 up to the Latest Practicable Date were approximately S$375,241, S$409,894, S$442,494 and S$368,745, respectively.

The lease agreements were entered into on an arm's length basis on normal commercial terms taking into consideration comparable market rates for similar premises at the relevant time, and is not prejudicial to the interests of our Company or our minority Shareholders.

(IV) MindChamps Shanghai Shareholders' Agreement and Licence Agreement

On 8 November 2010, a shareholders' agreement (the "**MindChamps Shanghai SHA**") was entered into by MindChamps Holdings, MindChamps Shanghai (which was at the time a subsidiary of MindChamps Holdings) and the two minority shareholders of MindChamps Shanghai to regulate the affairs of MindChamps Shanghai and the respective rights of the shareholders of MindChamps Shanghai. As described in "*– Past Interested Person Transactions – Acquisition of MindChamps Shanghai Shares and Related Transactions*", in connection with conditions precedent under the Invest Learning SPA, MindChamps Holdings transferred all the ordinary shares in the capital of MindChamps Shanghai held by it to our Company and MindChamps Shanghai consequently became a subsidiary of our Company.

The MindChamps Shanghai SHA envisages that MindChamps Shanghai will be engaged in the business of teaching and offering education programmes in early childhood care and education under the MindChamps PreSchool brand in Shanghai and in connection therewith, MindChamps Holdings has granted an exclusive and perpetual licence to MindChamps Shanghai to use certain intellectual property rights incidental to such business.

MindChamps Shanghai shall pay MindChamps Holdings a royalty fee for the use of its intellectual property as follows: (a) from the date of commencement of business of the first preschool or enrichment centre in Shanghai (the "**Commencement Date**") to the fifth anniversary of the Commencement Date, the royalty fee shall be waived, (b) from the fifth anniversary of the Commencement Date, the royalty fee shall be 3% of turnover for each calendar month and (c) from the fifth anniversary of the Commencement Date, the royalty fee may be revised by MindChamps Holdings, and MindChamps Shanghai and its subsidiaries have agreed to the revised royalty fee provided that such revised royalty fee shall not exceed the royalty rate payable by other royalty paying corporations and subsidiaries with similar sale and/or revenue achievements within the MCH Group.

The terms relating to the grant of intellectual property rights described above are also set out in a licence agreement dated 8 November 2010 entered into between MindChamps Holdings and MindChamps Shanghai (the "**MindChamps Shanghai Licence Agreement**").

The MindChamps Shanghai SHA also provides for MindChamps Shanghai to pay MindChamps Holdings a management fee for its provision of management services: (a) from the Commencement Date to the fifth anniversary of the Commencement Date, the management fee shall be waived and (b) from the fifth anniversary of the Commencement Date, the management fee shall be proposed by management for resolution as a shareholder reserved matter.

MindChamps Shanghai is currently dormant and has no operations and accordingly, has neither paid any royalty fees nor management fees to MindChamps Holdings as at the Latest Practicable Date.

MindChamps Holdings has provided an undertaking to MindChamps Shanghai that it shall procure that it and its affiliates will not for so long as it and/or its affiliates shall own (whether legally or beneficially or both) any share in the capital of MindChamps Shanghai and for a period of three years from the date when it and/or its affiliates ceases to legally and beneficially own any such share:

(a) engage, be employed or be interested directly or indirectly in any business in Shanghai which is similar to or competing with the business of MindChamps Shanghai (other than as a holder of not more than 5% of the issued shares of any company listed on any recognised stock exchange); or

(b) carry on for its own account either alone or in partnership or be concerned as a director in any company engaged or about to be engaged in any business within Shanghai which is similar to or competing with the business of MindChamps Shanghai; or

(c) assist with technical advice any person, firm or company engaged or about to be engaged in any business within Shanghai which is similar to or competing with the business of MindChamps Shanghai; or

(d) solicit in Shanghai in competition with the business of MindChamps Shanghai, the custom of any person, firm or company who, at any time during the period MindChamps Holdings held any shares in the capital of MindChamps Shanghai, was a customer of MindChamps Shanghai.

"**affiliate**" is defined in the MindChamps Shanghai SHA to mean, with respect to any person ("**Specified Person**"), any person other than the Specified Person directly or indirectly controlling, controlled by or under direct or indirect common control with the Specified Person and, without limiting the generality of the foregoing, includes (a) any officer or director of the Specified Person, (b) any such director's parent, spouse, sibling or child (a "**relative**"), (c) one or more of such directors, officers, relatives or combination thereof (a "**group**"), and (d) any person controlled by any such director, officer, relative or group or in which any such director, officer, relative or group beneficially owns or holds 25% or more of any class of share capital or equity or profits interest. For the purposes of this definition, "**control**" when used with respect to any specified person means the possession, directly or indirectly, of power to direct or cause the direction of the management and policies of such specified person, whether through the ownership of voting shares or by contract or otherwise.

The two minority shareholders of MindChamps Shanghai have also provided a similar non-compete undertaking to MindChamps Shanghai, save that their undertaking is in respect of the following restricted territories: Australia, Hong Kong, Indonesia, India, Malaysia, the Middle East, China, the United Kingdom, the United States, Singapore, Philippines and Thailand.

The MindChamps Shanghai SHA may be terminated by agreement of all the parties or upon MindChamps Shanghai being liquidated. However, as provided in the MindChamps Shanghai Licence Agreement, the licence granted pursuant to the MindChamps Shanghai Licence Agreement shall be perpetual, unless terminated (a) at the election of MindChamps Holdings, in the event that MindChamps Shanghai has a receiver appointed over any part of its assets or similar circumstances relating to winding-up, (b) at the election of MindChamps Shanghai, in the event that MindChamps Holdings has a receiver appointed over any part of its assets or similar circumstances relating to winding-up, or (c) by mutual agreement of the parties.

The MindChamps Shanghai SHA was negotiated by the parties (including the unrelated minority shareholders) on an arm's length basis and is not prejudicial to the interests of our Company and our minority Shareholders.

The MindChamps Shanghai Licence Agreement was not negotiated on an arm's length basis as MindChamps Shanghai was a subsidiary of MindChamps Holdings at the relevant time, but the terms are not prejudicial to the interests of our Company and our minority Shareholders, taking into account, among other things, that the licence agreement provides for our subsidiary MindChamps Shanghai to be granted an exclusive and perpetual licence to use intellectual property rights incidental to the business which MindChamps Shanghai intends to be engaged in and that MindChamps Holdings has waived the royalty fee payable by MindChamps Shanghai for five years from the Commencement Date. Such waiver of royalty fees for five years was agreed between the parties taking into account the benefit it would have to MindChamps Shanghai and its business operations, and that it would be in the interests of MindChamps Shanghai and its shareholders. While it is provided that the royalty fee may be revised by MindChamps Holdings from the fifth anniversary of the Commencement Date, it is subject to the provision that such revised royalty fee shall not exceed the royalty rate payable by other royalty paying corporations and subsidiaries with similar sale and/or revenue achievements within the MCH Group.

(V) Deeds of Assignment and Licence of Intellectual Property Rights

In connection with conditions precedents under the Invest Learning SPA, IP Deeds each dated 20 August 2014 were entered into between our Company with each of MindChamps Holdings, Champion Minds and two subsidiaries of MindChamps Holdings, namely MindChamps Singapore and MindChamps Family Online Pte Ltd.

Pursuant to such IP Deeds, our Company was assigned certain exclusive intellectual property rights (in respect of assets and materials which are exclusively required or used for the business of our Group, including certain trademarks and domain names), was granted a perpetual, royalty-free licence to use certain non-exclusive intellectual property rights and was granted a right of first refusal in the event the licensor receives an offer from a third party to purchase any of the non-exclusive rights.

No consideration was paid by our Company in connection with the IP Deeds, as the deeds were entered into in satisfaction of conditions precedent under the Invest Learning SPA. It was agreed between the then-Shareholders of our Company, Invest Learning and Champion Minds (holding indirectly through MindChamps Holdings) that it was in the interests of our Company and our Shareholders to provide for our Company to be assigned and granted the intellectual property rights required or used for the business of our Group. Accordingly, while the terms of the deeds were not negotiated on an arm's length basis, each party entered into the relevant deeds having considered the benefits of the deed to itself and the terms of the deeds are not prejudicial to the interests of our Company or our minority Shareholders.

(VI) Provision of Guarantee and Indemnity by MindChamps Holdings

On 6 November 2017, MindChamps Holdings entered into a deed of guarantee and indemnity pursuant to which it provided a guarantee and indemnity in connection with the Acquisition Loan. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Description of Material Indebtedness*" for details of the Acquisition Loan and the guarantee and indemnity.

The largest amount outstanding under the guarantee and indemnity for the period from 1 January 2017 up to the Latest Practicable Date was S$0, as the Acquisition Loan had not been drawn down as at the Latest Practicable Date.

No fees were paid to MindChamps Holdings for the provision of the guarantee and indemnity. Accordingly, the provision of the guarantee and indemnity by MindChamps Holdings was not carried out on an arm's length basis as they were not based on normal commercial terms. The terms of the guarantee and indemnity are not prejudicial to the interests of our Company or our minority Shareholders. The provision of the guarantee and indemnity by MindChamps Holdings will be subject to the review procedures for future interested person transactions described below.

(VII) Actors Centre Kids Exclusive Licence Agreement with Actors Centre Australia Pte. Limited

Our Company entered into an exclusive licence agreement dated 9 November 2017 with Actors Centre Australia Pte. Limited (a subsidiary of the MCH Group) pursuant to which Actors Centre Australia Pte. Limited granted an exclusive licence to our Company to use, among other things, the entire copyright and all other intellectual property rights in the assets and materials (including but not limited to branding, curricula, course and accompanying materials, electronic or otherwise for theatre-related enrichment programmes under the name and style of "Actors Centre Kids") which are owned or exclusively licensed by Actors Centre Australia Pte. Limited and which are to be licensed to our Company to be used for the business of our Group ("**Actors Centre Kids Works**") in relation to (i) owning and operating enrichment centres offering theatre-related enrichment programmes for children; (ii) franchising the operation of enrichment centres offering theatre-related enrichment programmes for children; and (iii) sub-licensing one or more of the foregoing; all under the name and style of "Actors Centre Kids" ("**Actors Centre Kids Rights**"). In addition, Actors Centre Australia Pte. Limited shall provide such training in relation to the Actors Centre Kids Works or the Actors Centre Kids Rights to the staff or employees of our Group as required by our Company in order for our Group to carry out the aforementioned business using the Actors Centre Kids Rights. Our Company has also been granted the right of first refusal to acquire the Actors Centre Kids Rights in accordance with the terms of the exclusive licence agreement. Pursuant to the terms of the exclusive licence agreement, if Actors Centre Australia Pte. Limited receives a bona fide offer pursuant to which one or more third parties propose to purchase the prescribed rights as set out in the exclusive licence agreement, Actors Centre Australia Pte. Limited shall give our Company notice of such offer in writing (an "**Offer Notice**"). The Offer Notice shall specify the rights proposed to be sold, the price of such rights ("**Sale Price**") and other terms and conditions of such sale (if any) ("**Sale Terms**"). Our Company shall have 30 days from the date of receipt of the Offer Notice to elect to purchase such rights, at the Sale Price and on the Sale Terms. Our Company shall be deemed to have declined to purchase the rights failing such election. If our Company does not purchase such rights, Actors Centre Australia Pte. Limited shall not sell any of such rights to a third party except at a price and on terms and conditions that are no more favourable to the third party than the ACA Sale Price and the Sale Terms, and unless that third party purchaser of such rights agrees to license such rights to our Company on the same terms as the exclusive licence agreement.

It is expected that our Company will grant sub-licences to our subsidiaries in relevant jurisdictions (including but not limited to MindChamps PreSchool Franchise (in Singapore) and MindChamps Australia Pty. Ltd. (in Australia) to use the Actors Centre Kids Rights to own and operate enrichment centres (being COCO centres) as well as to franchise the operation of enrichment centres (being FOFO centres) to unit franchisees. Such COCO and FOFO centres will pay to our relevant subsidiaries unit licence fees, as well as royalty fees calculated as an agreed percentage of their revenue derived from activities carried out under the Actors Centre Kids brand (save that unit licence fees will be waived for COCO centres), such fees to be determined at the discretion of our Company. The revenues from a COCO or FOFO centre arising from activities which are carried out under the Actors Centre Kids brand would principally comprise the school fees received for enrolment for Actors Centre Kids programmes as well as sales of related materials. Such school fees are identified and accounted for as revenue arising from activities under the Actors Centre Kids brand. Similarly, sales of materials related to the Actors Centre Kids programmes would be identified from the inventory classification of the materials that are sold, and the revenues from sales of such materials would be accounted for as revenue arising from activities under the Actors Centre Kids brand. Our subsidiaries will pay to our Company (and we will then in turn pay to Actors Centre Australia Pte. Limited) or our subsidiaries will pay to Actors Centre Australia Pte. Limited on our behalf, one-third of the unit licence fees collected from their FOFO centres and one-third of the royalty fees collected from their COCO and FOFO centres as the licence royalty under the exclusive licence agreement, such fees having been agreed between our Company and Actors Centre Australia Pte. Limited pursuant to negotiation on an arm's length basis.

Our Company may also enter into master franchise agreements with third parties where the third party will act as a master franchisee and purchase the right to on-sell and/or operate an agreed number of units of Actors Centre Kids franchise licences. Master franchisees can either operate a FOFO centre themselves or enter into a unit franchise agreement with another third party to sell a franchise to that third party to operate a FOFO centre. Master franchisees will pay to our Company a master franchise licence fee at an amount to be agreed between our Company and such master franchisees. The FOFO centres established under the master franchise agreement will pay to our Company a royalty fee calculated as a percentage of their revenue derived from activities carried out under the Actors Centre Kids brand, such percentage to be agreed between our Company and such master franchisees. Our Company will pay to Actors Centre Australia Pte. Limited an amount equivalent to one-third of the master licence fee and the royalty fee collected from the master franchisee and the FOFO centres as the licence royalty under the exclusive licence agreement.

As at the Latest Practicable Date, we have not paid any amount to Actors Centre Australia Pte. Limited under the exclusive licence agreement. The exclusive licence agreement with Actors Centre Australia Pte. Limited, including the amounts payable under it, was entered into on an arm's length basis on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

The grant of the exclusive licence will terminate if our Company ceases to be a direct or indirect subsidiary of MindChamps Holdings. Further, the exclusive licence agreement may be terminated by our Company (a) with immediate effect from service on Actors Centre Australia Pte. Limited of written notice, if Actors Centre Australia Pte. Limited is in breach of any material obligation of the exclusive licence agreement and, if the breach is capable of remedy, Actors Centre Australia Pte. Limited has failed to remedy such breach within 30 days of receipt of notice to do so; and (b) with effect from 180 days upon service on Actors Centre Australia Pte. Limited of written notice.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

All future interested person transactions will be reviewed and approved in accordance with the threshold limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority shareholders. In the event that such interested person transactions require the approval of our Board or our Audit Committee, relevant information will be submitted to our Board or our Audit Committee for review. In the event that such interested person transactions require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

In the review of all future interested person transactions the following procedures will be applied:

(1) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of our Company's net tangible assets will be subject to review by our Audit Committee at regular intervals. Any such future interested person transactions involving the MCH Group will be approved by our Finance Director (who is not a director of MindChamps Holdings);

(2) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of our Company's net tangible assets will be subject to the review and prior approval of our Audit Committee. Such approval shall only be given if the transactions are on arm's length commercial terms and are consistent with similar types of transactions made with non-interested parties; and

(3) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of our Company's net tangible assets will be reviewed and approved by our Audit Committee, prior to such transactions being entered into, which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

A register will be maintained to record all interested person transactions (incorporating the basis, amount and nature, on which they are entered into). Our Audit Committee will review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. Our Company will also endeavour to comply with the recommendations set out in the Code.

The annual internal audit plan will incorporate a review of all interested person transactions entered into. Our Audit Committee will review internal audit reports to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, our Audit Committee will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between our Group and its interested persons are conducted on arm's length commercial terms.

Transactions falling within the above categories, if any, will be reviewed quarterly by our Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account.

Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with.

In the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction. Our Company will also disclose the aggregate value of interested person transactions conducted during the current financial year in its annual report, as required pursuant to the Listing Manual.

POTENTIAL CONFLICTS OF INTEREST

The MCH Group

Our Controlling Shareholder MindChamps Holdings has other subsidiaries which do not form part of our Group (MindChamps Holdings and its subsidiaries (excluding our Group) collectively referred to as the MCH Group).

MindChamps Holdings is wholly-owned by Champion Minds. Each of Mr David Chiem Phu An and his wife Ms Catherine Du has a 35.4% shareholding interest in Champion Minds. Mr David Chiem Phu An is also the non-executive chairman of MindChamps Holdings and a non-executive director of Champion Minds. Ms Catherine Du is a non-executive director of Champion Minds and MindChamps Holdings.

Our Chief Financial Officer, Mr Teo Wee Jone, and our Chief Brand Officer and Group General Manager, Ms Peh Poh Geok, each has a 5.0% minority shareholding interest in Champion Minds. Post-Listing, Mr Teo Wee Jone will be engaged as a consultant to the MCH Group (see "– *Our Chief Financial Officer*" below for further details). Ms Peh Poh Geok will also be engaged as a consultant to the MCH Group.

The MCH Group is engaged in the business of among other things, (a) developing and delivering training programmes which enhance study skills, (b) operating educational institutions and online platforms to market educational products, (c) operating photographic activities, video programme production activities and related educational programmes, (d) leasing photographic and video equipment and studio, (e) publishing, promoting and marketing educational books, (f) researching, developing and licensing curricula in music education, musicals, feature films, television drama series and documentaries, (g) operating private medical clinics and allied health centres, (h) providing healthy foods to children and healthy eating education, (i) operating a non-profit life coaching institute and (j) operating franchising systems and selling related materials and merchandise in connection with the foregoing.

We believe that there does not exist any conflict of interests arising from the foregoing for the following reasons:

(a) There is no overlap in the core business areas of the MCH Group and that of our Group, as the MCH Group is not primarily involved in the business of owning and operating and/or franchising the operation of (a) infant care centres (for children from two to 18 months old), (b) preschools (for children from 18 months to six years old), (c) enrichment centres offering reading and writing programmes (for children from three to 10 years old), and (d) enrichment centres offering theatre-related enrichment programmes for children, nor in the business of offering training programmes for adults at the certificate and diploma levels in early childhood care and education, save that:

    (i) MindChamps Singapore (a subsidiary of the MCH Group) operates enrichment centres offering reading and writing programmes under a franchise licence from our Group. See

"*Interested Person Transactions and Potential Conflicts of Interest – Present and Ongoing Interested Person Transactions – MindChamps Singapore Franchise Agreement*" for further details. It is noted in this regard that there is no conflict of interest arising out of MindChamps Singapore operating such enrichment centres under a franchise licence from our Group, taking into account that royalty fees are payable by MindChamps Singapore to our Group. In addition, for completeness, the MCH Group operates other non-reading and writing enrichment programmes for children, which for the avoidance of doubt do not overlap with the core business areas of our Group; and

(ii) our Company has been granted an exclusive licence to own, operate and franchise the operation of enrichment centres offering Actors Centre Kids theatre-related enrichment programmes for children under an exclusive licence granted pursuant to the exclusive licence agreement entered into with Actors Centre Australia Pte. Limited (a subsidiary of the MCH Group) as master franchisor of the Actors Centre Kids franchise. It is noted in this regard that there is no conflict of interest arising from the foregoing as the licence granted to our Company is an exclusive licence, as it is intended that the operation, franchising and sub-licensing of the enrichment programmes for children that Actors Centre Australia Pte. Limited is developing be carried out exclusively through our Group.

(b) Mr David Chiem Phu An will not be involved in the day-to-day management of the MCH Group. Accordingly, Mr David Chiem Phu An's role as the non-executive chairman of MindChamps Holdings will not render him unable to fully perform his role as our Chief Executive Officer. Mr David Chiem Phu An has confirmed that he will ensure that his time and resources can be sufficiently and principally devoted towards our Group.

(c) Ms Peh Poh Geok will not be on our Board or the board of directors of MindChamps Holdings and will not be voting on board decisions. She only has a minority shareholding interest of 5.0% in Champion Minds and has no control over Champion Minds or MindChamps Holdings. Ms Peh Poh Geok will inform our Audit Committee should her shareholding interest in Champion Minds cease to be a minority shareholding interest with no control, or should there be a substantial increase in her shareholding interest in Champion Minds.

Further, she will be a full-time employee of our Group and will not be involved in the day-to-day management of the MCH Group, nor will there be any MCH Group personnel reporting to her. Accordingly, her role as consultant to the MCH Group will not render her unable to fully perform her role as our Chief Brand Officer and Group General Manager. Further, she has confirmed that she will ensure that her time and resources can be sufficiently and principally devoted towards our Group.

(d) Our Audit Committee will review and assess from time to time the prevailing processes put in place to manage any material conflicts of interest with the MCH Group and consider, where appropriate, the additional measures for the management of such conflicts, as described in "*– Mitigation*" below. Any future interested person transactions between our Group and the MCH Group will be subject to review procedures for future interested person transactions as described above.

(e) Each of Mr David Chiem Phu An, Ms Catherine Du, Champion Minds and MindChamps Holdings has provided a non-compete undertaking in favour of our Company, as further described below. Each of Mr David Chiem Phu An, Mr Teo Wee Jone and Ms Peh Poh Geok also has a non-compete provision in his or her service agreement with our Company.

Franchise Licences

Decisions regarding our granting of franchise licences are made by a franchise committee comprising our Group's Business Development Director and our Group's Finance Director and based on an evaluation and approval process. Such decisions are not made by Mr David Chiem Phu An and Ms Catherine Du. Our Group's Business Development Director reports to Ms Peh Poh Geok as Chief Brand Officer and Group General Manager, and our Group's Finance Director reports to Mr Teo Wee Jone as Chief Financial Officer. In the event that the Business Development Director is conflicted in making decisions regarding our granting of franchise licences, such decision would be made by the Chief Brand Officer and Group General Manager and similarly where the Finance Director is conflicted, the decision would be made by the Chief Financial Officer. If there are potential conflicts of interest with the MCH Group arising from the grant of franchise licences, the matter will be escalated to our Audit Committee.

In addition, on a quarterly basis, the franchise committee will prepare a report setting out the names of applicants who were rejected (together with a brief description of their background) and a summary of the reasons for rejecting such franchise applications. Once the franchise committee has prepared the above, the draft report will be provided to Mr David Chiem Phu An (as Chief Executive Officer) and Mr Teo Wee Jone (as Chief Financial Officer) who will advise whether any of the rejected applicants are competitors of the MCH Group. The franchise committee will then supplement the report to indicate whether each rejected applicant is or is not a competitor of the MCH Group and provide the report to our Company's internal auditor for attestation, together with the relevant information required by the internal auditor for this purpose. Our internal auditor will finalise the report for submission to our Audit Committee at the end of each quarter. With the above process, our Audit Committee can request for further information and raise queries should our Audit Committee have any concerns as to whether any applicant was rejected on the basis of being a competitor of the MCH Group.

Our Chief Financial Officer

Until November 2017, Mr Teo Wee Jone was employed by MindChamps Holdings as Chief Financial Officer of the MindChamps Holdings group of companies (which at such time included our Group). He has relinquished his position as Chief Financial Officer of MindChamps Holdings to focus on his role as our Chief Financial Officer. He will continue to have a 5.0% minority shareholding interest in Champion Minds and post-Listing, he will be engaged as a consultant to the MCH Group.

Mr Teo Wee Jone had been the most senior corporate officer in charge of finance, accounting, taxation and corporate planning, development and acquisition functions of the MindChamps Holdings group of companies since January 2008 (soon after the incorporation of MindChamps Holdings in May 2007) and has been Chief Financial Officer of the MindChamps Holdings group of companies since 1 January 2010. Given this background of his historical involvement with the MCH Group, Mr Teo Wee Jone will, post-Listing, continue to provide consultancy services to the MCH Group. In such role, he will provide strategic advice to the board of directors of MindChamps Holdings in relation to matters such as corporate planning and business development. Such engagement will be ongoing, subject to annual review by our Audit Committee as described below. Mr Teo Wee Jone is expected to receive fees from MindChamps Holdings in the range of S$20,000 to S$60,000 per annum in connection with his engagement as a consultant.

We believe that any potential conflicts of interest arising from the foregoing are mitigated or addressed by the following:

(a) Mr Teo Wee Jone will be a full-time employee of our Group and will not be involved in the day-to-day management of the MCH Group, nor will there be any MCH Group personnel reporting to him. Accordingly, Mr Teo Wee Jone's role as consultant to the MCH Group will not render him unable to fully perform his role as our Chief Financial Officer.

(b) There is no overlap in the core business areas of the MCH Group and our Group, as described in "– *The MCH Group*" above. In any event, each of Mr David Chiem Phu An, Ms Catherine Du, Champion Minds and MindChamps Holdings has provided a non-compete undertaking in favour of our Company, as further described below.

(c) Mr Teo Wee Jone will not be on our Board or the board of directors of MindChamps Holdings and will not be voting on board decisions.

(d) Mr Teo Wee Jone only has a minority shareholding interest of 5.0% in Champion Minds and has no control over Champion Minds or MindChamps Holdings. Mr Teo Wee Jone will inform our Audit Committee should his shareholding interest in Champion Minds cease to be a minority shareholding interest with no control, or should there be a substantial increase in his shareholding interest in Champion Minds.

(e) Our Audit Committee will review and assess from time to time the prevailing processes put in place to manage any material conflicts of interest with the MCH Group and consider, where appropriate, the additional measures for the management of such conflicts, as described in "– *Mitigation*" below. In addition, our Audit Committee will on an annual basis review Mr Teo Wee Jone's engagement as consultant to the MCH Group, including whether any conflicts of interest arise from such engagement and whether his engagement as a consultant to the MCH Group impinges on his ability to perform his role as our Chief Financial Officer.

(f) Any future interested person transactions between our Group and the MCH Group will be subject to review procedures for future interested person transactions as described above. In the event that there are new interested person transactions which involve the MCH Group (and which are below the threshold for which prior approval of our Audit Committee is required as described in "– *Review Procedures for Future Interested Person Transactions*"), such transactions will be approved by our Finance Director, who does not sit on the board of MindChamps Holdings.

(g) Mr Teo Wee Jone has confirmed that he will ensure that his time and resources can be sufficiently and principally devoted towards our Group.

Non-Compete Undertakings

MCH Group Non-Compete Undertakings

On 9 November 2017, each of Mr David Chiem Phu An, Ms Catherine Du, Champion Minds and MindChamps Holdings provided a non-compete undertaking (collectively, the "**MCH Group Non-Compete Undertakings**") in our favour, whereby each of them has undertaken not to be (and to procure that none of his, her or its associates will be) directly or indirectly engaged, concerned or interested in any business (save for any interest in quoted or listed securities which do not exceed 5% of the total amount of issued securities in that class which are disclosed to our Audit Committee) which is wholly or partly in competition with any Relevant Business (as defined below), whether carried on by any member of our Group by itself or themselves or in partnership, common ownership or as a joint venture with any third party.

The MCH Group Non-Compete Undertakings do not apply to the ownership and operation of any franchise purchased or acquired from our Group, taking into account that franchise and/or royalty fees would be payable to us in relation to any such franchise purchase or acquired from our Group. This exception to the non-compete undertakings would include the operation by MindChamps Singapore (a subsidiary of the MCH Group) of enrichment centres offering reading and writing programmes under a franchise licence from our Group, as described in "*Interested Person Transactions and Potential Conflicts of Interest – Present and Ongoing Interested Person Transactions – MindChamps Singapore Franchise Agreement*". If the MCH Group purchases or acquires an Actors Centre Kids franchise licence from our Group, the MCH Group's operation of enrichment centres offering theatre-related enrichment programmes for children under such franchise licence would also fall within the exception to the non-compete undertakings.

For the avoidance of doubt, the MCH Group Non-Compete Undertakings do not prohibit the MCH Group from being the licensor of the Actors Centre Kids franchise.

For purposes of the MCH Group Non-Compete Undertakings, "**Relevant Business**" means (i) the business which our Group is engaged in, being the business of (a) owning and operating and/or franchising the operation of (I) infant care centres (for children from two to 18 months old), (II) preschools (for children from 18 months to six years old), (III) enrichment centres offering reading and writing programmes (for children from three to 10 years old) and (IV) enrichment centres offering theatre-related enrichment programmes for children, and (b) offering training programmes for adults at the certificate and diploma levels in early childhood care and education and (ii) any other business sold, injected or otherwise transferred by the MCH Group to our Group.

The MCH Group Non-Compete Undertakings shall commence on the Listing Date and be effective for so long as (i) our Company remains listed on the SGX-ST; and (ii) the person or entity giving the undertaking is an interested person of our Company for purposes of Chapter 9 of the Listing Manual of the SGX-ST.

SPH Non-Compete Undertaking

On 31 October 2017, SPH provided a non-compete undertaking (the "**SPH Non-Compete Undertaking**" and together with the MCH Group Non-Compete Undertakings, the "**Non-Compete Undertakings**") in our favour, whereby it has undertaken that it will not, and shall procure that none of the entities which it controls (including Invest Learning and ILPL 2 Pte Ltd) will, without the prior written approval of our Company, directly or indirectly:

(a) have an interest of 5% or more in any business; or

(b) have control over any entity engaged in any business,

whose revenue derived from any Relevant Business (as defined below) in any of the Jurisdictions (being Singapore, Australia, Philippines and the UAE) is in aggregate 15% or more of its total revenue, other than through the entities in our Group or any of them.

The SPH Non-Compete Undertaking does not extend to the business as carried out at the date of the undertaking by any entity in which SPH has a direct or indirect interest as at the date of the undertaking (including without limitation, ILPL 2 Pte Ltd).

No breach of the SPH Non-Compete Undertaking will occur if the breach is remedied within 30 days of the earlier of (a) our Company giving notice to SPH; and (b) SPH becoming aware of the breach.

The SPH Non-Compete Undertaking does not apply to:

(a) the direct or indirect holding of not more than 5% of any securities listed on a stock exchange, of any issuer whose revenue derived from the Relevant Business is in aggregate, less than 15% of the issuer group's total revenue; or

(b) the direct or indirect holding by SPH of any securities of our Company.

For purposes of the SPH Non-Compete Undertaking, "**Relevant Business**" means the business of owning and operating and/or franchising the operation of (i) infant care centres (for children from two to 18 months old); and (ii) preschools (for children from 18 months to six years old);

The SPH Non-Compete Undertaking shall commence on the Listing Date and be effective until the earliest of (a) the date on which our Company ceases to be listed on the SGX-ST; (b) the date on which SPH ceases to be a controlling shareholder of our Company; or (c) the date falling 12 months from the Listing Date.

The terms of the Non-Compete Undertakings have been negotiated on an arm's length basis.

MITIGATION

In addition to the Non-Compete Undertakings and the non-compete provision in our Executive Officers' service agreements, we also believe that any potential conflicts of interests, whether with the MCH Group, SPH or otherwise, are mitigated as follows:

(a) our Directors have a duty to disclose their interests in respect of any contract, proposal, transaction or any other matter whatsoever in which they have any personal material interest, directly or indirectly, or any actual or potential conflicts of interest (including conflicts of interest that arise from their directorship(s) or executive position(s) or personal investments in any other corporation(s)) that may involve them. Upon such disclosure, such Directors shall not participate in any proceedings of our Board of Directors, and shall in any event abstain from voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until our Audit Committee has determined that no such conflict of interest exists. Hence, Mr David Chiem Phu An and Ms Catherine Du will abstain from participating in any proceedings involving, as well as abstain from voting on, any transactions with the MCH Group. Ms Janice Wu Sung Sung will abstain from participating in any proceedings involving, as well as abstain from voting on, any transactions with SPH and its subsidiaries (the "**SPH Group**");

(b) our Audit Committee is required to examine the internal procedures put in place by our Company to determine if such procedures put in place have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of our Group, our joint ventures or the interested persons are conducted, or if they are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to our Company and our minority Shareholders;

(c) our Audit Committee will review any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board. Upon disclosure of an actual or potential conflict of interests by a Director, our Audit Committee will consider whether a conflict of interests does in fact exist. A Director who is a member of our Audit Committee will not participate in any proceedings of our Audit Committee in relation to the review of a conflict of interests relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as our Audit Committee may deem reasonably necessary;

(d) our Audit Committee will also monitor the investments in our customers, suppliers and competitors made by our Directors, Controlling Shareholders and their respective associates who are involved in the management of or have shareholding interests in similar or related businesses of our Company (to the extent as disclosed by them to our Audit Committee) and make assessments on whether there are any potential conflicts of interest;

(e) upon our listing on the SGX-ST, we will be subject to Chapter 9 of the Listing Manual in relation to interested person transactions. The objective of these rules is to ensure that our interested person transactions do not prejudice the interests of our Shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual report and/or seek Shareholders' approval for certain material interested person transactions. Our Audit Committee may also have to appoint independent financial advisers to review such interested person transactions and opine on whether such transactions are conducted on normal commercial terms and will not be prejudicial to our interests and the interests of our minority Shareholders. In addition, any future interested person transactions involving the

MCH Group (and which are below the threshold for which prior approval of our Audit Committee is required as described in "– *Review Procedures for Future Interested Person Transactions*") will be approved by our Finance Director (who is not a director of MindChamps Holdings);

(f) our Directors owe fiduciary duties to us, including the duty to act in good faith and in our best interests. Our Directors are also subject to a duty of confidentiality that precludes a Director from disclosing to any third party (including any of our Shareholders or their associates) information that is confidential; and

(g) our Audit Committee will, following the listing of our Company on the SGX-ST, undertake the following additional responsibilities:

   (i) review on a periodic basis the framework and processes established above for the implementation of the terms of the Non-Compete Undertakings in order to ensure that such framework and processes remain appropriate; and

   (ii) review and assess from time to time the prevailing processes put in place to manage any material conflicts of interest with the MCH Group and the SPH Group and consider, where appropriate, the additional measures for the management of such conflicts.

SHARE CAPITAL AND SHAREHOLDERS

Our Company was incorporated in Singapore on 25 July 2008 under the Companies Act as a private company limited by shares under the name of MindChamps PreSchool (Worldwide) Pte. Limited. On 9 November 2017, our Company was converted into a public company limited by shares. In connection with such conversion, we changed our name to MindChamps PreSchool Limited.

As at the date of incorporation, the issued and paid-up share capital of our Company was S$200,000 comprising 200,000 Shares. As at the Latest Practicable Date, the issued and paid-up share capital of our Company was S$500,000 comprising 500,000 Shares.

As at the date of this Prospectus, there is only one class of shares in the capital of our Company. The rights and privileges attached to the Shares are stated in our Constitution.

On 8 November 2017 and 9 November 2017, our Shareholders passed resolutions to approve, *inter alia*, the following:

(a) the conversion of our Company into a public company limited by shares and the adoption of a new Constitution effective upon our Listing;

(b) the change of our Company's name to "MindChamps PreSchool Limited";

(c) the sub-division of each of the Shares into 360 Shares, which was effected on 9 November 2017 (the "**Share Split**");

(d) that pursuant to Section 161 of the Companies Act and our Constitution, authority be given to our Directors to:

   (a) (i) issue Shares whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other similar instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such person(s) as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by our Directors while this resolution was in force,

   provided that:

   (1) the aggregate number of Shares to be issued pursuant to this resolution (including new Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution):

   (A) by way of a renounceable rights issue on a *pro rata* basis ("**Renounceable Rights Issue**") to shareholders of our Company, shall not exceed 100 per cent. of the total number of issued shares of our Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below) (the "**Enhanced Rights Issue Limit**");

(B) otherwise than by way of Renounceable Rights Issues, shall not exceed 50 per cent. of the total number of issued shares of our Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below),

of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of our Company may not exceed 20 per cent. of the total number of issued Shares of our Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of Shares excluding treasury shares immediately following the close of the Offering and the issue of the Cornerstone Shares and the Consideration Shares, after adjusting for:

(A) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and

(B) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this resolution, our Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and our Constitution for the time being of our Company; and

(4) (unless revoked or varied by our Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier;

(e) that authority be given to our Directors to issue Shares and offer the same to such persons, on such terms and conditions and with such rights or restrictions as they may think fit to impose, in connection with the Offering, the Over-allotment Option, the Cornerstone Subscription Agreements, the issue of Consideration Shares and the admission of our Company to the Official List of the SGX-ST;

(f) the adoption of the PSP and the SOP and that authority be given to our Directors to allot and issue new Shares as may be required to be issued pursuant to the vesting of awards granted under the PSP and the exercise of options granted under the SOP, provided that the total number of Shares over which awards and options may be granted on any date, when added to the total number of Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered in respect of all awards already granted and the total number of Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered in respect of all options already granted, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) on the date preceding the date of the relevant award; and

(g) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by our Directors of all the powers of our Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by our Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST transacted through the SGX-ST trading system; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by our Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with the Companies Act and all other laws and regulations and rules of the SGX-ST as may for the time being be applicable (the "**Share Purchase Mandate**");

Unless varied or revoked by our Company in general meeting, the authority conferred on our Directors pursuant to the Share Purchase Mandate may be exercised by our Directors at any time and from time to time during the period commencing from the end of the Stabilising Period and expiring on the earliest of:

(i) the date on which the next annual general meeting of our Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five consecutive market days on which transactions in our Shares on the SGX-ST immediately preceding the date of the market purchase by our Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which our Company announces its intention to make an offer for the off-market purchase or acquisition of Shares from holders of Shares, stating therein purchase price (which shall not be more than the Maximum Price for an off-market purchase calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing 10% of the post-Offering issued Shares;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of a market purchase of a Share, 105% of the Average Closing Price and in the case of an off-market purchase of a Share, 120% of the Average Closing Price; and

"**Stabilising Period**" means the period from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager or persons acting on its behalf has bought on the SGX-ST an aggregate of 1,808,900 Shares, to undertake stabilising actions.

For further details on the Share Purchase Mandate, see "*Information on the Share Purchase Mandate*" as set out in Appendix I of this Prospectus.

The authority for the Enhanced Rights Issue Limit was pursuant to the SGX-ST news release of 13 March 2017 and the Listing Manual which introduced measures aimed at helping companies raise funds expediently for expansion activities or working capital and will be in effect until 31 December 2018 by which date the Shares issued pursuant to the Enhanced Rights Issue Limit must be listed. Our Directors are of the view that the Enhanced Rights Issue Limit is in the interests of our Company and our Shareholders.

CURRENT SHAREHOLDERS AND VENDOR

The table below sets out the names of each Substantial Shareholder of our Company, which means a Shareholder who is known by our Company to beneficially own 5.0% or more of our issued Shares, each Director (including our Executive Chairman and Chief Executive Officer) who has an interest in the Shares and the Vendor, and the number and percentage of Shares in which each of them has an interest (whether direct or deemed) as at the Latest Practicable Date and immediately after the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares. Our Directors and Executive Officers may, subject to applicable laws, subscribe for the Public Offer Shares and/or the Placement Shares. In such cases, we will make announcements via SGXNET as soon as practicable.

To our knowledge, as at the Latest Practicable Date, no person intends to subscribe for more than 5.0% of the Shares in the Offering.

All Shares owned by our Substantial Shareholders and Directors (including our Executive Chairman and Chief Executive Officer) carry the same voting rights as the Offering Shares.

Percentage ownership is based on, as the case may be,

(1) 180,000,000 Shares outstanding as at the Latest Practicable Date (after adjusting for the Share Split); and

(2) 241,600,000 Shares outstanding immediately after completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares (after adjusting for the Share Split).

Name	As at the Latest Practicable Date				Immediately after the Offering and the issue of the Cornerstone Shares and the Consideration Shares (assuming the Over-allotment Option is not exercised)				Immediately after the Offering and the issue of the Cornerstone Shares and the Consideration Shares (assuming the Over-allotment Option is exercised in full)			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares (million)	%	No. of Shares (million)	%	No. of Shares (million)	%	No. of Shares (million)	%	No. of Shares (million)	%	No. of Shares (million)	%
Directors												
Mr David Chiem Phu An[(1)]	–	–	140.40	78.0	1.71	0.71	126.61	52.40[(2)]	1.71	0.71	124.80	51.65[(2)]
Ms Catherine Du[(1)]	–	–	140.40	78.0	1.71	0.71	126.61	52.40[(2)]	1.71	0.71	124.80	51.65[(2)]
Ms Janice Wu Sung Sung	–	–	–	–	–	–	–	–	–	–	–	–
Mr Philip Antony Jeyaretnam	–	–	–	–	–	–	–	–	–	–	–	–
Mr Lee Suan Hiang	–	–	–	–	–	–	–	–	–	–	–	–
Mr Phua Chin Chor	–	–	–	–	–	–	–	–	–	–	–	–
Substantial Shareholders												
MindChamps Holdings Pte. Limited[(1),(3)]	140.40	78.0	–	–	124.90	51.70	–	–	123.09	50.95	–	–
Champion Minds Pte. Limited[(1)]	–	–	140.40	78.0	–	–	124.90	51.70	–	–	123.09	50.95
Invest Learning Pte. Ltd.[(3),(4)]	39.60	22.0	–	–	48.32	20.00	–	–	48.32	20.00	–	–
Singapore Press Holdings Limited[(4)]	–	–	39.60	22.0	–	–	48.32	20.00	–	–	48.32	20.00

Name	As at the Latest Practicable Date				Immediately after the Offering and the issue of the Cornerstone Shares and the Consideration Shares (assuming the Over-allotment Option is not exercised)				Immediately after the Offering and the issue of the Cornerstone Shares and the Consideration Shares (assuming the Over-allotment Option is exercised in full)			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares (million)	%	No. of Shares (million)	%	No. of Shares (million)	%	No. of Shares (million)	%	No. of Shares (million)	%	No. of Shares (million)	%
Other Shareholders												
Employees and consultants[(1), (5)]	–	–	–	–	1.29	0.53	–	–	1.29	0.53	–	–
Holders of Consideration Shares[(6)]	–	–	4.29	2.38	4.29	1.78	–	–	4.29	1.78	–	–
Cornerstone Investors[(7)]	–	–	24.11	13.40	28.93	11.97	–	–	28.93	11.97	–	–
New investors in the Offering	–	–	–	–	30.45	12.60	–	–	32.26	13.35	–	–
Total	**180.0**	**100.0**	**–**	**–**	**241.60**	**100.0**	**–**	**–**	**241.60**	**100.0**	**–**	**–**

Notes:

(1) MindChamps Holdings directly holds Shares. Each of Mr David Chiem Phu An and Ms Catherine Du holds 35.4% of the issued ordinary shares of Champion Minds, which in turn wholly-owns MindChamps Holdings. Accordingly, for purposes of Section 4 of the SFA, each of Mr David Chiem Phu An, Ms Catherine Du and Champion Minds is deemed to be interested in the Shares held by MindChamps Holdings. In addition, Mr David Chiem Phu An and Ms Catherine Du are spouses and are deemed to be interested in the Shares in which the other person has an interest. As each of them already has a deemed interest in the Shares held by MindChamps Holdings, such interest has not been additionally accounted for as their deemed interest in Shares in which their spouse has an interest.

It is intended that shortly before the Listing Date, MindChamps Holdings will transfer an aggregate of 4,711,518 Shares (the "**Transfer Shares**") to the shareholders of Champion Minds, being Mr David Chiem Phu An, Ms Catherine Du, Mr Teo Wee Jone, Ms Peh Poh Geok, Geoconcepts International (Singapore) Pte. Ltd. ("**Geoconcepts**", an entity indirectly controlled by Mr Brian Paul Caswell and his wife) and Watglen Pty Ltd (an entity controlled by Professor Allan Snyder and his wife) (together, the "**Transferees**").

Such transfers (the "**MCH Share Transfers**") are intended by MindChamps Holdings to reward the Pioneers (as defined below) for their past contributions to the MindChamps Holdings group of companies and will be made for no consideration. The number of Transfer Shares to be transferred to each of the Transferees will be in proportion to the Pioneers' respective shareholding interest in Champion Minds, save that Mr Brian Paul Caswell will be receiving a portion by way of S$100,000 in cash and the number of Transfer Shares to be transferred to him has been reduced accordingly. The aggregate value of such cash and Transfer Shares has been derived according to Mr Brian Paul Caswell's *pro rata* shareholding interest in Champion Minds vis-à-vis the other shareholders of Champion Minds, and taking into consideration an indicative Offering Price applied consistently to ascertain the aggregate value of the Transfer Shares to be given to each of the Pioneers.

The numbers of Transfer Shares to be transferred to each of Mr David Chiem Phu An, Ms Catherine Du, Mr Teo Wee Jone, Ms Peh Poh Geok, Geoconcepts and Watglen Pty Ltd are 1,710,528 Shares, 1,710,528 Shares, 241,600 Shares, 241,600 Shares, 217,758 Shares and 589,504 Shares, respectively, which constitute approximately 0.71%, 0.71%, 0.10%, 0.10%, 0.09% and 0.24% of our issued share capital immediately after completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares, respectively.

Mr David Chiem Phu An, Ms Catherine Du, Mr Teo Wee Jone, Ms Peh Poh Geok, Mr Brian Paul Caswell (through Lynswag Pty Limited, the holding company of Geoconcepts) and Mr Allan Synder (through Watglen Pty Ltd) (the "**Pioneers**") became shareholders of Champion Minds on or before July 2014. Upon completion of the MCH Share Transfers, the Pioneers (in the case of Mr Brian Paul Caswell and Mr Allan Synder, together with their wives) will be the beneficial owners of the Transfer Shares and will not be holding their beneficial interests in the Transfer Shares as nominees of or in trust for any other party. The Transfer Shares to be transferred to Mr Teo Wee Jone, Ms Peh Poh Geok and Watglen Pty Ltd will form part of the post-Offering share capital in public hands for purposes of Rule 210(1)(a) of the Listing Manual.

(2) Upon completion of the MCH Share Transfers, each of Mr David Chiem Phu An and Ms Catherine Du will have a direct interest in the 1,710,528 Shares which they will each directly hold. In addition, being spouses, they will have a deemed interest in the Shares held by the other person. Accordingly, Mr David Chiem Phu An's deemed interest immediately after the Offering and the issue of the Cornerstone Shares and the Consideration Shares is calculated as the Shares directly held by MindChamps Holdings and Ms Catherine Du respectively, in which he is deemed to have an interest. Ms Catherine Du's deemed interest immediately after the Offering and the issue of the Cornerstone Shares and the Consideration Shares is also calculated on the same basis. As each of them already has a deemed interest in the Shares held by MindChamps Holdings, such interest has not been additionally accounted for as their deemed interest in Shares in which their spouse has an interest.

(3) Pursuant to a share purchase agreement entered into between MindChamps Holdings and Invest Learning on 9 November 2017, shortly before the Listing Date, MindChamps Holdings will transfer the 8,720,000 Sale Shares to Invest Learning.

(4) Invest Learning directly holds Shares. Invest Learning is a Singapore-incorporated holding company which is wholly-owned by SPH. Accordingly, for purposes of Section 4 of the SFA, SPH is deemed to be interested in the Shares held by Invest Learning and the Sale Shares to be acquired by Invest Learning.

(5) This comprises our Executive Officers Mr Teo Wee Jone and Ms Peh Poh Geok, Geoconcepts (an entity indirectly controlled by Mr Brian Paul Caswell and his wife) and Watglen Pty Ltd (an entity controlled by Professor Allan Snyder and his wife), who will each be transferred Shares from MindChamps Holdings shortly before the Listing Date pursuant to the MCH Share Transfers as described in footnote (1) above.

(6) This comprises the minority shareholders of MindChamps Serangoon and MindChamps Zhongshan Park who will be issued the Consideration Shares on or around the Listing Date. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions*" for further details. As at the Latest Practicable Date, the minority shareholders have a deemed interest in the Consideration Shares to be acquired by them.

(7) As at the Latest Practicable Date, the Cornerstone Investors which have entered into Cornerstone Subscription Agreements have a deemed interest in such Cornerstone Shares which they have agreed to subscribe for.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

There were no significant changes in the percentage of ownership of our Company in the last three years prior to the Latest Practicable Date.

VENDOR

The Vendor will be selling 2,072,569 Vendor Shares in the Offering and 1,808,900 Additional Shares through the provision of the Over-allotment Option (assuming the Over-allotment Option is exercised in full), comprising in aggregate approximately 2.2% of our share capital prior to the Offering and the issue of the Cornerstone Shares and the Consideration Shares, and approximately 1.6% of our share capital immediately after the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

CHANGES IN ISSUED SHARE CAPITAL

Details of the changes in the issued and paid-up capital of our Company and our subsidiaries for the last three years prior to the Latest Practicable Date are set out in the table below:

MindChamps PreSchool @ Zhongshan Park Pte. Ltd.

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
30 November 2015	500,000	S$1	Increase in capital	S$600,000

MindChamps PreSchool @ Leisure Park Kallang Pte. Limited

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
14 December 2016	100	S$1	Allotment on incorporation	S$100

MindChamps Early Learning & Care @ Broadway Pty. Limited

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
4 May 2017	1,000	A$1	Allotment on incorporation	A$1,000

MindChamps Early Learning & Care @ Eastwood Pty. Limited

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
4 May 2017	1,000	A$1	Allotment on incorporation	A$1,000

MindChamps Early Learning & Care @ Cherrybrook Pty. Limited

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
4 May 2017	1,000	A$1	Allotment on incorporation	A$1,000

MindChamps Early Learning & Care @ Hornsby Pty. Limited

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
5 May 2017	1,000	A$1	Allotment on incorporation	A$1,000

Champion Mindset Academy Pte. Limited

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
22 May 2017	702,990	S$1	Increase in capital	S$1,000,000

INFORMATION ON THE CORNERSTONE INVESTORS

At the same time as but separate from the Offering, each of the Cornerstone Investors has entered into a cornerstone subscription agreement with our Company to subscribe, at the Offering Price, for an aggregate of 28,930,800 Cornerstone Shares, conditional upon, among others, the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date. The Cornerstone Investors are:

CFCG Investment Partners International (Singapore) Pte. Ltd.

CFCG Investment Partners International (Singapore) Pte. Ltd. is an investment company that is wholly owned by China First Capital Group Limited ("**CFCG**") which is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

CFCG focuses on the operation of a complete education industry chain and offering diversified financial services. It has been providing financial services since 2014, and ventured into education operations in 2016. Guided by its "Education Operation plus Financial Services" strategy, CFCG intends to build an operations, investment and financing platform for education, as a complement to its wide-ranging financial services units. It focuses on investing in benchmark assets and bolt-on assets in the education sector.

Gaoling Fund, L.P. and YHG Investment, L.P.

Gaoling Fund, L.P. and YHG Investment, L.P. (together, the "**Hillhouse Funds**") are limited partnerships formed under the laws of the Cayman Islands. Hillhouse Capital Management, Ltd. ("**Hillhouse Capital**") serves as the sole investment manager of Gaoling and the sole general partner of YHG.

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, technology, media and telecommunications, advanced manufacturing, financials and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage more than US$30 billion in assets on behalf of institutional clients such as university endowments, foundations, sovereign wealth funds, and family offices.

Target Asset Management Pte Ltd

Target Asset Management was established in Singapore in April 1996. It specializes in equity investment in Asian markets and practices value investing philosophy. The company was founded by Mr. Teng Ngiek Lian who has more than 45 years of industrial and investment experience in Asia.

Business Cooperation Agreement

We have on 24 October 2017, entered into a Heads of Terms – Business Cooperation Agreement (the "**Agreement**") with CFCG and Hillhouse Capital, pursuant to which we have agreed to treat CFCG and Hillhouse Capital as our exclusive business partners to invest in, acquire, build, and/or manage preschools, kindergartens or otherwise engage in any early childhood care or early childhood education businesses under the "MindChamps" brand in the People's Republic of China, including Hong Kong and Macau (the "**Purposes**").

In this regard, the agreement provides that our Company, CFCG and Hillhouse Capital or any of their respective affiliates and associated companies (together, the "**Parties**") shall prepare and discuss a definitive business cooperation agreement (the "**Definitive BCA**"), targeted to be entered into within six months from the date of consummation of the Offering. The Definitive BCA shall have a term of at least 10 years, renewable upon further mutual agreement between the Parties, or as otherwise agreed upon and set forth in the Definitive BCA.

From the date of the Agreement and until 12 months after the date of consummation of the Offering (the "**Long Stop Date**", which may be extended upon mutual agreement of the parties), we shall not enter into any letters of intent, term sheets, memoranda of understanding, heads of terms, agreements or any similar documents, or enter into any discussions or negotiations with a purpose to conclude such a document in relation to the Purposes with any party other than CFCG and Hillhouse Capital, unless with their consent. Such restriction shall not apply to any matter which we are obliged to carry out pursuant to any legally binding obligation that we have entered into prior to the date of the Agreement.

The Agreement will terminate if the Definitive BCA has not been signed by the Parties by the Long Stop Date, unless such deadline is extended by agreement of the parties.

The business cooperation and collaboration between the parties for the Purposes may be carried out in such manner including but not limited to the formation of investment funds, setting up of joint venture(s) and/or management companies, and/or the entering into of master franchise agreements, which shall be subject to further terms and conditions to be discussed and agreed upon between the Parties and to be set forth in the Definitive BCA.

The parties will further explore opportunities in the preschool, kindergarten, early childhood care or early childhood education sectors in other geographic areas including in particular Australia and the United States of America.

CHANGE IN CONTROL OF OUR COMPANY

To our knowledge, save as disclosed in the section entitled "– *Current Shareholders and Vendor*" of this Prospectus, our Company is not owned or controlled by any government or any other person and will not be owned or controlled by any government or any other person immediately after the completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

As at the date hereof, we are not currently aware of any arrangement the operation of which may, at a subsequent date, result in a change of control of our Company.

DESCRIPTION OF THE SHARES

The following statements are brief summaries of the more important rights and privileges of Shareholders conferred by the laws of Singapore and our Constitution. These statements summarise the material provisions of our Constitution but are qualified in their entirety by reference to our Constitution and the laws of Singapore. See "Appendix G – Summary of our Constitution".

SHARES

The Shares, which have identical rights in all respects, rank equally with one another. Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board may think fit, and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations.

All of the Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in the circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of the Shares.

NEW SHARES

We may only issue new Shares with the prior approval of our Shareholders in a general meeting.

SHAREHOLDERS

We only recognise the persons who are registered in our register of members and, in cases in which the person so registered is CDP or its nominee, as the case may be, we recognise the persons named as the Depositors in the Depository Register (as defined in the SFA) maintained by CDP for the Shares as holders of the Shares.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any of the Shares, or any interest in any fractional part of a Share, or other rights in respect of any Share, other than the absolute right thereto of the person whose name is entered in our register of members as the registered holder thereof, or of the person whose name is entered in the Depository Register maintained by CDP for that Share.

We may close our register of members at any time or times if we provide the SGX-ST with at least five clear Market Days' notice, or such other periods as may be prescribed by the SGX-ST. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine Shareholders' entitlement to receive dividends and other distributions.

TRANSFER OF SHARES

There is no restriction on the transfer of fully paid-up Shares except where required by law or the listing rules of, or bye-laws and rules, governing any securities exchange upon which the Shares are listed or as provided in our Constitution. Our Board may in their discretion decline to register any transfer of Shares on which we have a lien and in the case of Shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve. A Shareholder may transfer any Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by any securities exchange upon which the Shares are listed or in any other form acceptable to our Directors. Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A Shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed S$2.00, and furnishes such evidence and a letter of indemnity as our Board may require.

GENERAL MEETINGS OF OUR SHAREHOLDERS

We are required to hold a general meeting of Shareholders every year and not more than 15 months after the holding of the last preceding annual general meeting. Upon the coming into force of certain relevant amendments to the Companies Act envisaged under the Companies (Amendment) Act 2017 in future, we will be required to hold a general meeting of Shareholders within four months from the end of our financial year. Our Board may convene an extraordinary general meeting whenever they think fit and it must do so upon the written request of Shareholders holding not less than 10.0% of the total number of paid-up Shares as carries the right to vote at general meetings (disregarding paid-up Shares held as treasury shares). In addition, two or more Shareholders holding not less than 10.0% of our total number of issued Shares may call a meeting of our Shareholders.

Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including:

- voluntary winding-up;
- amendments to our Constitution;
- a change of our corporate name; and
- a reduction in the share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. For so long as the Shares are listed on the SGX-ST, at least 14 days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press.

The notice must be given to every Shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

VOTING RIGHTS

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 72 hours before the general meeting.

Except as otherwise provided in our Constitution, two or more Shareholders must be present in person or by proxy or attorney to constitute a quorum at any general meeting. Under our Constitution:

- on a show of hands, every Shareholder present in person or by proxy shall have one vote, provided that:
  - o in the case of a Shareholder who is not a relevant intermediary (as defined below) and who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman of the meeting) in his sole discretion shall be entitled to vote on a show of hands); and
  - o in the case of a Shareholder who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and
- on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents.

The following types of members ("**relevant intermediaries**" and each a "**relevant intermediary**") are allowed to appoint more than two proxies: (i) a licensed bank or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity; (ii) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and (iii) the CPF Board, in respect of shares purchased on behalf of CPF members.

The Listing Manual requires all resolutions at general meeting to be voted by poll. A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- by not less than two Shareholders present in person or by proxy and entitled to vote at the meeting;
- by any Shareholder present in person or by proxy and representing not less than 5.0% of the total voting rights of all Shareholders having the right to vote at the meeting; and
- by any Shareholder present in person or by proxy and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid-up equal to not less than 5.0% of the total sum paid up on all the shares conferring that right.

In the case of a tie vote, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

LIMITATIONS ON RIGHTS TO HOLD SHARES

Singapore law and our Constitution do not impose any limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights attached to the Shares.

DIVIDENDS

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. Our Board may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profit(s) available for distribution.

All dividends we pay are *pro rata* in amount to our Shareholders in proportion to the amount paid up or credited as paid on each Shareholder's Shares, unless the rights attaching to an issue of any share or class of shares provide otherwise.

Unless otherwise directed, dividends may be paid by a cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of members or (as the case may be) the Depository Register. However, our payment to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

BONUS AND RIGHTS ISSUE

Our Board may, with the approval from our Shareholders at a general meeting, capitalise any sums standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit or loss account and distribute the same as bonus Shares credited as paid-up to the Shareholders in proportion to their shareholdings.

Our Board may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms as our Board shall think fit.

Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any securities exchange upon which the Shares are listed.

TAKE-OVERS

Under the Singapore Take-Over Code, issued by the MAS pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting shares must extend a take-over offer for the remaining voting shares in accordance with the provisions of the Singapore Take-Over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six-month period. Under the Singapore Take-Over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

(a) the following companies:

  (i) a company;

  (ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:

(i) the adviser and persons controlling, controlled by or under the same control as the adviser; and

(ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10.0% or more of the customer's equity share capital;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

(i) an individual;

(ii) the close relatives of (i);

(iii) the related trusts of (i);

(iv) any person who is accustomed to act in accordance with the instructions of (i);

(v) companies controlled by any of (i), (ii), (iii) or (iv); and

(vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-Over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six months.

LIQUIDATION OR OTHER RETURN OF CAPITAL

If we are liquidated or in the event of any other return of capital, holders of the Shares will be entitled to participate in the distribution of any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company.

INDEMNITY

As permitted by Singapore law, our Constitution provides that our Company may, subject to the provisions of and so far as may be permitted by the Companies Act, indemnify our Board and officers against any liability incurred or to be incurred by them in the execution of their duties.

Subject to certain exceptions, our Company may not indemnify our Board and our officers against any liability attaching to them in connection with any negligence, default, breach of duty or breach of trust in relation to our Company. Such exceptions are: (i) the purchase and maintenance for our Directors and officers of insurance against any such liability; and (ii) circumstances where the provision for indemnity is against liability incurred by our Directors and officers to a person other than our Company, except when the indemnity is against (a) any liability of our Director or officer to pay a fine in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or (b) any liability incurred by our Director or officer (1) in defending criminal proceedings in which he is convicted; (2) in defending civil proceedings brought by our Company or a related company in which judgment is given against him; or (3) in connection with an application for relief under Section 76A(13) or Section 391 of the Companies Act in which the court refuses to grant him relief.

SUBSTANTIAL SHAREHOLDINGS

Under the SFA, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more voting shares (excluding treasury shares) in our Company and the total votes attached to that share or those shares, is not less than 5.0% of the aggregate of the total votes attached to all voting shares (excluding treasury shares) in our Company.

The SFA requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice to us using the forms prescribed by the MAS (which are available at www.mas.gov.sg) of particulars of the voting shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the SFA is two Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- of any change in the percentage level in his interest; or
- that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being "aware" of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

"Percentage level", in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

MINORITY RIGHTS

Section 216 of the Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or

- if we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;

- regulate the conduct of our affairs in the future;

- authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;

- direct us or some of our Shareholders to purchase a minority Shareholder's Shares and, in the case of our purchase of Shares, a corresponding reduction of our share capital;

- direct that our Constitution be amended; or

- direct that we be wound up.

In addition, Section 216A of the Companies Act allows a complainant (including a minority shareholder) to apply to court for leave to bring an action in a court proceeding or to commence an arbitration proceeding in the name and on behalf of a company.

LEGAL FRAMEWORK

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board, which are qualified in their entirety by reference to the laws of Singapore.

Singapore has a common law system based on a combination of case law and statutes. The Companies Act is the principal legislation governing companies incorporated under the laws of Singapore and provides for three main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with the Accounting and Corporate Regulatory Authority in Singapore certain electronic forms, including the constitutional documents which comprise its constitution.

The constitution of a Singapore incorporated company may set out the specific objects and powers of the company, or may give the company full power to carry on or undertake any business activity. The constitution generally contains provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors' meetings, powers and duties of directors, accounts, dividends and reserves, capitalisation of profits, secretary, common seal, winding-up and indemnity of the officers of a company.

The statements made herein regarding taxation are general in nature and based on certain aspects of current tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as at the date of this Prospectus and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below are not to be regarded as advice on the tax position of any holder of the Shares or of any person acquiring, selling or otherwise dealing with the Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of the Shares. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective Shareholders are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Shares. The statements below are based on the assumption that our Company is tax resident in Singapore for Singapore income tax purposes. It is emphasised that neither our Company nor any other persons involved in this Prospectus accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Shares.

INDIVIDUAL INCOME TAX

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore ("**Comptroller**") is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates ranging from 0.0% to 22.0%. Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 22.0%.

CORPORATE INCOME TAX

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met, including the following:

(i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and

(ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15.0%.

Certain concessions and clarifications have also been announced by the IRAS with respect to such conditions.

A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore, and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

The corporate tax rate in Singapore is currently 17.0%. In addition, three-quarters of up to the first S$10,000, and one-half of up to the next S$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate. New companies will also, subject to certain conditions and exceptions, be eligible for full tax exemption on their normal chargeable income of up to S$100,000 a year for each of the company's first three years of assessment.

DIVIDEND DISTRIBUTIONS

All Singapore-resident companies are currently under the one-tier corporate tax system ("**one-tier system**").

Dividends received in respect of the Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that our Company is a tax resident of Singapore and under the one-tier system.

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

GAINS ON DISPOSAL OF SHARES

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of the Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore.

Shareholders who apply, or who are required to apply, FRS 39 or FRS 109 may for the purposes of Singapore income tax be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 or FRS 109 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Shares is made.

Shareholders who may be subject to this tax treatment should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Shares.

TAXATION

STAMP DUTY

There is no stamp duty payable on the subscription for the Shares.

Where the Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the agreement or instrument of transfer of the Shares at the rate of 0.2% of the consideration for, or market value of, the Shares, whichever is higher.

Stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an agreement or instrument of transfer is executed outside Singapore or no agreement or instrument of transfer is executed, no stamp duty is payable on the acquisition of the Shares. However, stamp duty may be payable if the agreement or instrument of transfer is executed outside Singapore and is received in Singapore.

Stamp duty is not applicable to electronic transfers of the Shares through the scripless trading system operated by CDP.

ESTATE DUTY

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

GOODS AND SERVICES TAX

The sale of the Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where the Shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0.0%. Any input GST incurred by the GST-registered investor in making such a supply in the course of or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of the Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of the Shares will be subject to GST at the standard rate of 7.0%. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to the satisfaction of certain conditions, be subject to GST at 0.0%.

The Offering comprises 28,377,031 New Shares and 2,072,569 Vendor Shares (representing in aggregate 12.6% of our Company's share capital immediately after completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares) for subscription and/or purchase under the Placement and the Public Offering, subject to the Over-allotment Option. At the same time as but separate from the Offering, the Cornerstone Investors have entered into Cornerstone Subscription Agreements with our Company to subscribe for the Cornerstone Shares at the Offering Price, conditional upon, among others, the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date.

The Offering Price was determined after a book-building process and agreed among our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter, after taking into account, among other things, the prevailing market conditions. 28,449,600 Shares are being offered under the Placement and 2,000,000 Shares are being offered under the Public Offering. The Shares may be re-allocated between the Placement and the Public Offer at the discretion of the Sole Issue Manager, Bookrunner and Underwriter, following consultation with our Company and the Vendor, subject to any applicable laws.

The Public Offering is open to members of the public in Singapore. Under the Placement, the Shares are being offered by way of an international placement through the Sole Issue Manager, Bookrunner and Underwriter to investors, in offshore transactions as defined in and in reliance on Regulation S.

The closing of the Offering is conditional upon, among other things, the closing of the transactions contemplated in the underwriting agreement dated 17 November 2017 (the "**Underwriting Agreement**") entered into among our Company and the Vendor and the Sole Issue Manager, Bookrunner and Underwriter, including, among others, the fulfilment or waiver by the SGX-ST of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of the Shares on the Mainboard of the SGX-ST.

THE UNDERWRITING AGREEMENT

Subject to the terms and conditions set forth in the Underwriting Agreement, we and the Vendor will effect the issue or sale (as the case may be) of, and the Sole Issue Manager, Bookrunner and Underwriter is expected to procure subscribers, or failing which to subscribe for, an aggregate of 59,380,400 Shares (being the Offering Shares and the Cornerstone Shares). See "*Use of Proceeds – Expenses*" for information on the fees and commissions payable by us and the Vendor to the Sole Issue Manager, Underwriter and Bookrunner.

Our Company and the Vendor have agreed in the Underwriting Agreement to indemnify the Sole Issue Manager, Bookrunner and Underwriter against certain liabilities.

The Underwriting Agreement also provides that the obligations of the Sole Issue Manager, Bookrunner and Underwriter to procure subscribers or purchasers, or failing which to subscribe for or purchase the Offering Shares and the Cornerstone Shares are subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Sole Issue Manager, Bookrunner and Underwriter at any time prior to the issue and delivery of the Shares, pursuant to the terms and subject to the conditions of the Underwriting Agreement upon the occurrence of certain events including, among other things, certain force majeure events.

Purchasers and/or subscribers of the Placement Shares will be required to pay to the Sole Issue Manager, Bookrunner and Underwriter a brokerage fee of up to 1.0% of the Offering Price, as well as stamp duty and other similar charges to the relevant authorities in accordance with the laws and practices of the country of purchase, at the time of settlement.

RESERVED SHARES

2,438,000 Offering Shares out of the Shares in the Placement have been reserved for subscription or purchase by the management, employees and business associates of our Company and our subsidiaries who have contributed to our success (to be determined by us at our sole discretion). If any of the Reserved Shares are not taken up, they will be available to satisfy over-subscription (if any) for the Offering Shares in the Placement and/or the Public Offering. Reserved Shares subscribed or purchased will be, except as restricted by applicable securities laws, available for resale following the Offering.

OVER-ALLOTMENT OPTION

In connection with the Offering, MindChamps Holdings has granted the Sole Issue Manager, Bookrunner and Underwriter the Over-allotment Option exercisable by the Stabilising Manager (or persons acting on its behalf), in full or in part, on one or more occasions, to purchase up to an aggregate of 1,808,900 Shares at the Offering Price, representing approximately 5.9% of the total number of Offering Shares, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or persons acting on its behalf) has bought on the SGX-ST an aggregate of 1,808,900 Shares, representing approximately 5.9% of the total number of Offering Shares, to undertake stabilising actions. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after the completion of the Offering.

SHARE LENDING AGREEMENT

In connection with the Over-allotment Option, the Stabilising Manager has entered into a share lending agreement dated 17 November 2017 (the "**Share Lending Agreement**") with MindChamps Holdings pursuant to which the Stabilising Manager (or persons acting on its behalf) may borrow up to 1,808,900 Shares from it, which will be borrowed before the commencement of trading of the Shares on the SGX-ST, to cover over-allotments, if any. Any Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to MindChamps Holdings by no later than five Business Days following the earlier of (i) the last date for exercising the Over-allotment Option and (ii) the date on which the Over-allotment Option is exercised, either through the purchase of Shares in the open market by the Stabilising Manager in the conduct of stabilisation activities or through the exercise of the Over-allotment Option by the Stabilising Manager on behalf of itself and the Sole Issue Manager, Bookrunner and Underwriter.

NO SALE OF SIMILAR SECURITIES AND LOCK-UP

Our Company

We have agreed with the Sole Issue Manager, Bookrunner and Underwriter that, from the date of the Underwriting Agreement until the date falling six months from the Listing Date, we will not, without the prior written consent of the Sole Issue Manager, Bookrunner and Underwriter, directly or indirectly, (i) allot, offer, issue, sell, contract to issue, grant any option, warrant or other right to subscribe or purchase, grant security over, encumber (whether by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise), or otherwise dispose of or transfer, any Shares or any other securities of the Company or any subsidiary of our

Company (including any equity-linked securities, perpetual securities and any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase such Shares or any other securities of our Company or any subsidiary of our Company), whether such transaction is to be settled by delivery of Shares or other securities of our Company or subsidiary of our Company, or in cash of otherwise, (ii) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any securities of our Company or any subsidiary of our Company, or any interest in any of the foregoing (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of our Company or any subsidiary of our Company), whether such transaction is be settled by delivery of Shares or other securities of the Company or subsidiary of our Company, or in cash of otherwise, (iii) deposit any Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of our Company or any subsidiary of our Company) in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with the obligations under these restrictions), (iv) enter into a transaction which is designed or which may reasonably be expected to result in any of the above, or (v) announce or publicly disclose any intention to do any of the above, provided, however, that the foregoing restrictions shall not apply in respect of the Offering Shares, the Cornerstone Shares, the Consideration Shares and any shares which may be issued pursuant to the PSP and the SOP.

Mr David Chiem Phu An, Ms Catherine Du, Champion Minds and MindChamps Holdings

As at the date of this Prospectus, MindChamps Holdings directly holds 140,400,000 Shares.

As described in "*Share Capital and Shareholders – Current Shareholders and Vendor*", pursuant to a share purchase agreement entered into between MindChamps Holdings and Invest Learning, shortly before the Listing Date, MindChamps Holdings will transfer the 8,720,000 Sale Shares to Invest Learning.

Pursuant to the MCH Share Transfers described in "*Share Capital and Shareholders – Current Shareholders and Vendor*", MindChamps Holdings will transfer an aggregate of 4,711,518 Shares to Mr David Chiem Phu An, Ms Catherine Du, Mr Teo Wee Jone, Ms Peh Poh Geok, Geoconcepts (an entity indirectly controlled by Mr Brian Paul Caswell and his wife) and Watglen Pty Ltd (an entity controlled by Professor Allan Snyder and his wife) for no consideration.

Immediately following completion of the Offering, the issue of the Cornerstone Shares and the Consideration Shares and the transfer of the Sale Shares and the Transfer Shares, MindChamps Holdings will directly hold 124,895,913 Shares, representing approximately 51.70% of our post-Offering share capital (assuming the Over-allotment Option is not exercised). Mr David Chiem Phu An, Ms Catherine Du and Champion Minds are deemed to have an interest in the Shares held by MindChamps Holdings, and Mr David Chiem Phu An and Ms Catherine Du will, also as a result of the MCH Share Transfers, each have a direct interest in 1,710,528 Shares, representing approximately 0.71% of our post-Offering share capital. In addition, Mr David Chiem Phu An and Ms Catherine Du are spouses and have a deemed interest in the Shares held by the other person.

Each of Mr David Chiem Phu An, Ms Catherine Du, Champion Minds and MindChamps Holdings has given moratorium undertakings in respect of Shares which he, she or it legally and/or beneficially owns, directly or indirectly, as at the date of their respective undertaking and which he, she or it will own on the Listing Date (the "**Relevant Shares**").

Each of Mr David Chiem Phu An, Ms Catherine Du, Champion Minds and MindChamps Holdings has given an undertaking to the Sole Issue Manager, Bookrunner and Underwriter that he, she or it, as the case may be, will not, during the period commencing from the date of the moratorium undertaking to such date falling six months commencing from the Listing Date (the "**Lock-up Period**") and without the prior written consent of the Sole Issue Manager, Bookrunner and Underwriter, directly or indirectly:

(a) (in the case of Mr David Chiem Phu An, Ms Catherine Du and Champion Minds) reduce his, hers or its effective shareholding interest in our Company below the level of such effective interest as at the Listing Date;

(b) offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of any of his, hers or its Relevant Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of his, hers or its Relevant Shares;

(c) enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, including any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of his, hers or its Relevant Shares (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of his, hers or its Relevant Shares), whether such swap, hedge or arrangement is to be settled by delivery of such Relevant Shares or such other securities, in cash or otherwise;

(d) deposit any of his, hers or its Relevant Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase any of his, hers or its Relevant Shares or part thereof) in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with obligations under the moratorium undertaking), whether any such transaction described above is to be settled by the delivery of his, hers or its Relevant Shares or such other securities, in cash or otherwise;

(e) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) announce or publicly disclose any intention to do any of the above.

In respect of the undertakings given by Mr David Chiem Phu An, Ms Catherine Du, Champion Minds and MindChamps Holdings, the foregoing restrictions do not apply to:

(i) (A) the Vendor Shares to be sold by MindChamps Holdings and (B) the transfer of Shares by MindChamps Holdings pursuant to the Share Lending Agreement, provided that these restrictions will apply to the Shares returned to MindChamps Holdings pursuant to the Share Lending Agreement;

(ii) the Sale Shares to be transferred to Invest Learning shortly before the Listing Date pursuant to the share purchase agreement described above. Such Sale Shares transferred to Invest Learning will be subject to the undertakings given by SPH and Invest Learning in the manner described below;

(iii) the transfer of Shares to Mr David Chiem Phu An, Ms Catherine Du, Mr Teo Wee Jone, Ms Peh Poh Geok, Geoconcepts and Watglen Pty Ltd pursuant to the MCH Share Transfers. Such Shares to be transferred to Mr David Chiem Phu An and Ms Catherine Du will be subject to the undertakings given by each of them as described herein;

(iv) the creation of a charge over any Relevant Shares or other grant of security over or creation of any encumbrance over any Relevant Shares, provided that such charge, security or encumbrance can only be enforced after the Lock-up Period; or

(v) the transfer of any Relevant Shares to and between companies wholly-owned by Mr David Chiem Phu An or Ms Catherine Du or wholly-owned subsidiaries of Champion Minds or MindChamps Holdings, provided that such company or subsidiary has executed and delivered to the Sole Issue Manager, Bookrunner and Underwriter an undertaking substantially on the same terms to the effect that it will undertake to comply with the foregoing restrictions for the unexpired period of the Lock-up Period.

SPH and Invest Learning

As at the date of this Prospectus, Invest Learning directly holds 39,600,000 Shares and will upon the transfer of the Sale Shares directly hold 48,320,000 Shares, which will represent 20.0% of our post-Offering share capital.

SPH wholly-owns Invest Learning and accordingly, will have a deemed interest of 20.0% of our post-Offering share capital.

Each of SPH and Invest Learning has given moratorium undertakings in respect of Shares which it legally and/or beneficially owns, directly or indirectly, as at the date of their respective moratorium undertaking and which it will own on the Listing Date (the "**Relevant Shares**").

Each of SPH and Invest Learning has given an undertaking to the Sole Issue Manager, Bookrunner and Underwriter that it will not, during the Lock-up Period, without the prior written consent of the Sole Issue Manager, Bookrunner and Underwriter, directly or indirectly:

(a) (in the case of SPH) reduce its effective shareholding interest in our Company below the level of such effective interest as at the Listing Date;

(b) offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of any of its Relevant Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of its Relevant Shares;

(c) enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, including any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of its Relevant Shares (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of its Relevant Shares), whether such swap, hedge or arrangement is to be settled by delivery of such Relevant Shares or such other securities, in cash or otherwise;

(d) deposit any of its Relevant Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase any of its Relevant Shares or part thereof) in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with obligations under the moratorium undertaking), whether any such transaction described above is to be settled by the delivery of its Relevant Shares or such other securities, in cash or otherwise;

(e) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) announce or publicly disclose any intention to do any of the above.

In respect of the undertakings given by SPH and Invest Learning, the foregoing restrictions do not apply to:

(i) the creation of a charge over any Relevant Shares or other grant of security over or creation of any encumbrance over any Relevant Shares, provided that such charge, security or encumbrance can only be enforced after the Lock-up Period; or

(ii) the transfer of any Relevant Shares to and between wholly-owned subsidiaries of SPH (including without limitation, by way of a reconstruction or an amalgamation), provided that such subsidiary has executed and delivered to the Sole Issue Manager, Bookrunner and Underwriter an undertaking substantially on the same terms to the effect that it will undertake to comply with the foregoing restrictions for the unexpired period of the Lock-up Period.

The Consideration Shares

Pursuant to the MindChamps Serangoon SPA and the MindChamps Zhongshan Park SPA, the Consideration Shares are also subject to a lock-up for a period commencing from the date of allocation of the Consideration Shares and expiring on the date immediately prior to the first anniversary of such allocation date. The Consideration Shares are expected to be issued on or around the Listing Date. Such lock-up is a commercially-agreed arrangement and not pursuant to the listing rules of the SGX-ST. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions*" for more details on the MindChamps Serangoon SPA and the MindChamps Zhongshan Park SPA.

PRICE STABILISATION

In connection with the Offering, the Stabilising Manager (or persons acting on its behalf) may over-allot Shares or effect transactions that stabilise or maintain the market price of the Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on its behalf) will undertake any stabilising action. Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or persons acting on its behalf) has bought on the SGX-ST an aggregate of 1,808,900 Shares, representing approximately 5.9% of the total number of Offering Shares, to undertake stabilising actions.

Neither we, MindChamps Holdings nor the Sole Issue Manager, Bookrunner and Underwriter make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, neither we, MindChamps Holdings nor the Sole Issue Manager, Bookrunner and Underwriter make any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of the stabilising actions and the number of Shares in respect of which the Over-allotment Option has been exercised not later than 8.30 a.m. on the trading day of the SGX-ST immediately after the day of cessation of stabilising actions.

NO EXISTING PUBLIC MARKET

Prior to the Offering, there had been no trading market for the Shares. The Offering Price was determined after a bookbuilding process and agreed among our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter. Among the factors considered in determining the Offering Price of the Offering Shares were the prevailing market conditions, current market valuations of publicly traded companies that our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter believe to be reasonably comparable to our Group, an assessment of our Group's recent historical performance, estimates of our Group's business potential and earnings prospects, the current state of our Group's development and the current state of the industry and the economy as a whole.

SELLING AND TRANSFER RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Offering Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

No action has been or will be taken under the requirements of the legal or regulatory requirements of the United States or any other jurisdiction, except for the lodgment and registration of this Prospectus in Singapore in order to permit a public offering of the Offering Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of the Offering Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by us, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter.

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other persons, reproduce or otherwise distribute this Prospectus or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

United States of America

The Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and they may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In addition, until the expiration of 40 days after the Shares were bona fide offered to the public, an offer or sale of the Shares offered within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act. Shares sold pursuant to Regulation S may not be offered or resold within the United States, except under an exemption from the registration requirements of the Securities Act or under a registration statement declared effective under the Securities Act.

Hong Kong

Please be warned that the content of this Prospectus has not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice. The Offering Shares have not been, may not be, and will not be, offered or sold in Hong Kong, or offered or directed for sale from outside Hong Kong to any person in Hong Kong, by means of this Offering Memorandum or any document other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made thereunder (including, but not limited to the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong)), and/or (ii) in other circumstances which do not result in this Offering Memorandum or the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), or which do not constitute an offer to the public within the meaning of that ordinance. No advertisement, invitation or document relating to the Offering Shares has been issued or may be issued, or may be in the possession of any person, for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made thereunder (including but not limited to the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong)). This Prospectus and the information contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong. The Offering is not an offer for sale to the public in Hong Kong and it is not our intention that the Offering Shares be offered for sale to the public in Hong Kong.

Transfer Restrictions

Due to the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Shares offered and sold in reliance on Regulation S under the Securities Act.

Each person who subscribes for and/or purchases the Shares in offshore transactions in reliance on Regulation S under the Securities Act will be deemed to have acknowledged, represented to and agreed with us, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter as follows (terms used herein that are defined in Regulation S under the Securities Act are used herein as defined therein):

(a) it acknowledges (or if it is a broker-dealer, its customer has confirmed to it that such customer acknowledges) that such Shares have not been and will not be registered under the Securities Act or under any securities laws of any state of the United States;

(b) it certifies that either (A) it is, or at the time such Shares are purchased will be, the beneficial owner of such Shares, and (i) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S under the Securities Act) and (ii) it is not our affiliate or a person acting on behalf of such an affiliate, or (B) it is a broker-dealer acting on behalf of its customer, and its customer has confirmed to it that (i) such customer is, or at the time such Shares are purchased will be, the beneficial owner of such Shares, (ii) such customer is not a U.S. person and it is located outside the United States (within the meaning of Regulation S under the Securities Act) and (iii) such customer is not our affiliate or a person acting on behalf of such an affiliate; and

(c) it agrees (or if it is a broker-dealer, its customer has confirmed to it that such customer agrees) that it (or such customer) will not offer, sell, pledge or otherwise transfer such Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable securities laws of the states of the United States.

Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions shall not be recognised by us.

In addition, each prospective purchaser of the Offering Shares, by its acceptance thereof, will be deemed to have acknowledged that we, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any person representing us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained under this section of this Prospectus and agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it through its purchase of the Offering Shares are no longer accurate, it shall promptly notify us, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter, and if it is acquiring any of the Offering Shares as fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

OTHER RELATIONSHIPS

The Sole Issue Manager, Bookrunner and Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking and/or other commercial transactions. The Sole Issue Manager, Bookrunner and Underwriter and certain of its affiliates may have, from time to time, performed and may, in the future, engage in transactions with and/or performed one or more of the abovementioned services for our Group, the MCH Group and our or their affiliates in the ordinary course of business for which they received or will receive customary fees and expenses. The Sole Issue Manager, Bookrunner and Underwriter and certain of its affiliates may also, from time to time, trade in our securities and engage in transactions with our Group, the MCH Group and our or their affiliates in the ordinary course of business. It is expected that the Sole Issue Manager, Bookrunner and Underwriter and its affiliates will continue to provide such services to, and enter into such transactions with, our Group, the MCH Group and our or their affiliates in the future.

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Shares on the Mainboard of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot of the Shares will comprise 100 Shares. Upon listing and quotation on the SGX-ST, the Shares will be traded under the book-entry (scripless) settlement system of CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

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

The Shares will be registered in the name of CDP or its nominees and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under the SFA and our Constitution, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding the Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Constitution. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 or such other amount as our Directors may decide, is payable to the Share Registrar for each share certificate issued, and stamp duty of S$10.00 is also payable where the Shares are withdrawn in the name of the person withdrawing the Shares or S$0.20 per S$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and (where necessary) stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$10.00, subject to GST at the prevailing rate (currently 7.0%), is payable upon the deposit of each instrument of transfer with CDP. The above fee may be subject to such changes as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Pursuant to announced rules effective from 1 June 2014, transfers and settlements pursuant to on-exchange trades will be charged a fee of S$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S$75.00.

Transactions in the Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for transfer of the Shares that are settled on a book-entry basis.

CLEARANCE AND SETTLEMENT

A Singapore clearing fee for trades in the Shares on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee that CDP may charge may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealings of the Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for our Company by Allen & Gledhill LLP with respect to matters of Singapore law.

Certain legal matters in connection with the Offering will be passed upon for the Sole Issue Manager, Bookrunner and Underwriter by TSMP Law Corporation with respect to matters of Singapore law.

Each of Allen & Gledhill LLP and TSMP Law Corporation does not make, or purports to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and each of them makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Prospectus.

Nexia TS Public Accounting Corporation, Public Accountants and Chartered Accountants, Singapore, the Independent and Reporting Auditor for the purpose of complying with the SFA only, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of:

(i) its name and all references thereto;

(ii) its report dated 10 November 2017 titled “Independent and Reporting Auditor’s Report and the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2014, 2015 and 2016”;

(iii) its report dated 10 November 2017 titled “Independent and Reporting Auditor’s Report and the Unaudited Interim Consolidated Financial Statements for the Six-Month Period ended 30 June 2017”; and

(iv) its report dated 10 November 2017 titled “Independent and Reporting Auditor’s Report and the Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2016 and Six-Month Period ended 30 June 2017”,

in the form and context in which they are included in this Prospectus and to act in such capacity in relation to this Prospectus. The above-mentioned reports were prepared for the purpose of incorporation in this Prospectus.

With respect to the unaudited interim consolidated financial statements for 6M2017 included in this Prospectus, the Independent and Reporting Auditor has reported that limited procedures were applied in accordance with the professional standards for a review of such information. However, its separate report in this Prospectus states that it did not audit and it does not express an opinion on the interim financial statements. Accordingly, the degree of reliance on its reports on such information should be restricted in the light of the limited nature of the procedures applied.

Converging Knowledge, the Independent Market Research Consultant, was responsible for preparing the Independent Market Research Report and has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and its write-ups, statements and reports in the form and context in which they appear in this Prospectus, and to act in such capacity in relation to this Prospectus. The above-mentioned write-ups, statements and reports were prepared for the purpose of incorporation in this Prospectus.

None of the experts named in this Prospectus:

- is employed on a contingent basis by our Company or any member of our Group;
- has a material interest, whether direct or indirect, in the Shares or the shares or equity interests of any member of our Group; or
- has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Offering.

RESPONSIBILITY STATEMENT

1. Our Directors and MindChamps Holdings collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, our Company, our Group, the PSP, the SOP and the Share Purchase Mandate and our Directors and MindChamps Holdings are not aware of any facts the omission of which would make any statement in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and MindChamps Holdings has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

MATERIAL BACKGROUND INFORMATION

2. As at the date of this Prospectus, save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders has:

   (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time he was a partner or at any time within two years from the date he ceased to be a partner;

   (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where the entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (c) any unsatisfied judgment against him;

   (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

   (f) at any time during the last 10 years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

(k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

In May 2015, Mr Lee Suan Hiang was issued a supervisory warning by the MAS in respect of his failure to notify a listed corporation (of which he was a director) of changes in his interest in the securities of the corporation within two business days of his acquisition of an interest, as required under section 133 of the SFA. In the letter issued by the MAS, the MAS indicated its position not to take further regulatory action in respect of this matter.

MATERIAL CONTRACTS

3. The material contracts entered into by our Group within the two years preceding the date of lodgment of this Prospectus (not being contracts entered into in the ordinary course of the business of our Group) with the MAS, are as follows:

(a) the service agreement entered into with Mr David Chiem Phu An described in "*Management – Service Agreements*";

(b) the Corporate Services Agreement described in "*Interested Person Transactions and Potential Conflicts of Interest – Present and Ongoing Interested Person Transactions – Corporate Services Agreement*";

(c) the Non-Compete Undertakings described in "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Non-Compete Undertakings*";

(d) the MindChamps Zhongshan Park SPA, the MindChamps Serangoon SPA, the MindChamps Changi SPA, the shareholder agreements entered into with the minority shareholders of MindChamps Zhongshan Park and MindChamps Serangoon and the loan agreement in respect of MindChamps Kallang each as described in "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions*";

(e) the territorial master franchise agreement entered into with Peak Education Group Pty Ltd described in "*Business – Our Services – Franchise Arrangements – Australia*";

(f) the Option Agreement described in "*Business – Our Services – Franchise Arrangements – Australia*";

(g) the regional master franchise agreement entered into with Bloom Education LLC described in "*Business – Our Services – Franchise Arrangements – Gulf Cooperation Council Countries*";

(h) the Business Sale Agreement described in "*Business – Recent Developments – Australian Acquisition*";

(i) the MindChamps PreSchool Franchise SPAs entered into with each of Invest Learning and Mrs Carmee Lim in relation to the acquisition of shares of MindChamps PreSchool Franchise described in "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions – MindChamps PreSchool Franchise*";

(j) the exclusive licence agreement entered into with Actors Centre Australia Pte. Limited described in "*Interested Person Transactions and Potential Conflicts of Interest – Present and Ongoing Interested Person Transactions – Actors Centre Kids Exclusive Licence Agreement with Actors Centre Australia Pte. Limited*";

(k) the Heads of Terms – Business Cooperation Agreement entered into with CFCG and Hillhouse Capital described in "*Share Capital and Shareholders – Information on the Cornerstone Investors – Business Cooperation Agreement*"; and

(l) the Cornerstone Subscription Agreements.

EXCHANGE CONTROLS

4. **Singapore**. There are no exchange control restrictions in effect in Singapore.

5. **Australia**. There are no exchange control restrictions in effect in Australia.

MISCELLANEOUS

6. There have been no public take-over offers by third parties in respect of the Shares or by our Company in respect of another corporation's shares or units of a business trust which have occurred between the beginning of FY2016 and the Latest Practicable Date.

7. Save as disclosed in this Prospectus, our Directors are not aware of any event which has occurred since 30 June 2017 and up to the Latest Practicable Date, which may have a material effect on the financial position and results of our Group.

8. Except for the Over-allotment Option and pursuant to the PSP and SOP, as at the Latest Practicable Date, no person has been, or has the right to be, given an option to subscribe for any of the Shares or any of the shares of our subsidiaries.

WAIVERS FROM THE SGX-ST

9. In connection with the Listing, our Company obtained a waiver from the SGX-ST from compliance with Rule 246(6) with respect to the provision of the resumes and particulars of the directors, executive officers, controlling shareholders of SPH and Invest Learning (the "**Relevant Persons**"), subject to SPH informing the SGX-ST, prior to the Listing, of any material changes to the resumes and particulars of the Relevant Persons of SPH.

CONSENTS

10. DBS Bank Ltd., named as the Sole Issue Manager, Bookrunner and Underwriter, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and all references thereto in the form and context in which they are included in this Prospectus and to act in such capacity in relation to this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

11. The following documents or copies thereof may be inspected at the registered office of our Company at 480 Lorong 6 Toa Payoh, #17-01 HDB Hub, Singapore 310480 during normal business hours for a period of six months from the date of registration by the MAS of this Prospectus:

    (a) our Constitution;

    (b) the material contracts referred to in "– *Material Contracts*";

    (c) the rules of the PSP as set out in Appendix E;

    (d) the rules of the SOP as set out in Appendix F;

    (e) the Independent Market Research Consultant's report as set out in Appendix D;

    (f) the report titled "Independent and Reporting Auditor's Report and the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2014, 2015 and 2016" as set out in Appendix A;

(g) the report titled "Independent and Reporting Auditor's Report and the Unaudited Interim Consolidated Financial Statements for the Six-Month Period ended 30 June 2017" as set out in Appendix B;

(h) the report titled "Independent and Reporting Auditor's Report and the Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2016 and Six-Month Period ended 30 June 2017" as set out in Appendix C;

(i) the audited consolidated financial statements (including all notes, reports or information relating thereto which are required to be prepared under the Companies Act, where applicable) of our Group for FY2014, FY2015 and FY2016; and

(j) the written consents of the Sole Issue Manager, Bookrunner and Underwriter, the Independent and Reporting Auditor and the Independent Market Research Consultant.

GROUP COMPANIES

Champion Mindset Academy	Champion Mindset Academy Pte. Limited.
MindChamps Changi	MindChamps PreSchool @ Changi Business Park Pte. Ltd.
MindChamps Kallang	MindChamps PreSchool @ Leisure Park Kallang Pte. Limited.
MindChamps PreSchool Franchise	MindChamps PreSchool Franchise Pte. Limited.
MindChamps Paragon	MindChamps PreSchool @ Paragon Pte. Limited.
MindChamps Serangoon	MindChamps PreSchool @ Serangoon Pte. Limited.
MindChamps Shanghai	MindChamps Shanghai Pte. Limited.
MindChamps Toa Payoh	MindChamps PreSchool @ TPY Pte. Limited (formerly known as MindChamps PreSchool Pte. Limited).
MindChamps Zhongshan Park	MindChamps PreSchool @ Zhongshan Park Pte. Ltd.

OTHER CORPORATIONS AND AGENCIES

Beston MindChamps	Beston MindChamps Kids Nutrition Pte. Limited.
CDP	The Central Depository (Pte) Limited.
CFCG	CFCG Investment Partners International (Singapore) Pte. Ltd.
Champion Minds	Champion Minds Pte. Limited.
CPF	The Central Provident Fund.
Dream Big	Dream Big Education Pty Ltd.
Hillhouse Capital	Hillhouse Capital Management, Ltd.
Hillhouse Funds	Gaoling Fund, L.P. and YHG Investment, L.P.
Geoconcepts	Geoconcepts International (Singapore) Pte. Ltd.
Independent Market Research Consultant or Converging Knowledge	Converging Knowledge Private Limited.
Invest Learning	Invest Learning Pte. Ltd.
IRAS	Inland Revenue Authority of Singapore.
MAS	The Monetary Authority of Singapore.

MCH Group	MindChamps Holdings and its subsidiaries (excluding our Group).
MindChamps Holdings or the Vendor	MindChamps Holdings Pte. Limited.
MindChamps Medical	MindChamps Medical Pte. Limited.
MindChamps Singapore	MindChamps Singapore Pte. Limited.
Sole Issue Manager, Bookrunner and Underwriter	DBS Bank Ltd.
SGX-ST	Singapore Exchange Securities Trading Limited.
SPH	Singapore Press Holdings Limited.
Stabilising Manager	DBS Bank Ltd.

GENERAL

1Q	Three months ended 31 March.
6M	Six months ended 30 June.
AASB	Australian Accounting Standards Board Standards.
Acquisition Loan	The term loan, overdraft and specific advance facility for an aggregate amount of up to S$13,700,000 obtained from Oversea-Chinese Banking Corporation Limited for the purposes of financing the Australian Acquisition.
Additional Shares	An aggregate of up to 1,808,900 Shares that the Stabilising Manager may, pursuant to the Over-allotment Option, purchase from MindChamps Holdings at the Offering Price.
Adjustment Events	(i) Our acquisition of 80% equity interest in MindChamps Serangoon; (ii) our acquisition of 75% equity interest in MindChamps Zhongshan Park; (iii) our acquisition of 49% equity interest in MindChamps Changi; (iv) our acquisition of 6.42% equity interest in MindChamps PreSchool Franchise; and (v) the Australian Acquisition.
Application Forms	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus.
ATM	Automated teller machines of a Participating Bank.
Audit Committee	The audit committee of our Company.
Australian Acquisition	Our acquisition of four preschool centres in Australia on 10 November 2017.

Board	Our Company's board of directors as at the date of this Prospectus, unless otherwise stated.
Carmee Lim	Mrs Lim Jit Poh, Carmee.
CCB	Child Care Benefit.
CCB Approval	A CCB approval granted under the Family Assistance Law.
CCR	Child Care Rebate.
CCS	Child Care Subsidy.
Child Care Centres Act	Child Care Centres Act, Chapter 37A of Singapore, as amended or modified from time to time.
Child Care Centres Regulations	Child Care Centres Regulations, Chapter 37A, Section 19 of Singapore, as amended or modified from time to time.
Closing Date	The closing date of the Offering.
Code	Singapore Code of Corporate Governance 2012, as amended or modified from time to time.
Companies Act	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
Company	MindChamps PreSchool Limited.
Consideration Shares	The 4,292,169 Shares which are to be issued pursuant to the Franchise Acquisitions.
Constitution	The constitution of our Company.
Cornerstone Investors	CFCG, the Hillhouse Funds and Target Asset Management Pte Ltd.
Cornerstone Shares	The Shares which are to be issued pursuant to the Cornerstone Subscription Agreements.
Cornerstone Subscription Agreements	The cornerstone subscription agreements dated 24 October 2017 and 9 November 2017 entered into between our Company and the Cornerstone Investors.
Corporate Services Agreement	The corporate services agreement dated 9 November 2017 entered into between our Company and MindChamps Holdings.
Directors	The directors of our Company as at the date of this Prospectus, unless otherwise stated.
ECDA	Early Childhood Development Agency of Singapore.

Electronic Applications	Applications for the Shares under the Public Offering made through an ATM, the internet banking websites of the relevant Participating Bank or the mobile banking interface of DBS Bank Ltd. in accordance with the terms and conditions of this Prospectus.
EPS	Earnings per Share.
Executive Directors	The executive Directors of our Company as at the date of this Prospectus, unless otherwise stated.
Executive Officers	The executive officers of our Company as at the date of this Prospectus, unless otherwise stated.
Family Assistance Law	A New Tax System (Family Assistance) (Administration) Act 1999 of Australia.
Finance Lease	The finance lease for a motor vehicle for use by our Company's management, details of which are set out in "*Management's Discussion and Analysis of Results of Operations and Financial Position – Description of Material Indebtedness"*.
Franchise Acquisitions	The acquisition by our Company of equity interests in MindChamps Zhongshan Park and MindChamps Serangoon, details of which are set out in "*Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures – Franchise Acquisitions*".
FRS	Singapore Financial Reporting Standards.
FY	Financial year ended or, as the case may be, ending 31 December.
Group	Our Company together with its subsidiaries.
GST	Goods and services tax.
Independent Directors	The independent Directors of our Company as at the date of this Prospectus, unless otherwise stated.
Independent Market Research Report	The report by the Independent Market Research Consultant entitled "*Early Childhood Education – Singapore, Australia and Global*" as set out in Appendix D of this Prospectus.
Invest Learning SPA	The share purchase agreement dated 20 August 2014 entered into among Invest Learning, MindChamps Holdings, Champion Minds, Mr David Chiem Phu An and Ms Catherine Du.
Latest Practicable Date	30 October 2017 being the latest practicable date prior to the lodgment of this Prospectus with the MAS.

Listing	The listing of the Shares on the Mainboard of the SGX-ST.
Listing Date	The date of commencement of dealing in the Shares on the SGX-ST.
Listing Manual	Listing Manual of the SGX-ST.
Market Day	A day on which the SGX-ST is open for trading in securities.
MCH Share Transfers	The transfer by MindChamps Holdings of Shares to Mr David Chiem Phu An, Ms Catherine Du, Mr Teo Wee Jone, Ms Peh Poh Geok, Geoconcepts (an entity indirectly controlled by Mr Brian Paul Caswell and his wife) and Watglen Pty Ltd (an entity controlled by Professor Allan Snyder and his wife) for no consideration expected to take place shortly before the Listing Date, as described in "*Share Capital and Shareholders – Current Shareholders and Vendor*".
MindChamps PreSchool Franchise SPAs	The share purchase agreements entered into by our Company with each of Invest Learning and Mrs Carmee Lim to acquire their shares in MindChamp PreSchool Franchise.
MindChamps Shanghai SHA	The shareholders' agreement dated 8 November 2010 entered into by MindChamps Holdings, MindChamps Shanghai (which was at the time a subsidiary of MindChamps Holdings) and the two minority shareholders of MindChamps Shanghai to regulate the affairs of MindChamps Shanghai.
MindChamps Shanghai Shares	The ordinary shares in the capital of MindChamps Shanghai which MindChamps Holdings transferred to our Company.
NAV	Net asset value.
New Shares	Comprising 28,377,031 Shares to be issued by our Company in the Offering.
National Law	Education and Care Services National Law Act 2010 of Australia, as amended or modified from time to time.
National Regulations	Education and Care Services National Regulations 2011 of Australia, as amended or modified from time to time.
Nominating Committee	The nominating committee of our Company.
Non-Executive Directors	The non-executive Directors of our Company as at the date of this Prospectus, unless otherwise stated.
Offering	The Placement and the Public Offering.
Offering Price	S$0.83 for each Offering Share.

Offering Shares	30,449,600 Shares offered by our Company and the Vendor in the Offering.
Original Management Services Agreement	The management services agreement dated 20 August 2014 entered into between Invest Learning, MindChamps Holdings and our Company for the provision by MindChamps Holdings of services to our Group.
Over-allotment Option	The over-allotment option granted by MindChamps Holdings to the Sole Issue Manager, Bookrunner and Underwriter, exercisable by the Stabilising Manager (or persons acting on its behalf), in full or in part, on one or more occasions, to purchase up to an aggregate of 1,808,900 Shares at the Offering Price, representing approximately 5.9% of the total number of Offering Shares, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or persons acting on its behalf) has bought on the SGX-ST an aggregate of 1,808,900 Shares, representing approximately 5.9% of the total number of Offering Shares, to undertake stabilising actions.
Participating Banks	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited
per cent. or%	Per centum or percentage.
Performance Shares	The new Shares to be allotted and issued upon the vesting of awards to be granted under the PSP.
Placement	The international placement of Offering Shares to investors, including institutional and other investors in Singapore.
Placement Shares	The 28,449,600 Offering Shares which are the subject of the Placement.
preschool centres	Preschool child care centres which operate on a five-day week or a 5.5-day week full-day programme (to the extent used in relation to the business of our Company).
Prospectus	This prospectus dated 17 November 2017.
PSP	MindChamps PreSchool Performance Share Plan.
Public Offer Shares	The 2,000,000 Offering Shares which are the subject of the Public Offering.

Public Offering	An offering of Offering Shares by way of a public offer in Singapore.
Option Shares	The new Shares to be allotted and issued upon the exercise of options to be granted under the SOP.
Regulation S	Regulation S under the Securities Act, as amended, modified and supplemented from time to time.
Regulatory Authority	The regulatory authority of each state and territory which takes primary responsibility for the approval, monitoring and quality assessment of services under the National Quality Framework of Australia.
Remuneration Committee	The remuneration committee of our Company.
Reserved Shares	2,438,000 Offering Shares under the Placement reserved for the management, employees and business associates of our Group who have contributed to our success.
Sale Shares	The 8,720,000 Shares to be transferred by MindChamps Holdings to Invest Learning shortly before the Listing Date.
Securities Account	Securities account maintained by a Depositor with CDP.
Securities Act	The United States Securities Act of 1933, as amended.
SFA	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
SFR	Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, as amended or modified from time to time.
Share Purchase Mandate	General and unconditional mandate given by our Shareholders to authorise the Directors to purchase Shares in accordance with the terms set out in this Prospectus as well as the rules and regulations set forth in the Companies Act and the Listing Manual.
Share Split	The sub-division of each of the Shares into 360 Shares, which was effected on 9 November 2017.
Shareholders	Registered holders of the Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares.
Shareholders’ Agreement	The shareholders’ agreement dated 20 August 2014 entered into by our Company with our Controlling Shareholders Invest Learning, MindChamps Holdings, Champion Minds, Mr David Chiem Phu An and Ms Catherine Du.

Shares	Ordinary shares in the capital of our Company.
Singapore Take-Over Code	Singapore Code on Take-Overs and Mergers, as amended or modified from time to time.
SOP	MindChamps PreSchool Share Option Plan.
Transfer Shares	The Shares to be transferred by MindChamps Holdings pursuant to the MCH Share Transfers.
Underwriting Agreement	The underwriting agreement made between our Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter dated 17 November 2017 in relation to the Offering.
United States or U.S.	The United States of America.
VAT	Value added tax.
Vendor Shares	Comprising 2,072,569 Shares offered by the Vendor in the Offering.

The expressions "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The expressions "associate", "associated company", "associated entity", "Controlling Shareholder", "related corporation", "subsidiary" and "subsidiary entity" shall have the meanings ascribed to them in the Fourth Schedule of the SFR, save that in the sections "*Interested Person Transactions and Potential Conflicts of Interests*", "*Management – Committees of Our Board*" and "*Management – Share-Based Incentive Plans*", such terms, if used, shall have the meanings ascribed to them in the Listing Manual and/or the SFR as the context so requires. The expression "Substantial Shareholder" shall have the meanings ascribed to it in the SFA.

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

Any reference in this Prospectus to any legislation or enactment refers to the legislation or enactment as amended or re-enacted unless the context otherwise requires.

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MindChamps PreSchool Limited and its Subsidiary Corporations
Statement by Directors
For the Financial Years Ended 31 December 2014, 2015 and 2016

In the opinion of the directors,

(i) the consolidated financial statements set out on pages A-5 to A-65 are drawn up so as to give a true and fair view of the financial positions of the Group as at 31 December 2014, 2015 and 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial years then ended, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Group 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 directors

David Chiem Phu An
Director

Catherine Du
Director

Singapore

10 November 2017

INDEPENDENT AND REPORTING AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

10 November 2017

The Board of Directors
MindChamps PreSchool Limited
480 Lorong 6 Toa Payoh
#17-01 HDB Hub
Singapore 310480

Dear Sirs

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of MindChamps PreSchool Limited. (the "Company") and its subsidiary corporations (collectively, the "Group"), which comprise the consolidated balance sheet as at 31 December 2014, 2015 and 2016, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 31 December 2014, 2015 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages A-5 to A-65.

In our opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2014, 2015 and 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial years ended 31 December 2014, 2015 and 2016.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AND REPORTING AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016 (continued)

Responsibilities of Management and Directors for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AND REPORTING AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016 (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Distribution and Use

This report has been prepared solely for the inclusion in the prospectus of the Company in connection with the Company's listing on the Singapore Exchange Securities Trading Limited.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Chin Chee Choon

Singapore

MindChamps PreSchool Limited and its Subsidiary Corporations

Consolidated Statements of Comprehensive Income
For the Financial Years Ended 31 December 2014, 2015 and 2016

	Note	2014	2015	2016
		$	$	$
Revenue	4	10,784,031	12,439,332	18,418,463
Cost of sales		(4,163,147)	(4,197,369)	(5,973,673)
Gross profit		6,620,884	8,241,963	12,444,790
Other income	5	890,618	1,062,833	1,213,575
Other (loss)/gain – net	6	(43,318)	(49,995)	15,684
Expenses				
– Administrative		(4,273,091)	(4,827,301)	(7,030,727)
– Marketing		(326,169)	(290,277)	(358,448)
– Finance	9	(5,009)	(6,184)	(4,588)
Profit before income tax		2,863,915	4,131,039	6,280,286
Income tax expense	10	–	(385,430)	(447,301)
Net profit		2,863,915	3,745,609	5,832,985
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation – Gain/(loss)		9,036	30,847	(2,686)
Total comprehensive income		2,872,951	3,776,456	5,830,299
Profit attributable to:				
Equity holders of the Company		2,680,974	3,536,087	5,390,756
Non-controlling interests		182,941	209,522	442,229
		2,863,915	3,745,609	5,832,985
Total comprehensive income attributable to:				
Equity holders of the Company		2,690,010	3,566,934	5,388,070
Non-controlling interests		182,941	209,522	442,229
		2,872,951	3,776,456	5,830,299
Earnings per share for net profit attributable to equity holders of the Company				
– Basic earnings per share (cents per share)	21	1.49	1.96	2.99
– Diluted earnings per share (cents per share)	21	1.49	1.96	2.99

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

MindChamps PreSchool Limited and its Subsidiary Corporations

Consolidated Balance Sheet
As at 31 December 2014, 2015 and 2016

	Note	2014	2015	2016
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents	11	4,005,169	6,911,740	3,873,728
Trade and other receivables	12	2,441,742	2,981,121	5,404,122
Inventories	13	43,911	54,202	80,487
		6,490,822	9,947,063	9,358,337
Non-current assets				
Property, plant and equipment	14	723,991	577,498	1,146,385
Intangible assets	15	446,043	548,810	5,429,377
		1,170,034	1,126,308	6,575,762
Total assets		7,660,856	11,073,371	15,934,099
LIABILITIES				
Current liabilities				
Trade and other payables	16	2,448,695	4,756,601	5,218,062
Deferred income	17	2,574,394	2,168,092	2,088,790
Finance lease liabilities	18	37,070	38,611	40,019
Current income tax liabilities		–	385,430	483,797
		5,060,159	7,348,734	7,830,668
Non-current liabilities				
Other payables	16	–	–	3,737,008
Finance lease liabilities	18	134,235	95,822	55,946
Provision for reinstatement costs	19	79,750	79,750	144,857
		213,985	175,572	3,937,811
Total liabilities		5,274,144	7,524,306	11,768,479
NET ASSETS		2,386,712	3,549,065	4,165,620
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	20	500,000	500,000	500,000
Currency translation reserve		9,036	39,883	37,197
Retained profits		1,860,270	2,846,357	3,187,113
		2,369,306	3,386,240	3,724,310
Non-controlling interests	29	17,406	162,825	441,310
TOTAL EQUITY		2,386,712	3,549,065	4,165,620

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

MindChamps PreSchool Limited and its Subsidiary Corporations

Consolidated Statements of Changes in Equity
For the Financial Years Ended 31 December 2014, 2015 and 2016

		Attributable to equity holders of the Company					
		Share capital	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total
	Note	$	$	$	$	$	$
2014							
Beginning of financial year		500,000	–	(811,378)	(311,378)	(130,902)	(442,280)
Total comprehensive income for the financial year		–	9,036	2,680,974	2,690,010	182,941	2,872,951
Acquisitions of subsidiary corporations	26	–	–	–	–	(56,959)	(56,959)
Disposal of shares to non-controlling interests	29	–	–	(9,326)	(9,326)	22,326	13,000
End of financial year		500,000	9,036	1,860,270	2,369,306	17,406	2,386,712
2015							
Beginning of financial year		500,000	9,036	1,860,270	2,369,306	17,406	2,386,712
Total comprehensive income for the financial year		–	30,847	3,536,087	3,566,934	209,522	3,776,456
Dividend	22	–	–	(2,550,000)	(2,550,000)	(64,103)	(2,614,103)
End of financial year		500,000	39,883	2,846,357	3,386,240	162,825	3,549,065
2016							
Beginning of financial year		500,000	39,883	2,846,357	3,386,240	162,825	3,549,065
Total comprehensive income for the financial year		–	(2,686)	5,390,756	5,388,070	442,229	5,830,299
Dividend	22	–	–	(5,050,000)	(5,050,000)	(237,181)	(5,287,181)
Acquisitions of subsidiary corporations	26	–	–	–	–	73,437	73,437
End of financial year		500,000	37,197	3,187,113	3,724,310	441,310	4,165,620

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

MindChamps PreSchool Limited and its Subsidiary Corporations

Consolidated Statements of Cash Flows
For the Financial Years Ended 31 December 2014, 2015 and 2016

	Note	2014 $	2015 $	2016 $
Cash flows from operating activities				
Net profit				
Adjustments for:		2,863,915	3,745,609	5,832,985
– Amortisation of intangible assets	7	84,167	196,652	304,520
– Depreciation of property, plant and equipment	7	203,602	203,755	239,954
– Gain from bargain purchase	6	(51,415)	–	–
– Impairment loss on goodwill	6	85,559	–	–
– Interest expense	9	5,009	6,184	4,588
– Interest income	5	(3,108)	(42,421)	(23,502)
– Income tax expense	10	–	385,430	447,301
– Unrealised currency translation losses		9,050	30,872	690
		3,196,779	4,526,081	6,806,536
Change in working capital:				
– Trade and other receivables		1,808,697	(539,379)	(2,161,214)
– Inventories		(7,828)	(10,291)	(24,966)
– Trade and other payables		(1,201,147)	(242,094)	(204,501)
– Deferred income		(105,694)	(406,302)	(91,692)
Cash generated from operations		3,690,807	3,328,015	4,324,163
Income tax refund		–	–	36,496
Income tax paid		–	–	(385,430)
Net cash generated from operating activities		3,690,807	3,328,015	3,975,229
Cash flows from investing activities				
Additions to property, plant and equipment		(417,633)	(57,262)	(584,627)
Additions to intangible assets		(487,686)	(299,419)	(457,670)
Acquisition of subsidiary corporations, net of cash acquired	26	51,324	–	(610,814)
Disposal of interest in a subsidiary corporation without loss of control	29	13,000	–	–
Interest received		3,108	42,421	23,502
Net cash used in investing activities		(837,887)	(314,260)	(1,629,609)
Cash flows from financing activities				
Dividend paid to equity holders of the Company		–	–	(5,100,000)
Dividend paid to non-controlling interests		–	(64,103)	(237,181)
Interest paid		(5,009)	(6,184)	(4,588)
Repayments of finance lease liabilities		(23,695)	(36,872)	(38,468)
Net cash used in financing activities		(28,704)	(107,159)	(5,380,237)
Net increase/(decrease) in cash and cash equivalents		2,824,216	2,906,596	(3,034,617)
Cash and cash equivalents				
Beginning of financial year		1,180,967	4,005,169	6,911,740
Effects of currency translation on cash and cash equivalents		(14)	(25)	(3,395)
End of financial year	11	4,005,169	6,911,740	3,873,728

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

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Consolidated Financial Statements
For the Financial Years Ended 31 December 2014, 2015 and 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

MindChamps PreSchool Limited (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is 480 Lorong 6 Toa Payoh, #17-01 HDB Hub, Singapore 310480.

On 9 November 2017, the Company was converted to a public limited company limited by shares and changed its name from MindChamps PreSchool (Worldwide) Pte. Limited to MindChamps PreSchool Limited.

The consolidated financial statements of the Company and its subsidiary corporations (collectively the "Group") have been prepared for the purpose of inclusion in filings associated with the proposed initial public offering ("IPO") of ordinary shares in the Capital of the Company on Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those relating to childcare services and investment holding. The principal activities of its subsidiary corporations are those relating to the provision of childcare, education and learning related services for preschool children, franchising of childcare services for preschool children, the provision of administrative support services, provision of commercial schools offering higher education programmes, and business and management consulting services.

The immediate holding corporation is MindChamps Holdings Pte. Limited and the ultimate holding corporation is Champion Minds Pte. Limited, both companies are incorporated in Singapore.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2014, 2015 and 2016

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial years ended 31 December 2014, 2015 and 2016. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and had no material effect on the amounts reported for the financial years ended 31 December 2014, 2015 and 2016 or prior financial years except for the following:

FRS 112 Disclosures of Interests in Other Entities

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 January 2014. The Group has incorporated the additional required disclosures into the financial statements.

2.2 Revenue recognition

Sales comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

2 Significant accounting policies (continued)

2.2 Revenue recognition (continued)

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Rendering of service – School fees

School fees are recognised over the period of instruction on a straight-line basis. School fees received in advance is deferred and recognised when the service has been provided.

(b) Rendering of service – Administrative income

Administrative income is recognised when the service is rendered.

(c) Sale of merchandise

Revenue from the sale of merchandise is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(d) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(e) Rendering of service – Event income

Event income is recognised when the service is rendered.

(f) Franchise income

Franchise income is recognised when all the initial services and other obligations required from the franchisor have been substantially completed. Franchise income received in advance is deferred and recognised when all the initial services and other obligations required from the franchisor have been substantially completed.

(g) Commission income

Commission income is recognised on an accrual basis.

2 Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(h) Rendering of service – Service income

Service income is recognised when the service is rendered. Service income received in advance is deferred and recognised when the service has been rendered.

(i) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related cost which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from the involvement of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances, and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiary corporations* (continued)

(i) *Consolidation* (continued)

Non-controlling interest comprise of the portion of subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2 Significant accounting policies (continued)

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Furniture and office equipment	3 – 5 years
Renovation	5 years
Computer equipment	3 years
Motor vehicles	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

2 Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.6 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

(b) Acquired trademarks and licenses

Trademarks and licenses acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 6 years, which is the period of contractual rights.

(c) Courseware development costs

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of courseware are capitalised as intangible assets only when the technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the courseware and the costs can be measured reliably. Such costs include consulting fees and payroll-related costs of employees directly involved in the project.

Following initial recognition of the courseware development costs as intangible assets, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. The courseware development costs have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of two years.

2 Significant accounting policies (continued)

2.6 Intangible assets (continued)

(d) Acquired computer software licences

Acquired computer software are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with the maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using straight-line method over their estimated useful lives of two years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in the profit and loss when the changes arise.

2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

(i) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

2 Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

(i) Goodwill (continued)

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(ii) Intangible assets
Property, plant and equipment
Investments in subsidiary corporations

Intangible assets, property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2 Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

(ii) *Intangible assets*
Property, plant and equipment
Investments in subsidiary corporations (continued)

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.9 Financial assets

(a) *Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 12) and "Cash and cash equivalents" (Note 11) on the balance sheet.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit and loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2 Significant accounting policies (continued)

2.9 Financial assets (continued)

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Group assess at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 Significant accounting policies (continued)

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 Leases

When the Group is the lessee

The Group leases a motor vehicle under finance lease and premises, computer equipment and office equipment under operating leases.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2 Significant accounting policies (continued)

2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2 Significant accounting policies (continued)

2.16 Provisions for liabilities and charges

(a) *General*

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(b) *Asset dismantlement, removal or restoration*

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation.

2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liabilities for annual leave as a result of services rendered by employees up to the balance sheet date.

2.18 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which it operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

2 Significant accounting policies (continued)

2.18 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented within "other gains/(losses) – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

2 Significant accounting policies (continued)

2.18 Currency translation (continued)

(c) *Translation of Group entities' financial statements* (continued)

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

3 Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3 Critical accounting estimates and assumptions (continued)

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed below.

(a) *Impairment of trade and other receivables*

Management reviews its trade and other receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would be higher/lower by $132,120, $157,084, $92,782 as at 31 December 2014, 2015 and 2016 respectively.

(b) *Impairment of goodwill*

As disclosed in Note 15 to the financial statements, the recoverable amounts of the cash generating units which goodwill have been allocated to are determined based on value-in-use calculations. The value-in-use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value-in-use including a sensitivity analysis, are disclosed and further explained in Note 15 to the financial statements.

The carrying amount of the goodwill was $28,775, $28,775 and $4,723,692 as at 31 December 2014, 2015 and 2016 respectively.

4. Revenue

	2014 $	2015 $	2016 $
School fees	6,096,437	6,685,147	10,578,450
Sale of merchandise	349,568	437,568	433,271
Event income	84,105	26,080	166,254
Administrative income	71,228	53,896	73,747
Royalty income	2,583,998	3,284,194	3,951,551
Franchise income	1,256,706	1,508,096	2,885,676
Commission income	341,989	444,351	329,514
	10,784,031	12,439,332	18,418,463

5. Other income

	2014 $	2015 $	2016 $
Government grants	167,141	215,676	321,763
Service income	702,258	790,133	821,494
Interest income – bank deposits	3,108	42,421	23,502
Others	18,111	14,603	46,816
	890,618	1,062,833	1,213,575

6 Other (loss)/gain – net

	2014 $	2015 $	2016 $
Currency exchange (loss)/gain – net	(9,174)	(49,995)	15,684
Gain from bargain purchase (Note 26)	51,415	–	–
Impairment loss on goodwill (Note 15)	(85,559)	–	–
	(43,318)	(49,995)	15,684

7 Expenses by nature

	2014 $	2015 $	2016 $
Advertising and marketing	326,169	290,277	358,448
Allowance for impairment of trade and other receivables (Note 24(b)(ii)&(iii))	8,192	7,725	218,738
Amortisation of intangible assets (Note 15)	84,167	196,652	304,520
Associate trainer fees	82,681	164,797	129,356
Commission	400,405	448,716	331,130
Depreciation of property, plant and equipment (Note 14)	203,602	203,755	239,954
Employee compensation (Note 8)	4,805,154	4,911,328	7,387,979
Event and excursion expenses	75,150	79,443	118,406
Insurance	25,172	49,871	11,792
Professional fees	487,265	550,262	718,406
Purchase of merchandise	218,416	241,346	321,469
Rental – operating lease	1,377,404	1,375,549	2,159,199
Repair and maintenance	48,404	80,762	162,637
Student welfare	165,623	239,468	323,607
Telecommunication	50,574	66,783	22,518
Training	9,209	118,884	60,970
Travel expenses	37,653	86,077	137,283
Utilities	34,702	41,568	89,670
Change in inventories	(7,828)	(10,291)	(26,285)
Others	330,293	171,975	293,051
Total cost of sales, administrative expenses and marketing expenses	8,762,407	9,314,947	13,362,848

8 Employee compensation

	2014 $	2015 $	2016 $
Wages, salaries and other costs	4,293,938	4,251,896	6,635,264
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	511,216	659,432	752,715
	4,805,154	4,911,328	7,387,979

9 Finance expenses

	2014 $	2015 $	2016 $
Interest expense:			
– Finance lease liabilities	5,009	6,184	4,588

10 Income tax expense

	2014	2015	2016
	$	$	$
Income tax expense attributable to profit is made up of:			
Profit for the financial year: – Current income tax – Singapore	–	353,182	483,797
Under/(over) provision in prior financial year – Current income tax – Singapore	–	32,248	(36,496)
	–	385,430	447,301

The income tax expense on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2014	2015	2016
	$	$	$
Profit before income tax	2,863,915	4,131,039	6,280,286
Tax calculated at a tax rate of 17%	486,866	702,277	1,067,649
Effects of:			
– expenses not deductible for tax purposes	62,957	83,793	146,121
– deferred tax assets not recognised	6,933	12,073	32,305
– tax incentives	(17,822)	(110,350)	(210,077)
– income not subject to tax	(4,688)	(8,496)	–
– revenue expense incurred	–	(38,842)	(71,562)
– capital allowance	(91,917)	(82,941)	(87,804)
– utilisation of previously unrecognised tax losses	(196,382)	(85,188)	(168,529)
– group relief	(239,184)	(116,098)	(223,695)
– under/(over) provision in prior financial year	–	32,248	(36,496)
– others	(6,763)	(3,046)	(611)
	–	385,430	447,301

As at 31 December 2014, 2015, and 2016, subject to agreement with the tax authorities, the Group has unutilised tax losses of $2,724,824, $2,402,804 and $1,862,362, and capital allowances amounting to $72,146, $124,597 and $142,090 respectively which can be carried forward for offsetting against future taxable income subject to compliance with the provisions of the Singapore Income Tax Act and meeting certain statutory requirements in Singapore.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Consolidated Financial Statements
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11 Cash and cash equivalents

	2014	2015	2016
	$	$	$
Cash at banks	4,000,790	4,796,405	3,041,167
Short-term bank deposits	–	2,109,961	822,247
Cash in hand	4,379	5,374	10,314
	4,005,169	6,911,740	3,873,728

12 Trade and other receivables

	2014	2015	2016
	$	$	$
Trade receivables			
– non-related parties	1,538,719	2,109,405	3,866,428
– related parties	–	53,411	–
	1,538,719	2,162,816	3,866,428
Less: Allowance for impairment of trade receivables – non-related parties (Note 24(b)(ii))	–	–	(205,370)
Trade receivables – net	1,538,719	2,162,816	3,661,058
Other receivables			
– non-related parties	113,468	187,145	306,680
– related parties	–	122	–
– immediate holding corporation	47,163	–	–
– shareholders of subsidiary corporations	85,002	35,002	6,581
	245,633	222,269	313,261
Less: Allowance for impairment of other receivables – non-related parties (Note 24(b)(iii))	(44,411)	(52,136)	(65,504)
Other receivables – net	201,222	170,133	247,757
Prepayments	180,930	125,938	97,598
Deposits	520,871	522,234	1,397,709
	2,441,742	2,981,121	5,404,122

Non-trade amounts due from related parties, immediate holding corporation and shareholders of subsidiary corporations are unsecured, interest-free and are repayable on demand.

13 Inventories

	2014 $	2015 $	2016 $
Finished goods – merchandise for sale	43,911	54,202	80,487

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $210,588, $231,055 and $295,184 for the financial years ended 31 December 2014, 2015 and 2016.

14 Property, plant and equipment

	Furniture and office equipment $	Renovation $	Computer equipment $	Motor vehicles $	Total $
2014					
Cost					
Beginning of financial year	552,554	470,894	157,545	–	1,180,993
Acquisition of subsidiary corporation (Note 26)	–	–	7,852	–	7,852
Additions	188,492	47,149	6,170	392,822	634,633
Disposals	(1,512)	–	–	–	(1,512)
End of financial year	739,534	518,043	171,567	392,822	1,821,966
Accumulated depreciation					
Beginning of financial year	410,475	413,535	71,875	–	895,885
Depreciation charge (Note 7)	82,679	59,290	33,064	28,569	203,602
Disposals	(1,512)	–	–	–	(1,512)
End of financial year	491,642	472,825	104,939	28,569	1,097,975
Net book value					
End of financial year	**247,892**	**45,218**	**66,628**	**364,253**	**723,991**
2015					
Cost					
Beginning of financial year	739,534	518,043	171,567	392,822	1,821,966
Additions	54,262	–	3,000	–	57,262
Disposal	(92)	–	–	–	(92)
End of financial year	793,704	518,043	174,567	392,822	1,879,136
Accumulated depreciation					
Beginning of financial year	491,642	472,825	104,939	28,569	1,097,975
Depreciation charge (Note 7)	106,431	19,896	34,575	42,853	203,755
Disposal	(92)	–	–	–	(92)
End of financial year	597,981	492,721	139,514	71,422	1,301,638
Net book value					
End of financial year	**195,723**	**25,322**	**35,053**	**321,400**	**577,498**

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Consolidated Financial Statements
For the Financial Years Ended 31 December 2014, 2015 and 2016

14 Property, plant and equipment (continued)

	Furniture and office equipment $	Renovation $	Computer equipment $	Motor vehicles $	Total $
2016					
Cost					
Beginning of financial year	793,704	518,043	174,567	392,822	1,879,136
Acquisition of subsidiary corporations (Note 26)	11,320	146,051	1,717	–	159,088
Additions	101,342	489,070	17,492	41,830	649,734
Disposal	(2,362)	–	–	–	(2,362)
End of financial year	904,004	1,153,164	193,776	434,652	2,685,596
Accumulated depreciation					
Beginning of financial year	597,981	492,721	139,514	71,422	1,301,638
Depreciation charge (Note 7)	134,258	29,149	35,868	40,679	239,954
Disposal	(2,362)	–	–	–	(2,362)
Currency translation differences	–	–	–	(19)	(19)
End of financial year	729,877	521,870	175,382	112,082	1,539,211
Net book value					
End of financial year	**174,127**	**631,294**	**18,394**	**322,570**	**1,146,385**

During the financial year ended 31 December 2014, the Group acquired a motor vehicle with an aggregated cost of $392,822 of which $195,000 was acquired by means of finance lease arrangement.

The carrying amounts of the motor vehicle held under finance leases liabilities were $364,253, $321,400, and $282,832 as at 31 December 2014, 2015 and 2016.

15 Intangible assets

	2014 $	2015 $	2016 $
Composition			
Goodwill arising on consolidation (Note (a))	28,775	28,775	4,723,692
Franchise license (Note (b))	4,581	12,604	37,396
Courseware development costs (Note (c))	335,061	385,118	579,293
Computer software licenses (Note (d))	77,626	122,313	88,996
	446,043	548,810	5,429,377

(a) Goodwill arising on consolidation

	2014 $	2015 $	2016 $
Cost			
Beginning of financial year	28,775	114,334	114,334
Acquisition of subsidiary corporations (Note 26)	85,559	–	4,694,917
End of financial year	114,334	114,334	4,809,251
Accumulated impairment			
Beginning of financial year	–	85,559	85,559
Impairment charge (Note 6)	85,559	–	–
End of financial year	85,559	85,559	85,559
Net book value	28,775	28,775	4,723,692

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to each of the operating entities.

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period. There was no impairment of

15 Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

Impairment tests for goodwill (continued)

goodwill allocated to MindChamps PreSchool @ Paragon Pte Limited, MindChamps PreSchool @ Serangoon Pte Limited, and MindChamps PreSchool @ Zhongshan Park Pte Ltd.

Key assumptions used for value-in-use calculations:

	Gross margin[1]	Growth rate[2]	Discount rate[3]
MindChamps PreSchool @ Paragon Pte Limited			
– As at 31 December 2014	40.0%	3.0%	8.9%
– As at 31 December 2015	38.0%	3.0%	7.8%
– As at 31 December 2016	47.0%	3.0%	11.7%
MindChamps PreSchool @ Serangoon Pte Limited			
– As at 31 December 2016	53.2%	3.0%	11.7%
MindChamps PreSchool @ Zhongshan Park Pte Ltd			
– As at 31 December 2016	42.8%	3.0%	11.7%

1 Budgeted gross margin
2 Weighted average growth rate used to extrapolate cash flows beyond the budgeted period
3 Pre-tax discount rate applied to the pre-tax cash flow projections

Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry report. The discount rate used were pre-tax and reflected specific risks relating to the segment. There are no reasonably possible changes in significant assumptions used in the fair value calculations which would cause the recoverable amount falls below its carrying amount.

An impairment charge of $85,559 was included within "Other losses – net" in the statement of comprehensive income for the financial year ended 31 December 2014. The goodwill arisen from MindChamps Shanghai Pte Limited was fully impaired as the subsidiary corporation was in a loss-making position.

15 Intangible assets (continued)

(b) Franchise license

	2014	2015	2016
	$	$	$
Cost			
Beginning of financial year	55,000	55,000	13,750
Acquisition of subsidiary corporations (Note 26)	–	–	32,500
Additions	–	13,750	–
Disposal	–	(55,000)	–
End of financial year	55,000	13,750	46,250
Accumulated amortisation			
Beginning of financial year	41,252	50,419	1,146
Amortisation charge	9,167	5,727	7,708
Disposal	–	(55,000)	–
End of financial year	50,419	1,146	8,854
Net book value	4,581	12,604	37,396

(c) Courseware development costs

	2014	2015	2016
	$	$	$
Cost			
Beginning of financial year	1	410,061	639,480
Additions	410,060	229,419	420,956
End of financial year	410,061	639,480	1,060,436
Accumulated amortisation			
Beginning of financial year	–	75,000	254,362
Amortisation charge	75,000	179,362	226,781
End of financial year	75,000	254,362	481,143
Net book value	335,061	385,118	579,293

15 Intangible assets (continued)

(d) Computer software

	2014 $	2015 $	2016 $
Cost			
Beginning of financial year	–	77,626	133,876
Additions	77,626	56,250	36,714
End of financial year	77,626	133,876	170,590
Accumulated amortisation			
Beginning of financial year	–	–	11,563
Amortisation charge	–	11,563	70,031
End of financial year	–	11,563	81,594
Net book value	77,626	122,313	88,996

(e) Amortisation expenses included in the statement of comprehensive income is analysed as follows:

	2014 $	2015 $	2016 $
Administrative expenses (Note 7)	84,167	196,652	304,520

16 Trade and other payables

	2014 $	2015 $	2016 $
Current			
Trade payables to:			
– non-related parties	75,542	145,667	129,066
– related parties	–	–	398
	75,542	145,667	129,464
Other payables to:			
– non-related parties	539,496	334,932	758,314
– related parties	–	85,261	81,122
– related corporations	96,380	–	150,000
– immediate holding corporation	12,665	1,994,639	1,356,576
– shareholders of a subsidiary corporation	153,060	730,775	156,579
	801,601	3,145,607	2,502,591
Deposit received	768,050	823,647	1,304,486
Accrued operating expenses	803,502	641,680	1,281,521
	2,448,695	4,756,601	5,218,062
Non-current			
Deferred consideration payables (Note 26(ii)(h))	–	–	3,737,008
Total trade and other payables	2,448,695	4,756,601	8,955,070

16 Trade and other payables (continued)

Non-trade amounts due to related parties, related corporations, immediate holding corporation and shareholders of a subsidiary corporation are unsecured, interest-free and are repayable on demand.

The fair value of deferred consideration payables approximates to its carrying amounts at the balance sheet date, which was estimated by discounting the expected future cash flows at the market interest rate.

17 Deferred income

	2014 $	2015 $	2016 $
Franchise income	1,690,000	1,569,467	1,080,974
School fees	884,394	581,290	982,816
Service income	–	17,335	25,000
	2,574,394	2,168,092	2,088,790

18 Finance lease liabilities

The Group leases a motor vehicle from non-related parties under finance leases. The lease agreements do not have renewal clauses as the Group is intending to use this asset until the end of the useful life.

	2014 $	2015 $	2016 $
Minimum lease payments due			
– Not later than one year	43,056	43,056	43,056
– Between one and five years	143,520	100,464	57,363
	186,576	143,520	100,419
Less: Future finance charges	(15,271)	(9,087)	(4,454)
Present value of finance lease liabilities	171,305	134,433	95,965

18 Finance lease liabilities (continued)

The present values of finance lease liabilities are analysed as follows:

	2014 $	2015 $	2016 $
Not later than one year	37,070	38,611	40,019
Between one and five years	134,235	95,822	55,946
Total	171,305	134,433	95,965

The effective interest rate for is 3.96% per annum for the financial years ended 31 December 2014, 2015 and 2016.

19 Provision for reinstatement cost

	2014 $	2015 $	2016 $
Beginning of financial year	57,750	79,750	79,750
Addition	22,000	–	65,107
End of financial year	79,750	79,750	144,857

The provision relates to the Group's obligation to reinstate leased premises to its original condition upon termination of the lease and is based on the management's estimate in similar situations. The Group expects to incur the liability upon the termination of the lease.

20 Share capital

	2014 Unit and $	2015 Unit and $	2016 Unit and $
Beginning and end of the financial year	500,000	500,000	500,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

On 9 November 2017, pursuant to the sub-division of each of the shares, 500,000 shares in the capital of the Company were split into 180,000,000 shares.

21 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the pre-invitation share capital of the Company. The Company's pre-invitation number of shares of 180,000,000 has been used in the calculation of basic and diluted earnings per share for all periods presented in accordance with FRS 33, as it reflects the weighted average number of shares for the three years after adjusting for the changes in number of shares arising from the proposed initial public offering of ordinary shares in the capital of the Company on Mainboard of the Singapore Exchange Securities Trading Limited.

The following illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	2014	**2015**	**2016**
Numerator			
Net profit attributable to equity holders of the Company ($)	2,680,974	3,536,087	5,390,756
Denominator			
Weighted average number of equity shares ('000)	180,000	180,000	180,000
Basic earnings per share (cents per share)	1.49	1.96	2.99

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares.

22 Dividend

	2014	**2015**	**2016**
	$	**$**	**$**
Interim one-tier tax exempt dividend in respect of current financial year of nil, $5.10 and $10.10 per share for the financial years ended 31 December 2014, 2015 and 2016	–	2,550,000	5,050,000

23 Commitments

Operating lease commitments – where the Group is a lessee

The Group leases premises, computer equipment and office equipment under operating leases. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2014 $	2015 $	2016 $
Not later than one year	1,306,114	1,334,726	2,241,950
Between one and five years	1,320,933	1,949,491	4,695,082
	2,627,047	3,284,217	6,937,032

24 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification, measurement and exposure limits. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received from key management.

(a) Market risk

(i) Currency risk

The Group does not have significant exposure to the currency risk as the transactions are predominantly denominated in Singapore Dollar.

24 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

The Group are not exposed to equity price risk as the Group does not hold equity financial assets.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rate.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with financial institutions and other high credit quality counterparties.

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the management and at the Group level by the credit controller.

As the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet.

24 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

The credit risk for trade receivables based on the information provided to key management is as follows:

	2014	2015	2016
	$	$	$
By types of customer			
Non-related parties			
– Individuals	627,159	168,230	198,444
– Corporate customers	911,560	1,941,175	3,462,614
– Related parties	–	53,411	–
	1,538,719	2,162,816	3,661,058

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially within credit terms and individuals or companies with a good collection track record with the Group.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

(i) The age analysis of trade receivables past due but not impaired as follows:

	2014	2015	2016
	$	$	$
Past due:			
Less than 3 months	1,212,317	1,163,073	657,259
3 to 6 months	102,717	66,059	105,419
Over 6 months	6,167	341,703	165,138
	1,321,201	1,570,835	927,816

24 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Financial assets that are past due and/or impaired (continued)

(ii) The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2014	2015	2016
	$	$	$
Gross amount	–	–	205,370
Less:			
Allowance for impairment	–	–	(205,370)
	–	–	–
Beginning of financial year	–	–	–
Allowance made during the financial year (Note 7)	–	–	205,370
End of financial year (Note 12)	–	–	205,370

An allowance for impairment has been made to profit or loss, as management determined the likelihood of recoverability is low and payments are not forthcoming.

(iii) The carrying amount of other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2014	2015	2016
	$	$	$
Gross amount	44,411	52,136	65,504
Less:			
Allowance for impairment	(44,411)	(52,136)	(65,504)
	–	–	–
Beginning of financial year	36,219	44,411	52,136
Allowance made during the financial year (Note 7)	8,192	7,725	13,368
End of financial year (Note 12)	44,411	52,136	65,504

An allowance for impairment has been made to profit or loss, as management determined the likelihood of recoverability is low and payments are not forthcoming.

24 Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operation and to mitigate the effects of fluctuations in cash flows.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $	Between 2 and 5 years $
At 31 December 2014		
Trade and other payables	2,448,695	–
Finance lease liabilities	43,056	143,520
At 31 December 2015		
Trade and other payables	4,756,601	–
Finance lease liabilities	43,056	100,464
At 31 December 2016		
Trade and other payables	5,218,062	3,737,008
Finance lease liabilities	43,056	57,363

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

24 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk (continued)

The Board of Director's monitors its capital based on net debt and total capital. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as finance lease liabilities plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2014	**2015**	**2016**
	$	**$**	**$**
Net debt	–	–	5,177,307
Total equity	2,386,712	3,549,065	4,165,620
Total capital	2,386,712	3,549,065	9,342,927
Gearing ratio	–	–	55%

The Group is not subject to any externally imposed capital requirements for the financial years ended 31 December 2014, 2015 and 2016.

(e) Fair value measurements

The carrying amount of financial assets and financial liabilities of the Group are assumed to approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments disclosed as follows:

	2014	**2015**	**2016**
	$	**$**	**$**
Loans and receivables	6,265,981	9,766,923	9,180,252
Financial liabilities at amortised cost	2,699,750	4,970,784	9,195,892

25 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	2014	2015	2016
	$	$	$
Fees received from fellow subsidiary corporations			
– Rental income	197,168	194,700	207,900
– Allocated staff costs	15,530	2,194	13,068
– Sale of merchandise and event income	12,037	19,624	38,851
– Service income	3,509	2,985	–
– Royalties	279,790	241,061	314,073
Fees paid to fellow subsidiary corporations			
– Purchase of merchandise and event expense	8,039	8,393	2,607
– Advertising and marketing fees	–	373,171	326,113
– Rental expense	48,460	64,155	105,815
– Employee related expenses	–	–	4,568
– Training expenses	–	26,070	59
– Allocated staff costs	40,983	43,258	73,193
– IT services	–	39,944	46,500
– Purchase of intangible assets	300,000	–	–
Fees paid to immediate holding corporation			
– Management fee	440,000	462,000	485,100
– Allocated staff costs	–	–	34,612

Outstanding balances as at 31 December 2014, 2015 and 2016, arising from sales and purchases of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 16 respectively.

25 Related party transactions (continued)

(b) Key management compensation

Key management personnel compensation paid to a director of the Company is as follows:

	2014 $	2015 $	2016 $
Wages and salaries	–	–	120,000
Employer's contribution to defined contribution plan, including Central Provident Fund	–	–	6,120
Other benefit	–	–	8,581
	–	–	134,701

26 Business combination

(i) Acquisition of subsidiary corporations in 2014

On 1 July 2014, the Group completed the acquisition of 100% equity interest in Bentley Institute Pte. Ltd. This subsidiary corporation was renamed to Champion Mindset Academy Pte. Limited ("CMA") on 10 July 2014. The principal activities of CMA are those relating to the commercial schools offering education programmes.

On 18 August 2014, the Group completed the acquisition of 60% equity interest in MindChamps Shanghai Pte. Limited ("MCSH"). The principal activities of MCSH are those of business and management consultancy services and investment holding.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	CMA $	MCSH $	Total $
(a) Purchase consideration			
Cash paid	1	120	121
(b) Effect on cash flows of the Group			
Cash paid (as above)	(1)	(120)	(121)
Add: cash and cash equivalents in subsidiary corporations acquired	35,237	16,208	51,445
Cash inflow on acquisition	35,236	16,088	51,324

26 Business combination (continued)

(i) *Acquisition of subsidiary corporations in 2014* (continued)

	CMA At fair value $	MCSH At fair value $	Total At fair value $
(c) Identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	35,237	16,208	51,445
Property, plant and equipment (Note 14)	7,852	–	7,852
Trade and other receivables (Note (e) below)	848,859	192	849,051
Total assets	891,948	16,400	908,348
Trade and other payables	(840,532)	(158,798)	(999,330)
Total liabilities	(840,532)	(158,798)	(999,330)
Total identifiable net assets/(liabilities)	51,416	(142,398)	(90,982)
Add: Non-controlling interests	–	56,959	56,959
Less: Gain from bargain purchase (Note 6)	(51,415)	–	(51,415)
Add: Goodwill (Note 15(a), (f) below)	–	85,559	85,559
Consideration transferred for the business	1	120	121

(d) Acquisition-related costs

Acquisition-related costs of $2,775 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Acquired receivables

The fair value of trade and other receivables is $849,051.

(f) Goodwill

The goodwill of $85,559 arising from the acquisition is attributable to the synergies of the business combination, specifically from an increase in market share.

26 Business combination (continued)

(i) Acquisition of subsidiary corporations in 2014 (continued)

(g) Revenue and profit contribution

CMA

The acquired business contributed revenue of $175,220 and net loss of $22,818 to the Group for the financial period from 1 July 2014 to 31 December 2014.

Had MCSH been consolidated from 1 January 2014, consolidated revenue and consolidated profit for the financial year ended 31 December 2014 would have been $11,077,931 and $2,834,926.

MCSH

The acquired business contributed net loss of $1,971 to the Group for the financial period from 18 August 2014 to 31 December 2014.

Had MCSH been consolidated from 1 January 2014, consolidated profit for the financial year ended 31 December 2014 would have been $2,863,590.

(h) Non-controlling interests

The Group recognised the non-controlling interest at the proportionate share of the acquirees' identifiable net liabilities of $56,959.

(ii) Acquisition of subsidiary corporations in 2016

On 1 February 2016, the Group completed the acquisition of 80% equity interest in MindChamps PreSchool @ Serangoon Pte Limited ("SRG"). The principal activities of SRG are those relating to provision of childcare, education and learning related services for preschool children.

On 1 July 2016, the Group completed the acquisition of 75% equity interest in MindChamps PreSchool @ Zhongshan Park Pte Ltd ("ZSP"). The principal activities of ZSP are those relating to provision of childcare, education and learning related services for preschool children.

26 Business combination (continued)

(ii) Acquisition of subsidiary corporations in 2016 (continued)

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	SRG $	ZSP $	Total $
(a) Purchase consideration			
Cash paid	1,000,000	187,500	1,187,500
Deferred consideration (Note 16, (h) below)	3,114,934	622,074	3,737,008
Consideration transferred for the business	4,114,934	809,574	4,924,508
(b) Effect on cash flows of the Group			
Cash paid (as above)	1,000,000	187,500	1,187,500
Less: cash and cash equivalents in subsidiary corporations acquired	(398,581)	(178,105)	(576,686)
Cash outflow on acquisition	601,419	9,395	610,814

26 Business combination (continued)

(ii) Acquisition of subsidiary corporations in 2016 (continued)

(c) Identifiable assets acquired and liabilities assumed

	SRG At fair value $	ZSP At fair value $	Total At fair value $
Cash and cash equivalents	398,581	178,105	576,686
Property, plant and equipment (Note 14)	3,441	155,647	159,088
Intangible assets (Note 15(b))	–	32,500	32,500
Inventories	–	1,319	1,319
Trade and other receivables (Note (e) below)	167,449	94,289	261,738
Total assets	569,471	461,860	1,031,331
Trade and other payables	(522,340)	(193,622)	(715,962)
Deferred income	–	(12,390)	(12,390)
Total liabilities	(522,340)	(206,012)	(728,352)
Total identifiable net assets	47,131	255,848	302,979
Less: Non-controlling interests	(9,426)	(63,962)	(73,388)
Add: Goodwill (Note 15(a), (f) below)	4,077,229	617,688	4,694,917
Consideration transferred for the business	4,114,934	809,574	4,924,508

(d) Acquisition-related costs

Acquisition-related costs of $14,306 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Acquired receivables

The fair value of trade and other receivables is $261,738, which mainly comprises the rental and utilities deposits of $227,448.

26 Business combination (continued)

(ii) *Acquisition of subsidiary corporations in 2016* (continued)

(f) Goodwill

The goodwill of $4,694,917 arising from the acquisition is attributable to the synergies of the business combination, specifically from an increase in market share.

The acquired business also included assembled workforce and non-contractual student listing that are not separable. These items are not identifiable assets, and they are subsumed into goodwill.

(g) Revenue and profit contribution

SRG

The acquired business contributed revenue of $3,277,104 and net profit of $936,886 to the Group for the financial period from 1 February 2016 to 31 December 2016.

Had SRG been consolidated from 1 January 2016, consolidated revenue and consolidated profit for the financial year ended 31 December 2016 would have been $18,661,284 and $5,647,826 respectively.

ZSP

The acquired business contributed revenue of $823,039 and net profit of $72,712 to the Group for the financial period from 1 July 2016 to 31 December 2016.

Had ZSP been consolidated from 1 January 2016, consolidated revenue and consolidated profit for the financial year ended 31 December 2016 would have been $19,157,979 and $5,459,171 respectively.

(h) Deferred consideration

The carrying amount of deferred consideration amounting to $3,737,008 approximates its fair value as at balance sheet date.

(i) Non-controlling interests

The Group recognised the non-controlling interest at the proportionate share of the acquirees' identifiable net assets of $73,388.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Consolidated Financial Statements
For the Financial Years Ended 31 December 2014, 2015 and 2016

27 Segment information

The Executive Committee ("Exco") is the Group's chief operating decision-maker. The Exco comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Marketing Officer and the General Managers of each business within each primary geographic segment. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decisions, allocate resources, and assess performance.

Operating segments that have similar economic characteristics and similar nature of products and services are aggregated into a single reportable segment. The following summary describes the operations in each of the Group's reportable segments:

(i) Education – provision of childcare, education and learning related services for preschool children

(ii) Franchise – franchising of childcare services and enrichment classes, and provision of administrative support services

(iii) Others – provision of commercial schools offering higher education programmes, business and management consulting services. Australia segment that provides childcare, education and learning related services for preschool children does not meet the quantitative thresholds required by FRS 108 for reportable segment is also included in the "Others" column.

The segment information provided to the Exco for the reportable segments are as follows:

	← Singapore	→		
	Education	**Franchise**	**Others**	**Total**
	$	**$**	**$**	**$**
2014				
Sales				
Total segment sales	6,107,134	5,113,319	175,220	11,395,673
Inter-segment sales	–	(611,642)	–	(611,642)
Sales to external parties	6,107,134	4,501,677	175,220	10,784,031
Adjusted EBITDA	**1,718,771**	**1,516,346**	**(81,532)**	**3,153,585**
Depreciation	152,202	49,478	1,922	203,602
Amortisation	9,167	75,000	–	84,167
Segment assets	**3,203,376**	**3,663,904**	**793,576**	**7,660,856**
Segment assets includes:				
Additions to:				
– property, plant and equipment	237,571	397,062	–	634,633
– intangible assets	–	447,560	40,126	487,686
Segment liabilities	**(1,884,485)**	**(2,519,672)**	**(869,987)**	**(5,274,144)**

27 Segment information (continued)

The segment information provided to the Exco for the reportable segments are as follows (continued):

	Singapore			
	Education	**Franchise**	**Others**	**Total**
	$	**$**	**$**	**$**
2015				
Sales				
Total segment sales	6,501,388	8,856,668	280,450	15,638,506
Inter-segment sales	–	(3,199,174)	–	(3,199,174)
Sales to external parties	6,501,388	5,657,494	280,450	12,439,332
Adjusted EBITDA	**1,948,570**	**2,526,347**	**20,292**	**4,495,209**
Depreciation	134,445	65,466	3,844	203,755
Amortisation	5,727	190,925	–	196,652
Segment assets	**2,579,597**	**8,137,359**	**356,415**	**11,073,371**
Segment assets includes:				
Additions to:				
– property, plant and equipment	52,679	4,583	–	57,262
– intangible assets	13,750	184,460	101,209	299,419
Segment liabilities	**(1,868,257)**	**(5,428,620)**	**(227,429)**	**(7,524,306)**
2016				
Sales				
Total segment sales	10,862,954	8,587,721	19,180	19,469,855
Inter-segment sales	(23,106)	(1,028,286)	–	(1,051,392)
Sales to external parties	10,839,848	7,559,435	19,180	18,418,463
Adjusted EBITDA	**3,748,683**	**3,170,442**	**(113,279)**	**6,805,846**
Depreciation	148,029	87,688	4,237	239,954
Amortisation	9,137	275,320	20,063	304,520
Segment assets	**9,586,432**	**5,550,720**	**796,947**	**15,934,099**
Segment assets includes:				
Additions to:				
– property, plant and equipment	512,444	95,043	42,247	649,734
– intangible assets	4,730,534	402,703	51,850	5,185,087
Segment liabilities	**(3,490,127)**	**(8,089,123)**	**(189,229)**	**(11,768,479)**

27 Segment information (continued)

Sales between segments are carried out at market terms. The revenue from external parties reported to Exco is measured in a manner consistent with that in the statement of comprehensive income.

The Exco assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA").

(a) Reconciliation

Segment profits

A reconciliation of adjusted EBITDA to profit before income tax is as follows:

	2014 $	2015 $	2016 $
Adjusted EBITDA for reportable segments	3,235,117	4,474,917	6,919,125
Adjusted EBITDA for other segments	(81,532)	20,292	(113,279)
Depreciation	(203,602)	(203,755)	(239,954)
Amortisation	(84,167)	(196,652)	(304,520)
Finance expense	(5,009)	(6,184)	(4,588)
Interest income	3,108	42,421	23,502
Profit before income tax	2,863,915	4,131,039	6,280,286

(b) Revenue from major products and services

Revenues from external customers are mainly course fees, royalty fees and franchise income. Breakdown of the revenue from respective segment is as follows:

	2014 $	2015 $	2016 $
Revenue			
Education	6,107,134	6,501,388	10,839,848
Franchise	4,501,677	5,657,494	7,559,435
Others	175,220	280,450	19,180
	10,784,031	12,439,332	18,418,463

27 Segment information (continued)

(c) Geographical information

No geographical information had been prepared as the Group's core business is in Singapore.

There was no single external customer who contributes more than 10% of the Group's revenue during the financial years ended 31 December 2014, 2015 and 2016.

28 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

<u>Effective for annual periods beginning on or after 1 January 2018</u>

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 40 Transfers of Investment Property
- Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (December 2016)
- Amendments to FRS 28 Investments in Associates and Joint Ventures
- Amendments to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

<u>Effective for annual periods beginning on or after 1 January 2019</u>

- FRS 116 *Leases*

28 New or revised accounting standards and interpretations (continued)

Effective date to be determined

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for the following:

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

- FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The management anticipates that the adoption of the above FRS will not have a material impact on the financial statements of the Group.

28 New or revised accounting standards and interpretations (continued)

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. The Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. There will be no impact to the Group as the Group does not have any such hedging relationship.

  There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts.

  The Group does not expect the new model to have a significant impact on the impairment provisions.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

28 New or revised accounting standards and interpretations (continued)

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the 31 December 2016, the Group has non-cancellable operating lease commitments of $6,937,032 (Note 23). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

- IFRS convergence in 2018

  Singapore-incorporated companies listed on the SGX-ST will be required to apply new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. Upon listing, the Group will be adopting the new framework for the first time for financial year ending 31 December 2018, with retrospective application to the comparative financial year ending 31 December 2017 and the opening statement of financial position as at 1 January 2017 (date of transition). Management is currently performing a detailed analysis of the transition options and other requirement of IFRS 1, including financial effects on transition to the new framework.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Consolidated Financial Statements
For the Financial Years Ended 31 December 2014, 2015 and 2016

29 Interests in subsidiary corporations

The Group had the following subsidiary corporations as at 31 December 2014, 2015 and 2016:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			2014%	2015%	2016%	2014%	2015%	2016%
MindChamps PreSchool Franchise Pte Limited[(a)]	Franchising of childcare services for preschool children	Singapore	93.58	93.58	93.58	6.42	6.42	6.42
MindChamps PreSchool @ TPY Pte. Limited (formerly known as MindChamps PreSchool Pte. Limited)[(a)]	Childcare and related services	Singapore	100	100	100	–	–	–
MindChamps PreSchool @ Paragon Pte Limited[(a)]	Childcare and related services	Singapore	100	100	100	–	–	–
MindChamps PreSchool @ Serangoon Pte Limited[(a),(c)]	Childcare and related services	Singapore	–	–	80	–	–	20
MindChamps PreSchool @ Zhongshan Park Pte Ltd[(a),(c)]	Childcare and related services	Singapore	–	–	75	–	–	25
MindChamps PreSchool @ Changi Business Park Pte Limited[(a)]	Childcare and related services	Singapore	51	51	51	49	49	49
MindChamps PreSchool @ Leisure Park Kallang Pte Limited[(a),(d)]	Childcare and related services	Singapore	–	–	51	–	–	49
Champion Mindset Academy Pte Limited[(a),(c)]	Commercial school offering higher education services	Singapore	100	100	100	–	–	–

29 Interests in subsidiary corporations (continued)

The Group had the following subsidiary corporations as at 31 December 2014, 2015 and 2016:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			2014%	2015%	2016%	2014%	2015%	2016%
MindChamps Shanghai Pte Limited[(a),(c)]	Business and management consultancy services and investment holding	Singapore	60	60	60	40	40	40
MindChamps Australia Pty Ltd[(b)]	Childcare and related services	Australia	100	100	100	–	–	–

(a) Audited by Nexia TS Public Accounting Corporation, a member firm of Nexia International

(b) Not required to be audited under the laws of the country of incorporation

(c) Acquired during the financial years

(d) Incorporated during the financial years

<u>Carrying value of non-controlling interests</u>

	2014 $	2015 $	2016 $
MindChamps PreSchool Franchise Pte Limited ("MCF")	174,479	251,900	194,153
MindChamps PreSchool @ Serangoon Pte Limited ("SRG")	–	–	189,795
Other subsidiary corporations with immaterial non-controlling interests	(157,073)	(89,075)	57,362
Total	17,406	162,825	441,310

29 Interests in subsidiary corporations (continued)

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

	MCF			**SRG**
	2014	**2015**	**2016**	**2016**
	$	**$**	**$**	**$**
Current				
Assets	4,947,809	6,495,607	5,868,403	1,869,260
Liabilities	(2,290,509)	(2,657,208)	(2,980,583)	(1,031,664)
Total current net assets	2,657,300	3,838,399	2,887,820	837,596
Non-current				
Assets	56,778	83,436	133,165	157,311
Liabilities	–	–	–	(45,930)
Total non-current net assets	56,778	83,436	133,165	111,381
Net assets	2,714,078	3,921,835	3,020,985	948,977
Summarised income statement				
Revenue	4,713,319	5,357,297	6,495,822	3,519,915
Profit before income tax	**2,204,326**	**2,593,187**	**3,225,082**	**738,056**
Income tax expense	–	(385,430)	(425,932)	(21,369)
Total comprehensive income, representing net profit	**2,204,326**	**2,207,757**	**2,799,150**	**716,687**
Total comprehensive income allocated to non-controlling interests	126,166	141,524	179,434	180,369
Dividends paid to non-controlling interests	–	64,103	237,181	–

29 Interests in subsidiary corporations (continued)

Summarised cash flows

	MCF			SRG
	2014 **$**	**2015** **$**	**2016** **$**	**2016** **$**
Cash flows from operating activities				
Cash generated from operations	910,728	2,186,984	2,927,435	1,294,059
Income tax refund	–	–	36,496	–
Income tax paid	–	–	(385,430)	–
Net cash generated from operating activities	**910,728**	**2,186,984**	**2,578,501**	**1,294,059**
Net cash used in investing activities	**(4,240)**	**(60,833)**	**(114,464)**	**(123,264)**
Net cash used in financing activities	**–**	**(1,000,000)**	**(4,973,389)**	**97,208**
Net increase/(decrease) in cash and cash equivalents	**906,488**	**1,126,151**	**(2,509,352)**	**1,268,003**
Cash and cash equivalents at beginning of financial year	822,418	1,728,906	2,855,057	319,538
Cash and cash equivalents at end of financial year	**1,728,906**	**2,855,057**	**345,705**	**1,587,541**

Transactions with non-controlling interests

Disposal of interest in a subsidiary corporation without loss of control

On 20 August 2014, the Company disposed 1.41% of equity interest of its equity interest in MindChamps PreSchool Franchise Pte Limited at a consideration of $13,000. The effect changes in the ownership interest of MindChamps PreSchool Franchise Pte Limited on the equity attributable to owners of the Company during the financial year ended 31 December 2014 is summarised as follows:

	2014 **$**
Carrying amount of non-controlling interest disposed of	(22,326)
Consideration received from non-controlling interests	13,000
Loss recognised in parent's equity	(9,326)

30 Events occurring after balance sheet date

(i) Acquisition of a preschool business in Singapore

On 9 January 2017, MindChamps PreSchool @ Mountbatten Pte. Ltd. ("MBT") transferred its preschool business to a subsidiary corporation of the Group, MindChamps PreSchool @ Leisure Park Kallang Pte. Limited ("LPK") for a cash consideration of $1, under the conditions specified in a loan agreement entered between the Company (as a lender) and the shareholders of MBT (as borrowers). The fair value of the identifiable net liabilities at the date of acquisition is $378,991. There was no acquisition-related cost incurred as the transfer of business was a performance of the conditions specified in a loan agreement. The details of the assets acquired and liabilities assumed, non-controlling interest that will be recognised and the effect on the cash flows for the Group are disclosed in the unaudited consolidated financial statements for the five-month period ended 31 May 2017 set out in Appendix B of the prospectus.

(ii) Incorporation of subsidiary corporations in Australia

On 4 May 2017, the Group incorporated three wholly owned subsidiary corporations in Australia, namely MindChamps Early Learning & Care @ Broadway Pty Limited, MindChamps Early Learning & Care @ Cherrybrook Pty Limited and MindChamps Early Learning & Care @ Eastwood Pty Limited, with a paid-up capital of $1,037 (equivalent to A$1,000) in each subsidiary corporation.

On 5 May 2017, the Group incorporated a wholly owned subsidiary corporation in Australia, namely MindChamps Early Learning & Care @ Hornsby Pty Limited with a paid-up capital of $1,037 (equivalent to A$1,000).

(iii) Acquisition of four preschool businesses in Australia

On 2 August 2017, the Group entered into a business sale agreement to acquire four preschool businesses in Sydney, Australia, for a purchase consideration of AUD15,750,000 (approximately $17,014,000).. As at the date of these financial information authorised for issue, the Group completed the acquisition of all four preschool businesses. These preschool businesses will be consolidated in the Group from the completion date onwards.

30 Events occurring after balance sheet date (continued)

(iv) Transactions with non-controlling interests in Singapore

(a) MindChamps PreSchool @ Changi Business Park Pte Limited ("CBP")

On 25 September 2017, the Group acquired additional 49% interest in its subsidiary corporation, CBP from the non-controlling interest for a purchase consideration of $387,000. Following the acquisition, CBP became a wholly owned subsidiary corporation of the Group.

(b) MindChamps PreSchool Franchise Pte Limited ("MCF")

On 9 November 2017, the Group entered into share purchase agreements to acquire additional 6.42% interest in its subsidiary corporation, MCF from the non-controlling interests for purchase considerations of $432,873. As at the date of these financial statements authorised for issue, the Group is in the process of completing these acquisitions.

(v) Corporate exercises

On 8 November 2017, our Shareholders passed resolutions to approve, *inter alia*, the following:

(a) the conversion of our Company into a public company limited by shares and the adoption of a new Constitution effective upon our Listing;

(b) the change of our Company's name to "MindChamps PreSchool Limited"; and

(c) the sub-division of each of the Shares into 360 Shares, which resulted share capital of 180,000,000 shares upon approval.

31 Authorisation of consolidated financial statements

The consolidated financial statements for the financial years ended 31 December 2014, 2015 and 2016 have been prepared for inclusion of the Prospectus of the Company and were authorised for issued by the Board of Directors on 10 November 2017.

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MindChamps PreSchool Limited and its Subsidiary Corporations
Statement by Directors
For the Six-Month Period Ended 30 June 2017

In the opinion of the directors,

(i) the unaudited consolidated financial statements set out on pages B-4 to B-68 are drawn up so as to give a true and fair view of the financial positions of the Group as at 30 June 2017, and of the financial performance, changes in equity and cash flows of the Group for the six-month period then ended, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Group 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 directors

David Chiem Phu An
Director

Catherine Du
Director

Singapore

10 November 2017

INDEPENDENT AND REPORTING AUDITOR'S REPORT ON THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

10 November 2017

The Board of Directors
MindChamps PreSchool Limited
480 Lorong 6 Toa Payoh
#17-01 HDB Hub
Singapore 310480

Dear Sirs

Introduction

We have reviewed the accompanying unaudited interim consolidated financial statements of MindChamps PreSchool Limited (the "Company") and its subsidiary corporations (collectively, the "Group"), which comprise the consolidated balance sheet as at 30 June 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the six-month period ended 30 June 2017, and notes to the unaudited consolidated financial statements, including a summary of significant accounting policies, as set out on pages B-4 – B-68. Management is responsible for the preparation and presentation of these unaudited interim consolidated financial statements in accordance with Singapore Financial Reporting Standards. Our responsibility is to express a conclusion on these unaudited interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AND REPORTING AUDITOR'S REPORT ON THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

(continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim consolidated financial statements does not present fairly, in all material respects, the financial position of the Group as at 30 June 2017, and of its financial performance, changes in equity and its cash flows for the six-month period then ended in accordance with Singapore Financial Reporting Standards.

Restriction on Distribution and Use

This report has been prepared solely for the inclusion in the prospectus of the Company in connection with the Company's listing on the Singapore Exchange Securities Trading Limited.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director in-charge: Chin Chee Choon

Singapore

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Consolidated Statements of Comprehensive Income
For the six-month period ended 30 June 2017

	Note	Six-Month Period Ended 30 June (Unaudited)	
		2016	**2017**
		$	**$**
Revenue	4	8,772,878	9,203,135
Cost of sales		(2,706,842)	(3,850,816)
Gross profit		6,066,036	5,352,319
Other income	5	716,892	661,812
Other (loss)/gain – net	6	(8,449)	15,726
Expenses			
– Administrative		(3,234,273)	(4,266,115)
– Marketing		(145,810)	(150,719)
– Finance	9	(2,504)	(1,897)
Profit before income tax		3,391,892	1,611,126
Income tax expense	10	(230,472)	(114,712)
Net profit		3,161,420	1,496,414
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Gain/(loss)		7,744	(4,909)
Total comprehensive income		3,169,164	1,491,505
Profit attributable to:			
Equity holders of the Company		2,949,231	1,377,387
Non-controlling interests		212,189	119,027
		3,161,420	1,496,414
Total comprehensive income attributable to:			
Equity holders of the Company		2,956,975	1,372,478
Non-controlling interests		212,189	119,027
		3,169,164	1,491,505
Earnings per share for net profit attributable to equity holders of the Company			
– Basic earnings per share (cents per share)	21	1.64	0.77
– Diluted earnings per share (cents per share)	21	1.64	0.77

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

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Consolidated Balance Sheet
As at 30 June 2017

	Note	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
ASSETS			
Current assets			
Cash and cash equivalents	11	3,873,728	3,044,936
Trade and other receivables	12	5,404,122	6,304,133
Inventories	13	80,487	142,078
		9,358,337	9,491,147
Non-current assets			
Property, plant and equipment	14	1,146,385	1,160,433
Intangible assets	15	5,429,377	5,639,081
		6,575,762	6,799,514
Total assets		15,934,099	16,290,661
LIABILITIES			
Current liabilities			
Trade and other payables	16	5,218,062	4,245,180
Deferred income	17	2,088,790	2,369,422
Finance lease liabilities	18	40,019	40,878
Current income tax liabilities		483,797	356,602
		7,830,668	7,012,082
Non-current liabilities			
Other payables	16	3,737,008	3,737,008
Finance lease liabilities	18	55,946	35,295
Provision for reinstatement costs	19	144,857	144,857
		3,937,811	3,917,160
Total liabilities		11,768,479	10,929,242
NET ASSETS		4,165,620	5,361,419
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	20	500,000	500,000
Currency translation reserve		37,197	32,288
Retained profits		3,187,113	4,564,500
		3,724,310	5,096,788
Non-controlling interests	29	441,310	264,631
TOTAL EQUITY		4,165,620	5,361,419

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

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Consolidated Statements of Changes in Equity
For the six-month period ended 30 June 2017

		Attributable to equity holders of the Company					
	Note	Share capital $	Currency translation reserve $	Retained profits $	Total $	Non-controlling interests $	Total $
2016 (Unaudited)							
Beginning of financial period		500,000	39,883	2,846,357	3,386,240	162,825	3,549,065
Total comprehensive income for the financial period		–	7,744	2,949,231	2,956,975	212,189	3,169,164
Acquisition of a subsidiary corporation	26	–	–	–	–	9,426	9,426
End of financial period		500,000	47,627	5,795,588	6,343,215	384,440	6,727,655
2017 (Unaudited)							
Beginning of financial period		500,000	37,197	3,187,113	3,724,310	441,310	4,165,620
Total comprehensive income for the financial period		–	(4,909)	1,377,387	1,372,478	119,027	1,491,505
Acquisition a preschool business	26	–	–	–	–	(185,706)	(185,706)
Dividend to non-controlling interests		–	–	–	–	(110,000)	(110,000)
End of financial period		500,000	32,288	4,564,500	5,096,788	264,631	5,361,419

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

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Consolidated Statements of Cash Flows
For the six-month period ended 30 June 2017

	Note	Six-Month Period Ended 30 June (Unaudited) 2016 $	2017 $
Cash flows from operating activities			
Net profit Adjustments for:		3,161,420	1,496,414
– Amortisation of intangible assets	7	166,201	190,303
– Depreciation of property, plant and equipment	7	119,069	189,964
– Interest expense	9	2,504	1,897
– Interest income	5	(16,555)	(28,358)
– Income tax expense	10	230,472	114,712
– Loss on disposal of property, plant and equipment	6	–	97
– Unrealised currency translation losses/(gains)		8,527	(11,389)
		3,671,638	1,953,640
Change in working capital:			
– Trade and other receivables		(1,216,342)	(747,035)
– Inventories		4,371	(61,592)
– Trade and other payables		408,323	1,417,898
– Deferred income		(72,595)	(142,113)
Cash generated from operations		2,795,395	2,420,798
Income tax paid		(385,430)	(241,907)
Net cash generated from operating activities		2,409,965	2,178,891
Cash flows from investing activities			
Additions to property, plant and equipment		(96,469)	(203,562)
Additions to intangible assets		(230,681)	(206,721)
Acquisition of a subsidiary corporation, net of cash acquired	26	(601,419)	–
Acquisition of a preschool business	26	–	(1)
Interest received		16,555	28,358
Net cash used in investing activities		(912,014)	(381,926)
Cash flows from financing activities			
Dividend paid to equity holders of the Company		(2,550,000)	(2,500,000)
Dividend paid to non-controlling interests		–	(110,000)
Interest paid		(2,504)	(1,897)
Repayments of finance lease liabilities		(19,024)	(19,792)
Net cash used in financing activities		(2,571,528)	(2,631,689)
Net decrease in cash and cash equivalents		(1,073,577)	(834,724)
Cash and cash equivalents			
Beginning of financial period		6,911,740	3,873,728
Effects of currency translation on cash and cash equivalents		(783)	5,932
End of financial period	11	5,837,380	3,044,936

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

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

MindChamps PreSchool Limited (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is 480 Lorong 6 Toa Payoh, #17-01 HDB Hub, Singapore 310480.

On 9 November 2017, the Company was converted to a public limited company limited by shares. In connection with such conversion, the Company changed its name from MindChamps PreSchool (Worldwide) Pte. Limited to MindChamps PreSchool Limited.

The unaudited interim consolidated financial statements of the Company and its subsidiary corporations (collectively the "Group") have been prepared for the purpose of inclusion in filings associated with the proposed initial public offering ("IPO") of ordinary shares in the Capital of the Company on Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those relating to childcare services and investment holding. The principal activities of its subsidiary corporations are those relating to the provision of childcare, education and learning related services for preschool children, franchising of childcare services for preschool children, the provision of administrative support services, provision of commercial schools offering higher education programmes, and business and management consulting services.

The immediate holding corporation is MindChamps Holdings Pte. Limited and the ultimate holding corporation is Champion Minds Pte. Limited, both companies are incorporated in Singapore.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and had no material effect on the amounts reported for the current financial period ended 30 June 2017 or prior financial years.

2.2 Revenue recognition

Sales comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Rendering of service – School fees

School fees are recognised over the period of instruction on a straight-line basis. School fees received in advance is deferred and recognised when the service has been provided.

(b) Rendering of service – Administrative income

Administrative income is recognised when the service is rendered.

(c) Sale of merchandise

Revenue from the sale of merchandise is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(d) Royalty income

Royalty fee is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(e) Rendering of service – Event income

Event income is recognised when the service is rendered.

(f) Franchise income

Franchise income is recognised when all the initial services and other obligations required from the franchisor have been substantially completed. Franchise income received in advance is deferred and recognised when all the initial services and other obligations required from the franchisor have been substantially completed.

(g) Commission income

Commission income is recognised on an accrual basis.

(h) Rendering of service – Service income

Service income is recognised when the service is rendered. Service income received in advance is deferred and recognised when the service has been rendered.

(i) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related cost which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from the involvement of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances, and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest comprise of the portion of subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiary corporations* (continued)

(ii) *Acquisitions* (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(iii) Disposals (continued)

Please refer to paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 **Significant accounting policies** (continued)

2.5 **Property, plant and equipment** (continued)

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Furniture and office equipment	3 – 5 years
Renovation	5 years
Computer equipment	3 years
Motor vehicles	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.6 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

(b) *Acquired trademarks and licenses*

Trademarks and licenses acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 6 years, which is the period of contractual rights.

(c) *Courseware development costs*

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of courseware are capitalised as intangible assets only when the technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the courseware and the costs can be measured reliably. Such costs include consulting fees and payroll-related costs of employees directly involved in the project.

Following initial recognition of the courseware development costs as intangible assets, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. The courseware development costs have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of two years.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.6 Intangible assets (continued)

(d) Acquired computer software licences

Acquired computer software are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with the maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using straight-line method over their estimated useful lives of two years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in the profit and loss when the changes arise.

2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

(i) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

(i) Goodwill (continued)

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(ii) Intangible assets
Property, plant and equipment
Investments in subsidiary corporations

Intangible assets, property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

(ii) *Intangible assets*
Property, plant and equipment
Investments in subsidiary corporations (continued)

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.9 Financial assets

(a) *Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 12) and "Cash and cash equivalents" (Note 11) on the balance sheet.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit and loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2 Significant accounting policies (continued)

2.9 Financial assets (continued)

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) *Impairment*

The Group assess at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 Leases

When the Group is the lessee

The Group leases a motor vehicle under finance lease and premises, computer equipment and office equipment under operating leases.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.13 Leases (continued)

When the Group is the lessee (continued)

(i) Lessee – Finance leases (continued)

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.15 Income taxes (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.16 Provisions for liabilities and charges

(a) *General*

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(b) *Asset dismantlement, removal or restoration*

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation.

2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liabilities for annual leave as a result of services rendered by employees up to the balance sheet date.

2.18 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which it operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

2 Significant accounting policies (continued)

2.18 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented within "other gains/(losses) – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

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2 Significant accounting policies (continued)

2.18 Currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

3 Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed below.

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3 Critical accounting estimates and assumptions (continued)

(a) *Impairment of trade and other receivables*

Management reviews its trade and other receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would be higher/lower by $92,782 and $116,992 as at 31 December 2016 and 30 June 2017 respectively.

(b) *Impairment of goodwill*

As disclosed in Note 15 to the financial statements, the recoverable amounts of the cash generating units which goodwill have been allocated to are determined based on value-in-use calculations. The value-in-use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value-in-use including a sensitivity analysis, are disclosed and further explained in Note 15 to the financial statements.

The carrying amounts of the goodwill as at 31 December 2016 and 30 June 2017 were $4,723,692 and $4,916,978 respectively.

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Notes to the Unaudited Consolidated Financial Statements
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4 Revenue

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
	$	**$**
School fees	4,636,331	6,329,112
Sale of merchandise	243,007	230,182
Event income	43,415	39,553
Administrative income	37,414	50,971
Royalty fees	1,887,941	2,161,135
Franchise income	1,732,500	250,000
Commission income	192,270	142,182
	8,772,878	9,203,135

5 Other income

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
	$	**$**
Government grants	265,397	176,853
Service income	399,033	434,394
Interest income – bank deposits	16,555	28,358
Others	35,907	22,207
	716,892	661,812

6 Other (loss)/gain – net

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
	$	**$**
Currency exchange (loss)/gain – net	(8,449)	15,823
Loss on disposal of property, plant and equipment	–	(97)
	(8,449)	15,726

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7 Expenses by nature

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
	$	**$**
Advertising and marketing	145,810	150,719
Allowance for impairment of trade and other receivables (Note 24(b)(ii)&(iii))	205,713	1,026
Amortisation of intangible assets (Note 15)	166,201	190,303
Associate trainer fees	54,047	51,158
Commission	190,610	174,093
Depreciation of property, plant and equipment (Note 14)	119,069	189,964
Employee compensation (Note 8)	3,323,858	4,947,053
Event and excursion expenses	32,421	33,495
Insurance	5,664	6,177
Professional fees	280,377	306,564
Purchase of merchandise	154,143	215,923
Rental – operating lease	941,106	1,413,328
Repair and maintenance	26,665	42,582
Student welfare	146,679	197,166
Telecommunication	13,288	10,791
Training	87,455	44,880
Travel expenses	21,853	69,337
Utilities	39,534	57,991
Change in inventories	4,371	(61,592)
Others	128,061	226,692
Total cost of sales, administrative expenses and marketing expenses	6,086,925	8,267,650

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
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8 Employee compensation

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
	$	**$**
Wages, salaries and other costs	2,968,528	4,440,260
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	355,330	506,793
	3,323,858	4,947,053

9 Finance expenses

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
	$	**$**
Interest expense:		
– Finance lease liabilities	2,504	1,736
– Others	–	161
	2,504	1,897

10 Income tax expense

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
	$	**$**
Income tax expense attributable to profit is made up of:		
Profit for the financial period:		
– Current income tax – Singapore	230,472	114,712

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Notes to the Unaudited Consolidated Financial Statements
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10 Income tax expense (continued)

The income tax expense on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
	$	**$**
Profit before income tax	3,391,892	1,611,126
Tax calculated at a tax rate of 17%	576,622	273,891
Effects of:		
– expenses not deductible for tax purposes	83,467	64,645
– tax incentives	(46,615)	–
– capital allowance	(82,506)	(41,252)
– utilisation of previously unrecognised tax losses	(76,801)	(182,572)
– group relief	(223,695)	–
	230,472	114,712

Subject to agreement with the tax authorities, the Group has unutilised tax losses and capital allowances amounting to $788,411 and nil (2016: $1,862,362 and $142,090) respectively at the balance sheet date which can be carried forward for offsetting against future taxable income subject to compliance with the provisions of the Singapore Income Tax Act and meeting certain statutory requirements in Singapore.

11. Cash and cash equivalents

	31 December 2016 (Audited)	30 June 2017 (Unaudited)
	$	**$**
Cash at banks	3,041,167	3,036,395
Short-term bank deposits	822,247	–
Cash in hand	10,314	8,541
	3,873,728	3,044,936

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
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12 Trade and other receivables

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Trade receivables		
– Non-related parties	3,866,428	4,010,868
– Related corporations	–	118,487
	3,866,428	4,129,355
Less: Allowance for impairment of trade receivables-non-related parties (Note 24(b)(ii))	(205,370)	(205,370)
Trade receivables – net	3,661,058	3,923,985
Other receivables		
– Non-related parties	306,680	598,034
– Immediate holding corporation	–	7,303
– Related corporations	–	1,434
– Shareholders of subsidiary corporations	6,581	6,581
	313,261	613,352
Less: Allowance for impairment of other receivables – non-related parties (Note 24(b)(iii))	(65,504)	(66,530)
Other receivables – net	247,757	546,822
Prepayments	97,598	255,614
Deposits	1,397,709	1,577,712
	5,404,122	6,304,133

Non-trade amounts due from immediate holding corporation, related corporations and shareholders of subsidiary corporations are unsecured, interest-free and are repayable on demand.

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Notes to the Unaudited Consolidated Financial Statements
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13 Inventories

	Group	
	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Finished goods – merchandise for sale	80,487	142,078

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $158,514 and $154,331 for the six-month period ended 30 June 2016 and 2017 respectively.

14 Property, plant and equipment

	Furniture and office equipment $	Renovation $	Computer equipment $	Motor vehicles $	Total $
31 December 2016 (Audited)					
Cost					
Beginning of financial year	793,704	518,043	174,567	392,822	1,879,136
Acquisition of subsidiary corporations (Note 26(i))	11,320	146,051	1,717	–	159,088
Additions	101,342	489,070	17,492	41,830	649,734
Disposal	(2,362)	–	–	–	(2,362)
End of financial year	904,004	1,153,164	193,776	434,652	2,685,596
Accumulated depreciation					
Beginning of financial year	597,981	492,721	139,514	71,422	1,301,638
Depreciation charge	134,258	29,149	35,868	40,679	239,954
Disposal	(2,362)	–	–	–	(2,362)
Currency translation differences	–	–	–	(19)	(19)
End of financial year	729,877	521,870	175,382	112,082	1,539,211
Net book value					
End of financial year	**174,127**	**631,294**	**18,394**	**322,570**	**1,146,385**

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14 Property, plant and equipment (continued)

	Furniture and office equipment	Renovation	Computer equipment	Motor vehicles	Total
	$	$	$	$	$
30 June 2017 (Unaudited)					
Cost					
Beginning of financial period	904,004	1,153,164	193,776	434,652	2,685,596
Additions	89,044	89,072	25,447	–	203,563
Disposal	(2,410)	–	–	–	(2,410)
Currency translation differences	6	–	–	571	577
End of financial period	990,644	1,242,236	219,223	435,223	2,887,326
Accumulated depreciation					
Beginning of financial period	729,877	521,870	175,382	112,082	1,539,211
Depreciation charge (Note 7)	49,167	111,543	7,852	21,402	189,964
Disposal	(2,313)	–	–	–	(2,313)
Currency translation differences	–	–	–	31	31
End of financial period	776,731	633,413	183,234	133,515	1,726,893
Net book value					
End of financial period	**213,913**	**608,823**	**35,989**	**301,708**	**1,160,433**

The carrying amounts of the Group's motor vehicle held under finance leases liabilities is $282,832 and $263,548 as at 31 December 2016 and 30 June 2017 respectively.

15 Intangible assets

	31 December 2016 (Audited)	30 June 2017 (Unaudited)
	$	$
Composition		
Goodwill arising on consolidation (Note (a))	4,723,692	4,916,978
Franchise license (Note (b))	37,396	30,833
Courseware development costs (Note (c))	579,293	618,626
Computer software licenses (Note (d))	88,996	72,644
	5,429,377	5,639,081

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15 Intangible assets (continued)

(a) Goodwill arising on consolidation

	31 December 2016 (Audited) $	**30 June 2017 (Unaudited) $**
Cost		
Beginning of financial year/period	114,334	4,809,251
Acquisition of subsidiary corporations (Note 26(i)(c))	4,694,917	–
Acquisition of a preschool business (Note 26(ii)(c))	–	193,286
End of financial year/period	4,809,251	5,002,537
Accumulated impairment		
Beginning and end of financial year/period	85,559	85,559
Net book value	4,723,692	4,916,978

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to each of the operating entities.

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period. There was no impairment of goodwill allocated to MindChamps PreSchool @ Paragon Pte Limited, MindChamps PreSchool @ Serangoon Pte Limited, and MindChamps PreSchool @ Zhongshan Park Pte Ltd.

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15 Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

Key assumptions used for value-in-use calculations:

	Gross margin[1]	Growth rate[2]	Discount rate[3]
MindChamps PreSchool @ Paragon Pte Limited			
– As at 31 December 2016	47.0%	3.0%	11.7%
MindChamps PreSchool @ Serangoon Pte Limited			
– As at 31 December 2016	53.2%	3.0%	11.7%
MindChamps PreSchool @ Zhongshan Park Pte Ltd			
– As at 31 December 2016	42.8%	3.0%	11.7%

1 Budgeted gross margin

2 Weighted average growth rate used to extrapolate cash flows beyond the budgeted period

3 Pre-tax discount rate applied to the pre-tax cash flow projections

Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry report. The discount rate used were pre-tax and reflected specific risks relating to the segment. There are no reasonably possible changes in significant assumptions used in the fair value calculations which would cause the recoverable amount falls below its carrying amount.

As required by the FRS 36 – Impairment of Assets, goodwill is subject to an annual assessment for impairment. There was no assessment on impairment of goodwill carried out for the six-month period ended 30 June 2017 as the last assessment on goodwill impairment was performed on 31 December 2016. The Group will carry out the impairment assessment on goodwill before the end of current financial year.

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15 Intangible assets (continued)

(b) Franchise license

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Cost		
Beginning of financial year/period	13,750	46,250
Acquisition of a subsidiary corporation (Note 26(i))	32,500	–
End of financial year/period	46,250	46,250
Accumulated amortisation		
Beginning of financial year/period	1,146	8,854
Amortisation charge	7,708	6,563
End of financial year/period	8,854	15,417
Net book value	37,396	30,833

(c) Courseware development costs

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Cost		
Beginning of financial year/period	639,480	1,060,436
Additions	420,956	171,661
End of financial year/period	1,060,436	1,232,097
Accumulated amortisation		
Beginning of financial year/period	254,362	481,143
Amortisation charge	226,781	132,328
End of financial year/period	481,143	613,471
Net book value	579,293	618,626

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15 Intangible assets (continued)

(d) Computer software

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Cost		
Beginning of financial year/period	133,876	170,590
Additions	36,714	35,060
End of financial year/period	170,590	205,650
Accumulated amortisation		
Beginning of financial year/period	11,563	81,594
Amortisation charge	70,031	51,412
End of financial year/period	81,594	133,006
Net book value	88,996	72,644

(e) Amortisation expenses included in the statement of comprehensive income is analysed as follow:

	Six-Month Period Ended 30 June (Unaudited)	
	2016 $	2017 $
Administrative expenses (Note 7)	134,542	190,303

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16 Trade and other payables

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Current		
Trade payables to:		
– non-related parties	129,066	163,026
– related corporations	398	6,349
	129,464	169,375
Other payables to:		
– non-related parties	758,314	854,807
– related parties	81,122	–
– related corporations	150,000	–
– immediate holding corporation	1,356,576	128,806
– shareholders of a subsidiary corporation	156,579	156,579
	2,502,591	1,140,192
Deposit received	1,304,486	1,595,381
Accrued operating expenses	1,281,521	1,696,834
	5,218,062	4,601,782
Non-current		
Deferred consideration payables (Note 26(i)(h))	3,737,008	3,737,008
Total trade and other payables	8,955,070	8,338,790

Non-trade amounts due to related parties, related corporations, immediate holding corporation and shareholders of a subsidiary corporation are unsecured, interest-free and are repayable on demand.

The fair values of deferred consideration payables approximate to their carrying amounts at the balance sheet date, which were estimated by discounting the expected future cash flows at the market interest rate.

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17 Deferred income

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Franchise income	1,080,974	890,974
School fees	982,816	1,330,634
Service income	25,000	147,814
	2,088,790	2,369,422

18 Finance lease liabilities

The Group leases a motor vehicle from non-related parties under finance leases. The lease agreements do not have renewal clauses as the Group is intending to use this asset until the end of the useful life.

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Minimum lease payments due		
– Not later than one year	43,056	43,056
– Between one and five years	57,363	35,840
	100,419	78,896
Less: Future finance charges	(4,454)	(2,723)
Present value of finance lease liabilities	95,965	76,173

The present values of finance lease liabilities are analysed as follows:

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Not later than one year	40,019	40,878
Between one and five years	55,946	35,295
Total	95,965	76,173

The effective interest rate for the Group is 3.96% per annum.

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19 Provision for reinstatement cost

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Beginning of financial year/period	79,750	144,857
Addition	65,107	–
End of financial year/period	144,857	144,857

The provision relates to the Group's obligation to reinstate leased premises to its original condition upon termination of the lease and is based on the management's estimate in similar situations. The Group expects to incur the liability upon the termination of the lease.

20 Share capital

	31 December 2016 (Audited) Unit and $	30 June 2017 (Unaudited) Unit and $
Beginning and end of the financial year/period	500,000	500,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

On 9 November 2017, pursuant to the sub-division of each of the shares, 500,000 shares in the capital of the Company were split into 180,000,000 shares.

21 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the pre-invitation share capital of the Company. The Company's pre-invitation number of shares of 180,000,000 has been used in the calculation of basic and diluted earnings per share for all periods presented in accordance with FRS 33, as it reflects the weighted average number of shares for the three years after adjusting for changes in number of shares arising from the propose initial public offering of ordinary shares in the capital of the Company on Mainboard of the Singapore Exchange Securities Trading Limited.

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21 Earnings per share (continued)

The following illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
Numerator		
Net profit attributable to equity holders of the Company ($)	2,949,231	1,377,387
Denominator		
Weighted average number of equity shares ('000)	180,000	180,000
Basic earnings per share (cents per share)	1.64	0.77

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares.

22 Dividend

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Interim one-tier tax exempt dividend in respect of current financial year/period of $10.10 per share for the financial year ended 31 December 2016 and nil for the six-month period ended 30 June 2017	5,050,000	–

23 Commitments

Operating lease commitments – where the Group is a lessee

The Group leases premises, computer equipment and office equipment under operating leases. The leases have varying terms, escalation clauses and renewal rights.

23 Commitments (continued)

Operating lease commitments – where the Group is a lessee (continued)

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Not later than one year	2,241,950	1,893,440
Between one and five years	4,695,082	3,274,154
	6,937,032	5,167,594

24 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification, measurement and exposure limits. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received from key management.

(a) Market risk

(i) Currency risk

The Group does not have significant exposure to the currency risk as the transactions are predominantly denominated in Singapore Dollar.

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24 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

The Group are not exposed to equity price risk as the Group does not hold equity financial assets.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets and liabilities, the Group's and the Company's operating cash flows are substantially independent of changes in market interest rate.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with financial institutions and other high credit quality counterparties.

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the management and at the Group level by the credit controller.

As the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet.

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24 **Financial risk management** (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

The credit risk for trade receivables based on the information provided to key management is as follows:

	31 December 2016 (Audited) $	**30 June 2017 (Unaudited) $**
By types of customer		
Non-related parties		
– Individuals	198,444	182,977
– Corporate customers	3,462,614	3,622,521
– Related parties	–	118,487
	3,661,058	3,923,985

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially within credit terms and individuals or companies with a good collection track record with the Group.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
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24 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Financial assets that are past due and/or impaired (continued)

(i) The age analysis of trade receivables past due but not impaired as follows:

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Past due:		
Less than 3 months	657,259	733,615
3 to 6 months	105,419	170,961
Over 6 months	165,138	265,339
	927,816	1,169,915

(ii) The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Gross amount	205,370	205,370
Less:		
Allowance for impairment	(205,370)	(205,370)
	–	–
Beginning of financial year/period	–	205,370
Allowance made during the financial year/period (Note 7)	205,370	–
End of financial year/period (Note 12)	205,370	205,370

An allowance for impairment has been made to profit or loss, as management determined the likelihood of recoverability is low and payments are not forthcoming.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

24 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Financial assets that are past due and/or impaired (continued)

(iii) The carrying amount of other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	31 December 2016 (Audited) $	**30 June 2017 (Unaudited) $**
Gross amount	65,504	66,530
Less:		
Allowance for impairment	(65,504)	(66,530)
	–	–
Beginning of financial year/period	52,136	65,504
Allowance made during the financial year/period (Note 7)	13,368	1,026
End of financial year/period (Note 12)	65,504	66,530

An allowance for impairment has been made to profit or loss, as management determined the likelihood of recoverability is low and payments are not forthcoming.

(c) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operation and to mitigate the effects of fluctuations in cash flows.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
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24 Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year	Between 2 and 5 years
	$	$
At 31 December 2016 (Audited)		
Trade and other payables	5,218,062	3,737,008
Finance lease liabilities	43,056	57,363
At 30 June 2017 (Unaudited)		
Trade and other payables	4,601,782	3,737,008
Finance lease liabilities	43,056	35,840

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Board of Director's monitors its capital based on net debt and total capital. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as finance lease liabilities plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	31 December 2016 (Audited)	30 June 2017 (Unaudited)
	$	$
Net debt	5,177,307	5,013,425
Total equity	4,165,620	5,361,419
Total capital	9,342,927	10,374,844
Gearing ratio	55%	48%

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
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24 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk (continued)

The Group is not subject to any externally imposed capital requirements for the financial year ended 31 December 2016 and the six-month period ended 30 June 2017.

(e) Fair value measurements

The carrying amount of financial assets and financial liabilities of the Group are assumed to approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments disclosed as follows:

	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Loans and receivables	9,180,252	9,093,455
Financial liabilities at amortised cost	9,195,892	8,203,218

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
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25 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	30 June 2016 (Unaudited) $	30 June 2017 (Unaudited) $
Fees received from fellow subsidiary corporations		
– Rental income	103,200	118,800
– Allocated staff costs	1,036	363
– Sale of merchandise and event income	10,226	13,292
– Service income	820	5,164
– Royalties	141,170	186,802
Fees paid to fellow subsidiary corporations		
– Purchase of merchandise and event expense	823	4,153
– Commission expenses	154,322	172,893
– Advertising and marketing fees	1,464	38
– Rental expense	18,473	51,366
– Employee related expenses	1,109	2,953
– Courseware development	70,051	16,285
– IT services	–	34,875
Fees paid to immediate holding corporation		
– Management fee	242,550	242,550
– Advertising and marketing fees	720	149

Outstanding balances at 31 December 2016 and 30 June 2017, arising from sales and purchases of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 16 respectively.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

25 Related party transactions (continued)

(b) Key management compensation

Key management personnel compensation paid to a director of the Company is as follows:

	30 June 2016 (Unaudited) $	**30 June 2017 (Unaudited) $**
Wages and salaries	66,000	120,000
Employer's contribution to defined contribution plan, including Central Provident Fund	6,120	6,120
	72,120	126,120

26 Business combination

(i) Acquisitions of subsidiary corporations in 2016

On 1 February 2016, the Group completed the acquisition of 80% equity interest in MindChamps PreSchool @ Serangoon Pte Limited ("SRG"). The principal activities of SRG are those relating to provision of childcare, education and learning related services for preschool children.

On 1 July 2016, the Group completed the acquisition of 75% equity interest in MindChamps PreSchool @ Zhongshan Park Pte Ltd ("ZSP"). The principal activities of ZSP are those relating to provision of childcare, education and learning related services for preschool children.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

26 Business combination (continued)

(i) Acquisitions of subsidiary corporations in 2016 (continued)

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		SRG	ZSP	Total
		$	$	$
(a)	Purchase consideration			
	Cash paid	1,000,000	187,500	1,187,500
	Deferred consideration (Note 16, (h) below)	3,114,934	622,074	3,737,008
	Consideration transferred for the business	4,114,934	809,574	4,924,508
(b)	Effect on cash flows of the Group			
	Cash paid (as above)	1,000,000	187,500	1,187,500
	Less: cash and cash equivalents in subsidiary corporations acquired	(398,581)	(178,105)	(576,686)
	Cash outflow on acquisition	601,419	9,395	610,814

		SRG At fair value	ZSP At fair value	Total At fair value
		$	$	$
(c)	Identifiable assets acquired and liabilities assumed			
	Cash and cash equivalents	398,581	178,105	576,686
	Property, plant and equipment (Note 14)	3,441	155,647	159,088
	Intangible assets (Note 15(b))	–	32,500	32,500
	Inventories	–	1,319	1,319
	Trade and other receivables (Note (e) below)	167,449	94,289	261,738
	Total assets	569,471	461,860	1,031,331

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

26 Business combination (continued)

(i) Acquisitions of subsidiary corporations in 2016 (continued)

	SRG	ZSP	Total
	At fair value	At fair value	At fair value
	$	$	$
Trade and other payables	(522,340)	(193,622)	(715,962)
Deferred income	–	(12,390)	(12,390)
Total liabilities	(522,340)	(206,012)	(728,352)
Total identifiable net assets	47,131	255,848	302,979
Less: Non-controlling interests	(9,426)	(63,962)	(73,388)
Add: Goodwill (Note 15(a), (f) below)	4,077,229	617,688	4,694,917
Consideration transferred for the business	4,114,934	809,574	4,924,508

(d) Acquisition-related costs

Acquisition-related costs of $14,306 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Acquired receivables

The fair value of trade and other receivables is $261,738, which mainly comprises the rental and utilities deposits of $227,448.

(f) Goodwill

The goodwill of $4,964,917 arising from the acquisition is attributable to the synergies of the business combination, specifically from an increase in market share.

The acquired business also included assembled workforce and non-contractual student listing that are not separable. These items are not identifiable assets, and they are subsumed into goodwill.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
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26 Business combination (continued)

(i) Acquisitions of subsidiary corporations in 2016 (continued)

(g) Revenue and profit contribution

SRG

The acquired business contributed revenue of $3,277,104 and net profit of $936,886 to the Group for the financial period from 1 February 2016 to 31 December 2016.

Had SRG been consolidated from 1 January 2016, consolidated revenue and consolidated profit for the financial year ended 31 December 2016 would have been $18,661,284 and $5,647,826 respectively.

ZSP

The acquired business contributed revenue of $823,039 and net profit of $72,712 to the Group for the financial period from 1 July 2016 to 31 December 2016.

Had ZSP been consolidated from 1 January 2016, consolidated revenue and consolidated profit for the financial year ended 31 December 2016 would have been $19,157,979 and $5,459,171 respectively.

(h) Deferred consideration

The carrying amount of deferred consideration amounting to $3,737,008 approximates its fair value as at balance sheet date.

(i) Non-controlling interests

The Group recognised the non-controlling interest at the proportionate share of the acquirees' identifiable net assets of $73,388.

(ii) Acquisition of a preschool business during the six-month period ended 30 June 2017

On 9 January 2017, MindChamps PreSchool @ Mountbatten Pte. Ltd. ("MBT") transferred its preschool business to a subsidiary corporation of the Group, MindChamps PreSchool @ Leisure Park Kallang Pte. Limited ("LPK") for a cash consideration of $1, under the conditions specified in a loan agreement entered between the Company (as a lender) and the shareholders of MBT (as borrowers). The principal activities of MBT's business are those relating to provision of childcare, education and learning related services for preschool children.

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26 Business combination (continued)

(ii) Acquisition of a preschool business during the six-month period ended 30 June 2017 (continued)

Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the transfer date, are as follows:

		LPK $
(a)	Purchase consideration	
	Consideration transferred for the business	1

		LPK $
(b)	Effect on cash flows of the Group	
	Cash paid/cash outflow on the transfer	1

		Total At fair value $
(c)	Identifiable assets acquired and liabilities assumed	
	Other receivables	152,975
	Total assets	152,975
	Other payables	(109,220)
	Deferred income	(422,746)
	Total liabilities	(531,966)
	Total identifiable net liabilities	(378,991)
	Add: Non-controlling interests	185,706
	Add: Goodwill (Note 15(a), (f) below)	193,286
	Consideration transferred for the business	1

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

26 Business combination (continued)

(ii) Acquisition of a preschool business during the six-month period ended 30 June 2017 (continued)

Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the transfer date, are as follows: (continued)

(d) Acquisition-related costs

There was no acquisition-related cost incurred as the transfer of business was a performance of the conditions specified in a loan agreement.

(e) Acquired receivables

The fair value of trade and other receivables is $152,975, which comprises the rental, utilities and renovation deposits of $102,975 and a renovation down payment of $50,000.

(f) Goodwill

The goodwill of $193,286 arising from the acquisition is attributable to the synergies of the business combination, specifically from an increase in market share.

The acquired business also included assembled workforce and non-contractual student listing that are not separable. These items are not identifiable assets, and they are subsumed into goodwill.

(g) Non-controlling interests

The Group recognised the non-controlling interest at the proportionate share of the acquiree's identifiable net liabilities of $185,706.

27 Segment information

The Executive Committee ("Exco") is the Group's chief operating decision-maker. The Exco comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Marketing Officer and the General Managers of each business within each primary geographic segment. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decisions, allocate resources, and assess performance.

MindChamps PreSchool Limited and its Subsidiary Corporations

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27 Segment information (continued)

Operating segments that have similar economic characteristics and similar nature of products and services are aggregated into a single reportable segment. The following summary describes the operations in each of the Group's reportable segments:

(i) Education – provision of childcare, education and learning related services for preschool children

(ii) Franchise – franchising of childcare services and enrichment classes, and provision of administrative support services

(iii) Others – provision of commercial schools offering higher education programmes, business and management consulting services. Australia segment that provides childcare, education and learning related services for preschool children does not meet the quantitative thresholds required by FRS 108 for reportable segment is also included in the "Others" column.

The segment information provided to the Exco for the reportable segments are as follows:

	← Singapore	→		
	Education	**Franchise**	**Others**	**Total**
	$	**$**	**$**	**$**
30 June 2016 (Unaudited)				
Sales				
Total segment sales	4,719,301	4,488,649	19,180	9,227,130
Inter-segment sales	–	(454,252)	–	(454,252)
Sales to external parties	4,719,301	4,034,397	19,180	8,772,878
Adjusted EBITDA	1,565,506	2,143,635	(46,030)	3,663,111
Depreciation	62,442	54,751	1,876	119,069
Amortisation	1,795	154,375	10,031	166,201
31 December 2016 (Audited)				
Segment assets	**9,586,432**	**5,550,720**	**796,947**	**15,934,099**
Segment assets includes:				
Additions to:				
– property, plant and equipment	512,444	95,043	42,247	649,734
– intangible assets	4,730,534	402,703	51,850	5,185,087
Segment liabilities	**(3,490,127)**	**(8,089,123)**	**(189,229)**	**(11,768,479)**

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27 **Segment information** (continued)

The segment information provided to the Exco for the reportable segments are as follows (continued):

	← Singapore	→		
	Education	**Franchise**	**Others**	**Total**
	$	**$**	**$**	**$**
30 June 2017 (Unaudited)				
Sales				
Total segment sales	6,447,443	3,380,137	–	9,827,580
Inter-segment sales	–	(624,445)	–	(624,445)
Sales to external parties	6,447,443	2,755,692	–	9,203,135
Adjusted EBITDA	**1,854,899**	**263,003**	**(152,970)**	**1,964,932**
Depreciation	130,455	57,292	2,217	189,964
Amortisation	31,068	149,202	10,033	190,303
Segment assets	**10,450,249**	**4,764,584**	**1,075,828**	**16,290,661**
Segment assets includes:				
Additions to:				
– property, plant and equipment	195,986	7,138	438	203,562
– intangible assets	193,286	206,721	–	400,007
Segment liabilities	**(4,041,579)**	**(6,694,432)**	**(193,231)**	**(10,929,242)**

Sales between segments are carried out at market terms. The revenue from external parties reported to Exco is measured in a manner consistent with that in the statement of comprehensive income.

The Exco assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA").

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
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27 **Segment information** (continued)

(a) Reconciliation

Segment profits

A reconciliation of adjusted EBITDA to profit before income tax is as follows:

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
	$	**$**
Adjusted EBITDA for reportable segments	3,709,141	2,117,902
Adjusted EBITDA for other segments	(46,030)	(152,970)
Depreciation	(119,069)	(189,964)
Amortisation	(166,201)	(190,303)
Finance expense	(2,504)	(1,897)
Interest income	16,555	28,358
Profit before income tax	3,391,892	1,611,126

(b) Revenue from major products and services

Revenues from external customers are mainly course fees, royalty fees and franchise income. Breakdown of the revenue from respective segment is as follows:

	Six-Month Period Ended 30 June (Unaudited)	
	2016	**2017**
	$	**$**
Revenue		
Education	4,719,301	6,447,443
Franchise	4,034,397	2,755,692
Others	19,180	–
	8,772,878	9,203,135

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
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27 Segment information (continued)

(c) Geographical information

No geographical information had been prepared as the Group's core business is in Singapore.

There was one transaction with an external customer contributed to 15% of the Group's revenue for the six-month period ended 30 June 2016. There was no single transaction with an external customer who contributes more than 10% of the Group's revenue during the six-month period ended 30 June 2017.

28 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

<u>Effective for annual periods beginning on or after 1 January 2018</u>

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 40 Transfers of Investment Property
- Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (December 2016)
- Amendments to FRS 28 Investments in Associates and Joint Ventures
- Amendments to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

<u>Effective for annual periods beginning on or after 1 January 2019</u>

- FRS 116 *Leases*

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Notes to the Unaudited Consolidated Financial Statements
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28 New or revised accounting standards and interpretations (continued)

Effective date to be determined

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for the following:

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

28 New or revised accounting standards and interpretations (continued)

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. The Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. There will be no impact to the Group as the Group does not have any such hedging relationship.

  There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts.

  The Group does not expect the new model to have a significant impact on the impairment provisions.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

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28 New or revised accounting standards and interpretations (continued)

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2017, the Group has non-cancellable operating lease commitments of $5,167,594 (Note 23). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

- IFRS convergence in 2018

  Singapore-incorporated companies listed on the SGX-ST will be required to apply new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. Upon listing, the Group will be adopting the new framework for the first time for financial year ending 31 December 2018, with retrospective application to the comparative financial year ending 31 December 2017 and the opening statement of financial position as at 1 January 2017 (date of transition). Management is currently performing a detailed analysis of the transition options and other requirement of IFRS 1, including financial effects on transition to the new framework.

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29 Interests in subsidiary corporations

The Group had the following subsidiary corporations as at 31 December 2016 and 30 June 2017:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016	2017	2016	2017
			%	%	%	%
Held by the Company						
MindChamps PreSchool Franchise Pte Limited[a]	Franchising of childcare services for preschool children	Singapore	93.58	93.58	6.42	6.42
MindChamps PreSchool @ TPY Pte Limited (formerly known as MindChamps PreSchool Pte. Limited)[a]	Childcare and related services	Singapore	100	100	–	–
MindChamps PreSchool @ Paragon Pte Limited[a]	Childcare and related services	Singapore	100	100	–	–
MindChamps PreSchool @ Serangoon Pte Limited[a],[c]	Childcare and related services	Singapore	80	80	20	20
MindChamps PreSchool @ Zhongshan Park Pte Ltd[a],[c]	Childcare and related services	Singapore	75	75	25	25
MindChamps PreSchool @ Changi Business Park Pte Limited[a]	Childcare and related services	Singapore	51	51	49	49
MindChamps PreSchool @ Leisure Park Kallang Pte Limited[a],[d]	Childcare and related services	Singapore	51	51	49	49
Champion Mindset Academy Pte Limited[a]	Commercial school offering higher education services	Singapore	100	100	–	–
MindChamps Shanghai Pte Limited [a]	Business and management consultancy services and investment holding	Singapore	60	60	40	40
MindChamps Australia Pty Ltd [b]	Childcare and related services	Australia	100	100	–	–

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29 Interests in subsidiary corporations (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016	2017	2016	2017
			%	%	%	%
Held by a subsidiary corporation						
MindChamps Early Learning & Care @ Broadway Pty Limited[(d)]	Childcare and related services	Australia	–	100	–	–
MindChamps Early Learning & Care @ Cherrybrook Pty Limited[(d)]	Childcare and related services	Australia	–	100	–	–
MindChamps Early Learning & Care @ Eastwood Pty Limited[(d)]	Childcare and related services	Australia	–	100	–	–
MindChamps Early Learning & Care @ Hornsby Pty Limited[(d)]	Childcare and related services	Australia	–	100	–	–

(a) Audited by Nexia TS Public Accounting Corporation, a member firm of Nexia International

(b) Not required to be audited under the laws of the country of incorporation

(c) Acquired during the financial year

(d) Incorporated during the financial year/period

Carrying value of non-controlling interests

	30 June 2016 (Unaudited) $	30 June 2017 (Unaudited) $
MindChamps PreSchool Franchise Pte Limited ("MCF")	344,526	291,011
MindChamps PreSchool @ Serangoon Pte Limited ("SRG")	98,587	129,081
Other subsidiary corporations with immaterial non-controlling interests	(58,673)	(155,461)
Total	384,440	264,631

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

29 Interests in subsidiary corporations (continued)

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

	MCF		SRG	
	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $	31 December 2016 (Audited) $	30 June 2017 (Unaudited) $
Current				
Assets	5,868,403	7,790,417	1,869,260	1,895,147
Liabilities	(2,980,583)	(3,366,532)	(1,031,664)	(1,404,178)
Total current net assets	2,887,820	4,423,885	837,596	490,969
Non-current				
Assets	133,165	108,071	157,311	200,366
Liabilities	–	–	(45,930)	(45,930)
Total non-current net assets	133,165	108,071	111,381	154,436
Net assets	3,020,985	4,531,956	948,977	645,405

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

29 Interests in subsidiary corporations (continued)

Summarised financial information of subsidiary corporations with material non-controlling interests (continued)

Summarised income statement

	MCF		SRG	
	31 December 2016 (Audited) $	**30 June 2017 (Unaudited) $**	**31 December 2016 (Audited) $**	**30 June 2017 (Unaudited) $**
Revenue	6,495,822	3,335,549	3,519,915	1,656,330
Profit before income tax	**3,225,082**	**1,601,195**	**738,056**	**261,143**
Income tax expense	(425,932)	(90,225)	(21,369)	(14,715)
Total comprehensive income, representing net profit	**2,799,150**	**1,510,970**	**716,687**	**246,428**
Total comprehensive income allocated to non-controlling interests	179,434	96,858	180,369	49,286
Dividends paid to non-controlling interests	237,181	–	–	110,000

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Consolidated Financial Statements
For the six-month period ended 30 June 2017

29 Interests in subsidiary corporations (continued)

Summarised financial information of subsidiary corporations with material non-controlling interests (continued)

Summarised cash flows

	MCF 30 June 2017 (Unaudited) $	SRG 30 June 2017 (Unaudited) $
Cash flows from operating activities		
Cash generated from operations	838,842	247,354
Income tax paid	(231,218)	(10,689)
Net cash generated from operating activities	**607,624**	**236,665**
Net cash generated from/(used in) investing activities	**12,122**	**(54,099)**
Net cash used in financing activities	**(608,542)**	**(190,298)**
Net increase/(decrease) in cash and cash equivalents	**11,204**	**(7,732)**
Cash and cash equivalents at beginning of financial period	345,705	1,587,541
Cash and cash equivalents at end of financial period	**356,909**	**1,579,809**

30 Event occurring after balance sheet date

(i) Acquisition of four preschool businesses in Australia

On 2 August 2017, the Group entered into a business sale agreement to acquire four preschool businesses in Sydney, Australia, for a purchase consideration of AUD15,750,000 (approximately $17,014,000). As at the date of these financial information authorised for issue, the Group completed the acquisition of all four preschool businesses. These preschool businesses will be consolidated in the Group from the completion date onwards.

30 Event occurring after balance sheet date (continued)

(ii) Transactions with non-controlling interests in Singapore

(a) MindChamps PreSchool @ Changi Business Park Pte Limited ("CBP")

On 25 September 2017, the Group acquired additional 49% interest in its subsidiary corporation, CBP from the non-controlling interest for a purchase consideration of $387,000. Following the acquisition, CBP became a wholly owned subsidiary corporation of the Group.

(b) MindChamps PreSchool Franchise Pte Limited ("MCF")

On 9 November 2017, the Group entered into share purchase agreements to acquire additional 6.42% interest in its subsidiary corporation, MCF from the non-controlling interests for purchase considerations of $432,873. As at the date of these financial statements authorised for issue, the Group is in the process of completing these acquisitions.

(iii) Corporate exercises

On 8 November 2017, our Shareholders passed resolutions to approve, *inter alia*, the following:

(a) the conversion of our Company into a public company limited by shares and the adoption of a new Constitution effective upon our Listing;

(b) the change of our Company's name to "MindChamps PreSchool Limited"; and

(c) the sub-division of each of the Shares into 360 Shares, which resulted share capital of 180,000,000 shares upon approval.

31 Authorisation of financial statements

The unaudited consolidated financial statements for the six-month period ended 30 June 2017 have been prepared for inclusion of the prospectus and were authorised for issue by the Board of Directors of the Company on 10 November 2017.

10 November 2017

The Board of Directors
MindChamps PreSchool Limited
480 Lorong 6 Toa Payoh
#17-01 HDB Hub
Singapore 310480

Report on the compilation of unaudited pro forma combined financial information

We have completed our assurance engagement to report on the compilation of unaudited pro forma combined financial information of MindChamps PreSchool Limited (the "Company") and its subsidiary corporations (collectively, the "Group") by management. The unaudited pro forma combined financial information consists of the unaudited pro forma combined balance sheet as at 31 December 2016 and 30 June 2017, the unaudited pro forma combined statements of comprehensive income and the unaudited pro forma combined statements of cash flows for the financial year ended 31 December 2016 and for the financial period from 1 January 2017 to 30 June 2017, and related notes as set out on pages C-1 to C-29 of the prospectus issued by the Company. The applicable criteria on the basis of which management has compiled the unaudited pro forma financial information are described in Note 2.

The unaudited pro forma combined financial information has been compiled by management to illustrate the impact of the events in Note 2 on:

(i) the unaudited pro forma balance sheet of the Group as at 31 December 2016 and 30 June 2017 as if the events had occurred on 31 December 2016 and 30 June 2017 respectively;

(ii) the unaudited pro forma financial performance of the Group for the financial year ended 31 December 2016 and for the financial period from 1 January 2017 to 30 June 2017 as if the events had occurred on 1 January 2016 and 1 January 2017 respectively; and

(iii) the unaudited pro forma cash flows of the Group for the financial year ended 31 December 2016 and for the financial period from 1 January 2017 to 30 June 2017 as if the events had occurred on 1 January 2016 and 1 January 2017 respectively.

As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by management from the Group's consolidated financial statements for the financial year ended 31 December 2016, on which an audit report has been published; and the Group's unaudited financial statements for the financial period from 1 January 2017 to 30 June 2017.

Management's responsibility for the unaudited pro forma combined financial information

Management is responsible for compiling the unaudited pro forma combined financial information on the basis as described in Note 2.

Our independence and quality control

We have compiled with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies *Singapore Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma combined financial information has been compiled, in all material respects, by management on the basis as described in Note 2.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the unaudited pro forma combined financial information on the basis as described in Note 2.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma combined financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma combined financial information.

The purpose of the unaudited pro forma combined financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma combined financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by management in the compilation of the unaudited pro forma combined financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

(i) the related pro forma adjustments give appropriate effect to those criteria; and

(ii) the unaudited pro forma combined financial information reflects the proper application of those adjustments to the unadjusted financial information.

Auditor's responsibilities (continued)

The procedures selected depend on the auditor's judgement, having regard to the auditor's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma combined financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma combined financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma combined financial information has been compiled:

    (i) in a manner consistent with the accounting policies adopted by the Group in its audited consolidated financial statements for the financial years ended 31 December 2014, 2015 and 2016 as included in Appendix A of the prospectus and the unaudited interim consolidated financial statements for the six-month period ended 30 June 2017 in Appendix B of the prospectus, which are in accordance with Singapore Financial Reporting Standards;

    (ii) on the basis stated in Note 2 of the unaudited pro forma combined financial information; and

(b) each material adjustment made to the information used in the preparation of the unaudited pro forma combined financial information is appropriate for the purpose of preparing such unaudited pro forma financial information.

Restriction on distribution and use

This report has been prepared solely for the inclusion in the prospectus of the Company in connection with the Company's listing on the Singapore Exchange Securities Trading Limited.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Chin Chee Choon
Singapore

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Pro Forma Combined Statement of Comprehensive Income
For the financial year ended 31 December 2016

	Audited	Pro Forma Adjustments Note 4(i)	Pro Forma Adjustments Note 4(ii)	Pro Forma Adjustments Note 4(iii)	Pro Forma Adjustments Note 4(iv)	Pro Forma Adjustments Note 4(v)	Unaudited Pro Forma
	$	$	$	$	$	$	$
Revenue	18,418,463	242,811	739,516	5,540,621	–	–	24,941,411
Cost of sales	(5,973,673)	(98,611)	(343,189)	(2,557,561)	–	–	(8,973,034)
Gross profit	12,444,790	144,200	396,327	2,983,060	–	–	15,968,377
Other income	1,213,575	1,010	9,050	63,676	–	–	1,287,311
Other gain – net	15,684	–	–	–	–	–	15,684
Expenses							
– Administrative	(7,030,727)	(67,128)	(398,171)	(1,648,928)	–	–	(9,144,954)
– Marketing	(358,448)	(288)	(3,279)	(16,692)	–	–	(378,707)
– Finance	(4,588)	–	–	(433,040)	–	–	(437,628)
Profit before income tax	6,280,286	77,794	3,927	948,076	–	–	7,310,083
Income tax expense	(447,301)	–	–	(414,334)	–	–	(861,635)
Net profit	5,832,985	77,794	3,927	533,742	–	–	6,448,448
Other comprehensive income:							
Currency translation differences arising from consolidation – Loss	(2,686)	–	–	(8,793)	–	–	(11,479)
Total comprehensive income	5,830,299	77,794	3,927	524,949	–	–	6,436,969
Profit attributable to:							
Equity holders of the Company	5,390,756	62,235	2,945	533,742	70,343	179,434	6,239,455
Non-controlling interests	442,229	15,559	982	–	(70,343)	(179,434)	208,993
	5,832,985	77,794	3,927	533,742	–	–	6,448,448
Total comprehensive income attributable to:							
Equity holders of the Company	5,388,070	62,235	2,945	524,949	70,343	179,434	6,227,976
Non-controlling interests	442,229	15,559	982	–	(70,343)	(179,434)	208,993
	5,830,299	77,794	3,927	524,949	–	–	6,436,969
Earnings per share for net profit attributable to equity holders of the Company							
– Basic earnings per share (cents per share)	2.99	0.03	0.00	0.30	0.04	0.10	3.46
– Diluted earnings per share (cents per share)	2.99	0.03	0.00	0.30	0.04	0.10	3.46

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Pro Forma Combined Statement of Comprehensive Income
For the six-month period ended 30 June 2017

	Unaudited	Pro Forma Adjustments Note 4(i)	Pro Forma Adjustments Note 4(ii)	Pro Forma Adjustments Note 4(iii)	Pro Forma Adjustments Note 4(iv)	Pro Forma Adjustments Note 4(v)	Unaudited Pro Forma
	$	$	$	$	$	$	$
Revenue	9,203,135	–	–	3,521,527	–	–	12,724,662
Cost of sales	(3,850,816)	–	–	(1,344,371)	–	–	(5,195,187)
Gross profit	5,352,319	–	–	2,177,156	–	–	7,529,475
Other income	661,812	–	–	77,291	–	–	739,103
Other loss – net	15,726	–	–	–	–	–	15,726
Expenses							
– Administrative	(4,266,115)	–	–	(905,216)	–	–	(5,171,331)
– Marketing	(150,719)	–	–	(17,268)	–	–	(167,987)
– Finance	(1,897)	–	–	(185,623)	–	–	(187,520)
Profit before income tax	1,611,126	–	–	1,146,340	–	–	2,757,466
Income tax expense	(114,712)	–	–	(399,589)	–	–	(514,301)
Net profit	1,496,414	–	–	746,751	–	–	2,243,165
Other comprehensive income:							
Currency translation differences arising from consolidation – (loss)/gain	(4,909)	–	–	129,615	–	–	124,706
Total comprehensive income	1,491,505	–	–	876,366	–	–	2,367,871
Profit attributable to:							
Equity holders of the Company	1,377,387	–	–	746,751	37,934	96,858	2,258,930
Non-controlling interests	119,027	–	–	–	(37,934)	(96,858)	(15,765)
	1,496,414	–	–	746,751	–	–	2,243,165
Total comprehensive income attributable to:							
Equity holders of the Company	1,372,478	–	–	876,366	37,934	96,858	2,383,636
Non-controlling interests	119,027	–	–	–	(37,934)	(96,858)	(15,765)
	1,491,505	–	–	876,366	–	–	2,367,871
Earnings per share for net profit attributable to equity holders of the Company							
– Basic earnings per share (cents per share)	0.77	–	–	0.41	0.02	0.05	1.25
– Diluted earnings per share (cents per share)	0.77	–	–	0.41	0.02	0.05	1.25

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Pro Forma Combined Balance Sheet
As at 31 December 2016

	Audited	Pro Forma Adjustments Note 4(i)	Pro Forma Adjustments Note 4(ii)	Pro Forma Adjustments Note 4(iii)	Pro Forma Adjustments Note 4(iv)	Pro Forma Adjustments Note 4(v)	Unaudited Pro Forma
	$	$	$	$	$	$	$
ASSETS							
Current assets							
Cash and cash equivalents	3,873,728	–	–	(2,622,552)	(387,000)	(432,873)	431,303
Trade and other receivables	5,404,122	–	–	–	–	–	5,404,122
Inventories	80,487	–	–	–	–	–	80,487
	9,358,337	–	–	(2,622,552)	(387,000)	(432,873)	5,915,912
Non-current assets							
Property, plant and equipment	1,146,385	–	–	729,740	–	–	1,876,125
Intangible assets	5,429,377	–	–	15,876,760	–	–	21,306,137
	6,575,762	–	–	16,606,500	–	–	23,182,262
Total assets	15,934,099	–	–	13,983,948	(387,000)	(432,873)	29,098,174
LIABILITIES							
Current liabilities							
Trade and other payables	5,218,062	–	–	274,843	–	–	5,492,905
Deferred income	2,088,790	–	–	9,105	–	–	2,097,895
Finance lease liabilities	40,019	–	–	–	–	–	40,019
Bank borrowing	–	–	–	2,310,000	–	–	2,310,000
Current income tax liabilities	483,797	–	–	–	–	–	483,797
	7,830,668	–	–	2,593,948	–	–	10,424,616
LIABILITIES							
Non-current liabilities							
Other payables	3,737,008	–	–	–	–	–	3,737,008
Finance lease liabilities	55,946	–	–	–	–	–	55,946
Bank borrowing	–	–	–	11,390,000	–	–	11,390,000
Provision for reinstatement costs	144,857	–	–	–	–	–	144,857
	3,937,811	–	–	11,390,000	–	–	15,327,811
Total liabilities	11,768,479	–	–	13,983,948	–	–	25,752,427
NET ASSETS	4,165,620	–	–	–	(387,000)	(432,873)	3,345,747
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital	500,000	–	–	–	–	–	500,000
Currency translation reserve	37,197	–	–	–	–	–	37,197
Retained profits	3,187,113	–	–	–	(339,365)	(238,720)	2,609,028
	3,724,310	–	–	–	(339,365)	(238,720)	3,146,225
Non-controlling interests	441,310	–	–	–	(47,635)	(194,153)	199,522
TOTAL EQUITY	4,165,620	–	–	–	(387,000)	(432,873)	3,345,747

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Pro Forma Combined Balance Sheet
As at 30 June 2017

	Unaudited	Pro Forma Adjustments Note 4(i)	Pro Forma Adjustments Note 4(ii)	Pro Forma Adjustments Note 4(iii)	Pro Forma Adjustments Note 4(iv)	Pro Forma Adjustments Note 4(v)	Unaudited Pro Forma
	$	$	$	$	$	$	$
ASSETS							
Current assets							
Cash and cash equivalents	3,044,936	–	–	(2,846,370)	–	–	198,566
Trade and other receivables	6,304,133	–	–	–	–	–	6,304,133
Inventories	142,078	–	–	–	–	–	142,078
	9,491,147	–	–	(2,846,370)	–	–	6,644,777
Non-current assets							
Property, plant and equipment	1,160,433	–	–	628,427	–	–	1,788,860
Intangible assets	5,639,081	–	–	16,203,298	–	–	21,842,379
	6,799,514	–	–	16,831,725	–	–	23,631,239
Total assets	16,290,661	–	–	13,985,355	–	–	30,276,016
LIABILITIES							
Current liabilities							
Trade and other payables	4,245,180	–	–	279,697	387,000	432,873	5,344,750
Deferred income	2,369,422	–	–	5,658	–	–	2,375,080
Finance lease liabilities	40,878	–	–	–	–	–	40,878
Bank borrowing	–	–	–	2,310,000	–	–	2,310,000
Current income tax liabilities	356,602	–	–	–	–	–	356,602
	7,012,082	–	–	2,595,355	387,000	432,873	10,427,310
LIABILITIES							
Non-current liabilities							
Other payables	3,737,008	–	–	–	–	–	3,737,008
Finance lease liabilities	35,295	–	–	–	–	–	35,295
Bank borrowing	–	–	–	11,390,000	–	–	11,390,000
Provision for reinstatement costs	144,857	–	–	–	–	–	144,857
	3,917,160	–	–	11,390,000	–	–	15,307,160
Total liabilities	10,929,242	–	–	13,985,355	387,000	432,873	25,734,470
NET ASSETS	5,361,419	–	–	–	(387,000)	(432,873)	4,541,546
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital	500,000	–	–	–	–	–	500,000
Currency translation reserve	32,288	–	–	–	–	–	32,288
Retained profits	4,564,500	–	–	–	(301,431)	(141,862)	4,121,207
	5,096,788	–	–	–	(301,431)	(141,862)	4,653,495
Non-controlling interests	264,631	–	–	–	(85,569)	(291,011)	(111,949)
TOTAL EQUITY	5,361,419	–	–	–	(387,000)	(432,873)	4,541,546

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Pro Forma Combined Statement of Cash Flows
For the financial year ended 31 December 2016

	Audited	Pro Forma Adjustments Note 4(i)	Pro Forma Adjustments Note 4(ii)	Pro Forma Adjustments Note 4(iii)	Pro Forma Adjustments Note 4(iv)	Pro Forma Adjustments Note 4(v)	Unaudited Pro Forma
	$	$	$	$	$	$	$
Cash flows from operating activities							
Net profit	5,832,985	77,794	3,927	533,742	–	–	6,448,448
Adjustments for:							
– Amortisation of intangible assets	304,520	–	5,417	–	–	–	309,937
– Depreciation of property, plant and equipment	239,954	387	145,045	180,904	–	–	566,290
– Interest expense	4,588	–	–	433,040	–	–	437,628
– Interest income	(23,502)	–	–	–	–	–	(23,502)
– Income tax expense	447,301	–	–	414,334	–	–	861,635
– Unrealised currency translation losses	690	–	–	49,088	–	–	49,778
	6,806,536	78,181	154,389	1,611,108	–	–	8,650,214
Change in working capital:							
– Trade and other receivables	(2,161,214)	–	–	–	–	–	(2,161,214)
– Inventories	(24,966)	–	–	–	–	–	(24,966)
– Trade and other payables	(204,501)	–	–	199,805	–	–	(4,696)
– Deferred income	(91,692)	–	–	–	–	–	(91,692)
Cash generated from operations	4,324,163	78,181	154,389	1,810,913	–	–	6,367,646
Income tax refund	36,496	–	–	–	–	–	36,496
Income tax paid	(385,430)	–	–	–	–	–	(385,430)
Net cash generated from operating activities	3,975,229	78,181	154,389	1,810,913	–	–	6,018,712
Cash flows from investing activities							
Additions to property, plant and equipment	(584,627)	–	–	–	–	–	(584,627)
Additions to intangible assets	(457,670)	–	–	–	–	–	(457,670)
Acquisition of subsidiary corporations, net of cash acquired	(610,814)	–	–	(2,622,552)	–	–	(3,233,366)
Acquisition of additional interest in subsidiary corporations	–	–	–	–	(387,000)	(432,873)	(819,873)
Interest received	23,502	–	–	–	–	–	23,502
Cash flows used in investing activities	(1,629,609)	–	–	(2,622,552)	(387,000)	(432,873)	(5,072,034)

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Pro Forma Combined Statement of Cash Flows
For the financial year ended 31 December 2016

	Audited	Pro Forma Adjustments Note 4(i)	Pro Forma Adjustments Note 4(ii)	Pro Forma Adjustments Note 4(iii)	Pro Forma Adjustments Note 4(iv)	Pro Forma Adjustments Note 4(v)	Unaudited Pro Forma
	$	$	$	$	$	$	$
Cash flows from financing activities							
Dividend paid to equity holders of the Company	(5,100,000)	–	–	–	–	–	(5,100,000)
Dividend paid to non-controlling interests	(237,181)	–	–	–	–	237,181	–
Interest paid	(4,588)	–	–	(433,040)	–	–	(437,628)
Repayments of bank borrowing	–	–	–	(2,310,000)	–	–	(2,310,000)
Repayments of finance lease liabilities	(38,468)	–	–	–	–	–	(38,468)
Cash flows used in financing activities	(5,380,237)	–	–	(2,743,040)	–	237,181	(7,886,096)
Net (decrease)/increase in cash and cash equivalents	(3,034,617)	78,181	154,389	(3,554,679)	(387,000)	(195,692)	(6,939,418)
Cash and cash equivalents							
Beginning of financial year	6,911,740	–	–	–	–	–	6,911,740
Effects of currency translation on cash and cash equivalents	(3,395)	–	–	–	–	–	(3,395)
Effects of difference in basis of preparation between pro forma balance sheet and pro forma statement of comprehensive income	–	(78,181)	(154,389)	932,127	–	(237,181)	462,376
End of financial year	3,873,728	–	–	(2,622,552)	(387,000)	(432,873)	431,303

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Pro Forma Combined Statement of Cash Flows
For the six-month period ended 30 June 2017

	Unaudited	Pro Forma Adjustments Note 4(i)	Pro Forma Adjustments Note 4(ii)	Pro Forma Adjustments Note 4(iii)	Pro Forma Adjustments Note 4(iv)	Pro Forma Adjustments Note 4(v)	Unaudited Pro Forma
	$	$	$	$	$	$	$
Cash flows from operating activities							
Net profit	1,496,414	–	–	746,751	–	–	2,243,165
Adjustments for:							
– Amortisation of intangible assets	190,303	–	–	–	–	–	190,303
– Depreciation of property, plant and equipment	189,964	–	–	111,196	–	–	301,160
– Interest expense	1,897	–	–	185,623	–	–	187,520
– Interest income	(28,358)	–	–	–	–	–	(28,358)
– Income tax expense	114,712	–	–	399,589	–	–	514,301
– Loss on disposal of property, plant and equipment	97	–	–	–	–	–	97
– Unrealised currency translation gain	(11,389)	–	–	(91,378)	–	–	(102,767)
	1,953,640	–	–	1,351,781	–	–	3,305,421
Change in working capital:							
– Trade and other receivables	(747,035)	–	–	75,322	–	–	(671,713)
– Inventories	(61,592)	–	–	–	–	–	(61,592)
– Trade and other payables	1,417,898	–	–	(5,527)	–	–	1,412,371
– Deferred income	(142,113)	–	–	(3,448)	–	–	(145,561)
Cash generated from operations	2,420,798	–	–	1,418,128	–	–	3,838,926
Income tax paid	(241,907)	–	–	–	–	–	(241,907)
Net cash generated from operating activities	2,178,891	–	–	1,418,128	–	–	3,597,019
Cash flows from investing activities							
Additions to property, plant and equipment	(203,562)	–	–	–	–	–	(203,562)
Additions to intangible assets	(206,721)	–	–	–	–	–	(206,721)
Acquisition of subsidiary corporations, net of cash acquired	–	–	–	(2,846,370)	–	–	(2,846,370)
Acquisition of a preschool business	(1)	–	–	–	–	–	(1)
Interest received	28,358	–	–	–	–	–	28,358
Cash flows used in investing activities	(381,926)	–	–	(2,846,370)	–	–	(3,228,296)

MindChamps PreSchool Limited and its Subsidiary Corporations

Unaudited Pro Forma Combined Statement of Cash Flows
For the six-month period ended 30 June 2017

	Unaudited	Pro Forma Adjustments Note 4(i)	Pro Forma Adjustments Note 4(ii)	Pro Forma Adjustments Note 4(iii)	Pro Forma Adjustments Note 4(iv)	Pro Forma Adjustments Note 4(v)	Unaudited Pro Forma
	$	$	$	$	$	$	$
Cash flows from financing activities							
Dividend paid to equity holders of the Company	(2,500,000)	–	–	–	–	–	(2,500,000)
Dividend paid to non-controlling interests	(110,000)	–	–	–	–	110,000	–
Interest paid	(1,897)	–	–	(185,623)	–	–	(187,520)
Repayments of bank borrowing	–	–	–	(1,155,000)	–	–	(1,155,000)
Repayments of finance lease liabilities	(19,792)	–	–	–	–	–	(19,792)
Cash flows used in financing activities	(2,631,689)	–	–	(1,340,623)	–	110,000	(3,862,312)
Net (decrease)/increase in cash and cash equivalents	(834,724)	–	–	(2,768,865)	–	110,000	(3,493,589)
Cash and cash equivalents							
Beginning of financial period	3,873,728	–	–	–	–	–	3,873,728
Effects of currency translation on cash and cash equivalents	5,932	–	–	–	–	–	5,932
Effects of difference in basis of preparation between pro forma balance sheet and pro forma statement of comprehensive income	–	–	–	(77,505)	–	(110,000)	(187,505)
End of financial period	3,044,936	–	–	(2,846,370)	–	–	198,566

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

The unaudited pro forma combined financial information should be read in conjunction with the following financial statements of MindChamps PreSchool Limited (the "Company") and its subsidiary corporations (collectively the "Group"):

- Audited consolidated financial statements for the financial years ended 31 December 2014, 2015 and 2016 set out in Appendix A of the Prospectus; and

- Unaudited interim consolidated financial statements for the six-month period ended 30 June 2017 set out in Appendix B of the Prospectus

1. Corporate information

MindChamps PreSchool Limited is incorporated and domiciled in Singapore. The address of its registered office is 480 Lorong 6 Toa Payoh, #17-01 HDB Hub, Singapore 310480.

On 9 November 2017, the Company was converted to a public limited company limited by shares. In connection with such conversion, the Company changed its name from MindChamps PreSchool (Worldwide) Pte. Limited to MindChamps PreSchool Limited.

The unaudited pro forma combined financial information of the Company and its subsidiary corporations (collectively the "Group") have been properly prepared for the purpose of inclusion in filings associated with the proposed initial public offering ("IPO") of ordinary shares in the Capital of the Company on Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those relating to childcare services and investment holding. The principal activities of its subsidiary corporations are those relating to the provision of childcare, education and learning related services for preschool children, franchising of childcare services for preschool children, the provision of administrative support services, provision of commercial schools offering higher education programmes, and business and management consulting services.

The immediate holding corporation is MindChamps Holdings Pte. Limited and the ultimate holding corporation is Champion Minds Pte. Limited, both companies are incorporated in Singapore.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

2. Basis of preparation of the unaudited pro forma combined financial information

The unaudited pro forma combined financial information set out in this report have been properly prepared for illustrative purposes only. It has been prepared to illustrate what:

(i) The financial performance of the Group for the financial year ended 31 December 2016 and the six-month period ended 30 June 2017 would have been if the significant events discussed in Note 4 had taken place on 1 January 2016 and 1 January 2017 respectively;

(ii) The financial position of the Group as at 31 December 2016 and 30 June 2017 would have been if the significant event discussed in Note 4 had taken place as at the relevant dates presented; and

(iii) The cash flows of the Group for the financial year ended 31 December 2016 and six-month period ended 30 June 2017 would have been if the significant event discussed in Note 4 had taken place on 1 January 2016 and 1 January 2017 respectively.

The unaudited pro forma combined financial information has been properly prepared based on (a) the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 and the unaudited interim consolidated financial statements of the Group for the six-month period ended 30 June 2017 which were prepared in accordance with the Singapore Financial Reporting Standards ("SFRS"), (b) the unaudited financial statements of four preschool businesses acquired in Sydney, Australia which were prepared in accordance with Australian Accounting Standards Board Standards ("AASB"), (c) the audited financial statements of relevant subsidiary corporations in Singapore, in which the Group has acquired the equity interests during the relevant period, were prepared in accordance with SFRS and (d) the following key assumptions have been made:

- The significant events discussed in Note 4 take into account the acquisition of the subsidiary corporations and the businesses, based on the completion date of shares transfer as well as the execution date of the relevant contractual agreement for such acquisition, within the period commencing from 1 January 2016 to 17 November 2017, being the date of the registration of the Prospectus with the Monetary Authority of Singapore;

- The loan obtained by the Group for funding the acquisition of four preschool businesses in Sydney, Australia (the "acquisition loan") is assumed to have been in place since 1 January 2016 and 1 January 2017 for the preparation of pro forma combined statements of comprehensive income and pro forma combined statements of cash flows, and in place as at 31 December 2016 and 30 June 2017 for the preparation of pro forma combined balance sheets as at the relevant dates;

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

2. Basis of preparation of the unaudited pro forma combined financial information (continued)

- On 2 August 2017, the Group entered into a business sale agreement to acquire four preschool businesses in Sydney, Australia, for a purchase consideration of AUD15,750,000 (approximately $17,014,000). As at the date of these financial information authorised for issue, the Group completed the acquisition of all four preschool businesses. With respect to one of the four preschool businesses acquired in Sydney, Australia (the "Hornsby business"), the financial results attributed to the Hornsby business only takes into account the financial results from 1 November 2016 to 31 December 2016, as the previous owner does not have the financial information for the financial period from 1 January 2016 to 31 October 2016 available to the Group, for the preparation of unaudited pro forma combined statement of comprehensive income for the financial year ended 31 December 2016. Management has assessed the implication of this and is of the view that the financial results from 1 January 2016 to 31 October 2016 were not material, in all respects, to the Group's unaudited pro forma combined financial information;

- On 1 February 2016, the Group acquired 80% equity interest in MindChamps PreSchool @ Serangoon Pte Limited ("SRG") for a purchase consideration of $4,114,934. The acquisition is assumed to have been take place on 1 January 2016. As the acquisition was completed in 2016, there were no adjustments to be made to the audited consolidated balance sheet as at 31 December 2016, unaudited consolidated balance sheet as at 30 June 2017 and unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017;

- On 1 July 2016, the Group acquired 75% equity interest in MindChamps PreSchool @ Zhongshan Park Pte Ltd ("ZSP") for a purchase consideration of $809,574. The acquisition is assumed to have been take place on 1 January 2016. As the acquisition was completed in 2016, there were no adjustments to be made to the audited consolidated balance sheet as at 31 December 2016, unaudited consolidated balance sheet as at 30 June 2017 and unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017;

- On 27 October 2016, a franchisee was granted an option to request the Company to purchase 51% equity stake in the franchisee, if the events specified in the option letter occur. Management has assessed that none of the specified events occurred and the likelihood of occurrence is remote, as of the date of the unaudited pro forma combined financial information. Therefore, the option is not exercisable and there is no financial implication arising from the option granted;

- On 9 January 2017, the Group acquired a preschool business (the "Kallang business") for a purchase consideration of $1. The financial results attributed to the Kallang business only include the financial results from 9 January 2017 to 30 June 2017 and have already been consolidated in the unaudited interim consolidated financial

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

2. **Basis of preparation of the unaudited pro forma combined financial information** (continued)

statements for the six-month period ended 30 June 2017. For the preparation of unaudited pro forma combined financial information for the financial year ended 31 December 2016 and unaudited pro forma combined financial information for the six-month period ended 30 June 2017, no financial information was made available from the previous owner regarding the Kallang business for the period prior to 9 January 2017. The management has assessed the implication of this and is of the view that the financial results from 1 January 2016 to 8 January 2017 and financial position as at 31 December 2016 were not material, in all respects, to the Group's unaudited pro forma combined financial information;

- On 25 September 2017, the Group acquired additional 49% interest in its subsidiary corporation, MindChamps PreSchool @ Changi Business Park Pte Limited ("CBP"). Following the acquisition, CBP became a wholly owned subsidiary corporation of the Group. The acquisition of non-controlling interest in CBP is assumed to have been in place since 1 January 2016 and 1 January 2017 for the preparation of pro forma combined statements of comprehensive income and pro forma combined statements of cash flows, and in place as at 31 December 2016 and 30 June 2017 for the preparation of pro forma combined balance sheets as at the relevant dates; and

- On 9 November 2017, the Group entered into share purchase agreements to acquire additional 6.42% interest in its subsidiary corporation, MindChamps PreSchool Franchise Pte Limited ("MCF") from the non-controlling interests. The acquisition of non-controlling interest in MCF is assumed to have been in place since 1 January 2016 and 1 January 2017 for the preparation of pro forma combined statements of comprehensive income and pro forma combined statements of cash flows, and in place as at 31 December 2016 and 30 June 2017 for the preparation of pro forma combined balance sheets as at the relevant dates.

The Group's accounting policies adopted in the preparation of unaudited pro forma combined financial information is in accordance with SFRS. AASB, the accounting standards used in the preparation of unaudited financial statements of four preschool businesses acquired in Sydney, Australia, is complied with the International Financial Reporting Standards ("IFRS"). The management has assessed the related financial impacts arising from the differences between SFRS and AASB, and concluded that there are no material differences, in all respects.

The audited consolidated financial statements of the Group for the financial year ended 31 December 2016 were audited by Nexia TS Public Accounting Corporation ("Nexia") in accordance with Singapore Standards on Auditing and the unaudited interim consolidated financial statements for the six-month period ended 30 June 2017 were reviewed by Nexia

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

2. Basis of preparation of the unaudited pro forma combined financial information (continued)

in accordance with Singapore Standard on Review Engagements 2410. The auditor's reports on the financial statements were not subject to any qualifications, modifications or disclaimers.

The objective of the unaudited pro forma combined financial information is to show what the historical information might have been had the transactions above taken place on the respective dates. However, the unaudited pro forma combined financial information of the Group, because of its nature, may not give true picture of the Group's actual financial position and performance and is not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained had the above mentioned existed earlier.

3. Significant accounting policies

The unaudited pro forma combined financial information is prepared using the same accounting policies as the audited consolidated financial statements of the Group for the financial years ended 31 December 2014, 2015 and 2016 and the unaudited interim consolidated financial statements of the Group for the six-month period ended 30 June 2017.

4. Significant events and pro forma financial impact

(i) Acquisition of 80% equity interest in MindChamps PreSchool @ Serangoon Pte Limited ("SRG") in 2016

The Group acquired 80% equity interest in SRG on 1 February 2016 for a purchase consideration of $4,114,934. Following the acquisition, SRG was consolidated in the Group's audited consolidated financial statements for the financial year ended 31 December 2016.

(a) Audited consolidated statement of comprehensive income for the financial year ended 31 December 2016 and unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017

Pro forma revenue, costs of sales, other income, administrative expenses and marketing expenses were adjusted to illustrate what the financial results would have been if the acquisition were taken place on 1 January 2016. As the acquisition was completed in 2016, there were no adjustments to be made to the unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. Significant events and pro forma financial impact (continued)

(i) Acquisition of 80% equity interest in MindChamps PreSchool @ Serangoon Pte Limited ("SRG") in 2016 (continued)

(a) *Audited consolidated statement of comprehensive income for the financial year ended 31 December 2016 and unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017* (continued)

The pro forma adjustments arising from the acquisition are as follows:

	Increase/(decrease)	
	31 December 2016	**30 June 2017**
	$	**$**
Revenue	242,811	–
Cost of sales	98,611	–
Other income	1,010	–
Administrative expenses	67,128	–
Marketing expenses	288	–

(b) *Audited consolidated balance sheet as at 31 December 2016 and unaudited consolidated balance sheet as at 30 June 2017*

Given the acquisition was completed in 2016, no financial impacts were adjusted to the unaudited pro forma combined balance sheet as at 31 December 2016 and 30 June 2017 respectively.

(c) *Audited consolidated statement of cash flows for the financial year ended 31 December 2016 and unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017*

The pro forma adjustments made in Note 4(i)(a) and the assumption if the acquisition were taken place on 1 January 2016 impacted the audited consolidated statement of cash flows for the financial year ended 31 December 2016. As the acquisition was completed in 2016, there were no adjustments to be made to the unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. Significant events and pro forma financial impact (continued)

(i) Acquisition of 80% equity interest in MindChamps PreSchool @ Serangoon Pte Limited ("SRG") in 2016 (continued)

(c) *Audited consolidated statement of cash flows for the financial year ended 31 December 2016 and unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017* (continued)

The pro forma adjustments arising from the acquisition are as follows:

	Increase/(decrease)	
	31 December 2016	**30 June 2017**
	$	**$**
Net profit	77,794	–
Depreciation of property, plant and equipment	387	–
Effects of difference in basis of preparation between pro forma balance sheet and pro forma statement of comprehensive income	(78,181)	–

(ii) Acquisition of 75% equity interest in MindChamps PreSchool @ Zhongshan Park Pte Ltd ("ZSP") in 2016

The Group acquired 75% equity interest in ZSP on 1 July 2016 for a purchase consideration of $809,574. Following the acquisition, ZSP was consolidated in the Group's audited consolidated financial statements for the financial year ended 31 December 2016.

(a) *Audited statement of comprehensive income for the financial year ended 31 December 2016 and unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017*

Pro forma revenue, costs of sales, other income, administrative expenses and marketing expenses were adjusted to illustrate what the financial results would have been if the acquisition were taken place on 1 January 2016. As the acquisition was completed in 2016, there were no adjustments to be made to the unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. **Significant events and pro forma financial impact** (continued)

(ii) Acquisition of 75% equity interest in MindChamps PreSchool @ Zhongshan Park Pte Ltd ("ZSP") in 2016 (continued)

(a) *Audited statement of comprehensive income for the financial year ended 31 December 2016 and unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017* (continued)

The pro forma adjustments arising from the acquisition are as follows:

	Increase/(decrease)	
	31 December 2016 $	30 June 2017 $
Revenue	739,516	–
Cost of sales	343,189	–
Other income	9,050	–
Administrative expenses	398,171	–
Marketing expenses	3,279	–

(b) *Audited consolidated balance sheet as at 31 December 2016 and unaudited consolidated balance sheet as at 30 June 2017*

Given the acquisition was completed in 2016, no financial impacts were adjusted to the unaudited pro forma combined balance sheet as at 31 December 2016 and 30 June 2017 respectively.

(c) *Audited consolidated statement of cash flows for the financial year ended 31 December 2016 and unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017*

The pro forma adjustments made in Note 4(ii)(a) and the assumption if the acquisition were taken place on 1 January 2016 impacted the audited consolidated statement of cash flows for the financial year ended 31 December 2016. As the acquisition was completed in 2016, there were no adjustments to be made to the unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. **Significant events and pro forma financial impact** (continued)

(ii) Acquisition of 75% equity interest in MindChamps PreSchool @ Zhongshan Park Pte Ltd ("ZSP") in 2016 (continued)

(c) *Audited consolidated statement of cash flows for the financial year ended 31 December 2016 and unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017* (continued)

The pro forma adjustments arising from the acquisition are as follows:

	Increase/(decrease)	
	31 December 2016 $	**30 June 2017 $**
Net profit	3,927	–
Amortisation of intangible assets	5,417	
Depreciation of property, plant and equipment	145,045	–
Effects of difference in basis of preparation between pro forma balance sheet and pro forma statement of comprehensive income	(154,389)	–

(iii) Acquisition of four preschool businesses in Sydney, Australia

On 2 August 2017, the Group entered into a business sale agreement to acquire four preschool businesses in Sydney, Australia as part of its business expansion plan, for a purchase consideration of AUD15,750,000 (approximately $17,014,000). The acquisition was partly funded by a term loan, an overdraft facility and a specific advance facility totalled to a borrowing amount up to $13,700,000, which was obtained from a local financial institution in Singapore. As at the date of these financial information authorised for issue, the Group completed the acquisition of all four preschool businesses.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. Significant events and pro forma financial impact (continued)

(iii) Acquisition of four preschool businesses in Sydney, Australia (continued)

(a) *Audited statement of comprehensive income for the financial year ended 31 December 2016 and unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017*

Pro forma revenue, costs of sales, other income, administrative expenses, marketing expenses, finance expenses income tax expense, and other comprehensive loss were adjusted to illustrate what the financial results would have been if the acquisition were taken place on 1 January 2016 and 1 January 2017 respectively.

The pro forma adjustments arising from the acquisition are as follows:

	Increase/(decrease)	
	31 December 2016	**30 June 2017**
	$	**$**
Revenue	5,540,621	3,521,527
Cost of sales	2,557,561	1,344,371
Other income	63,676	77,291
Administrative expenses	1,648,928	905,216
Marketing expenses	16,692	17,268
Finance expenses	433,040	185,623
Income tax expense	414,334	399,589
Other comprehensive (loss)/income – currency translation differences arising from consolidation	(8,793)	129,615

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. **Significant events and pro forma financial impact** (continued)

(iii) Acquisition of four preschool businesses in Sydney, Australia (continued)

(b) *Audited consolidated balance sheet as at 31 December 2016 and unaudited consolidated balance sheet as at 30 June 2017*

Pro forma cash and cash equivalents, property, plant and equipment, intangible assets, trade and other payables, deferred income, and bank borrowings were adjusted to illustrate what the financial position would have been if the acquisition took place on 31 December 2016 and 30 June 2017 respectively. The pro forma adjustments made to the audited consolidated balance sheet as at 31 December 2016 and the unaudited consolidated balance sheet as at 30 June 2017 are as follows:

	Increase/(decrease)	
	31 December 2016 $	**30 June 2017 $**
Cash and cash equivalents	(2,622,552)	(2,846,370)
Property, plant and equipment	729,740	628,427
Intangible assets	15,876,760	16,203,298
Trade and other payables	274,843	279,697
Deferred income	9,105	5,658
Bank borrowing – current and non-current	13,700,000	13,700,000

(c) *Audited consolidated statement of cash flows for the financial year ended 31 December 2016 and unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017*

The pro forma adjustments made in Notes 4(iii)(a) and 4(iii)(b) and the assumption if the acquisition were taken place on 1 January 2016 and 1 January 2017 have several financial impacts on the audited consolidated statement of cash flows for the financial year ended 31 December 2016 and for the unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. **Significant events and pro forma financial impact** (continued)

(iii) Acquisition of four preschool businesses in Sydney, Australia (continued)

(c) *Audited consolidated statement of cash flows for the financial year ended 31 December 2016 and unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017* (continued)

The pro forma adjustments arising from the acquisition are as follows:

	Increase/(decrease)	
	31 December 2016	**30 June 2017**
	$	**$**
Net profit	533,742	746,751
Depreciation of property, plant and equipment	180,904	111,196
Interest expense	433,040	185,623
Income tax expense	414,334	399,589
Unrealised currency translation loss/(gain)	49,088	(91,378)
Changes in trade and other receivables	–	75,322
Changes in trade and other payables	199,805	(5,527)
Changes in deferred income	–	(3,448)
Interest paid	433,040	185,623
Acquisition of subsidiary corporations, net of cash acquired	2,622,552	2,846,370
Repayments of bank borrowing	2,310,000	1,155,000
Effects of difference in basis of preparation between pro forma balance sheet and pro forma statement of comprehensive income	932,127	(77,505)

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. Significant events and pro forma financial impact (continued)

(iv) Acquisition of 49% non-controlling interest in CBP

On 25 September 2017, the Group acquired additional 49% interest in its subsidiary corporation, CBP from the non-controlling interest for a purchase consideration of $387,000. Following the acquisition, CBP became a wholly owned subsidiary corporation of the Group.

(a) Audited statement of comprehensive income for the financial year ended 31 December 2016 and unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017

Pro forma profit and total comprehensive income attributable to equity holders of the Company and non-controlling interests were adjusted to illustrate what the financial results would have been if the acquisition were taken place on 1 January 2016 and 1 January 2017 respectively.

The pro forma adjustments arising from the acquisition are as follows:

	Increase/(decrease)	
	31 December 2016	**30 June 2017**
	$	**$**
Profit attributable to:		
Equity holders of the Company	70,343	37,934
Non-controlling interests	(70,343)	(37,934)
Total comprehensive income attributable to:		
Equity holders of the Company	70,343	37,934
Non-controlling interests	(70,343)	(37,934)

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. **Significant events and pro forma financial impact** (continued)

(iv) Acquisition of 49% non-controlling interest in CBP (continued)

(b) Audited consolidated balance sheet as at 31 December 2016 and unaudited consolidated balance sheet as at 30 June 2017

Pro forma cash and cash equivalents, trade and other payables, retained profits and non-controlling interests were adjusted to illustrate what the financial position would have been if the acquisition took place on 31 December 2016 and 30 June 2017 respectively. The pro forma adjustments made to the audited consolidated balance sheet as at 31 December 2016 and the unaudited consolidated balance sheet as at 30 June 2017 are as follows:

	Increase/(decrease)	
	31 December 2016	**30 June 2017**
	$	**$**
Cash and cash equivalents	(387,000)	–
Trade and other payables	–	387,000
Retained profits	(339,365)	(301,431)
Non-controlling interests	(47,635)	(85,569)

(c) Audited consolidated statement of cash flows for the financial year ended 31 December 2016 and unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017

The pro forma adjustments made in Note 4(iv)(b) and the assumption if the acquisition were taken place on 1 January 2016 and 1 January 2017 have financial impact on the audited consolidated statement of cash flows for the financial year ended 31 December 2016 and for the unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. **Significant events and pro forma financial impact** (continued)

(iv) Acquisition of 49% non-controlling interest in CBP (continued)

(c) Audited consolidated statement of cash flows for the financial year ended 31 December 2016 and unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017 (continued)

The pro forma adjustments arising from the acquisition are as follows:

	Increase/(decrease)	
	31 December 2016	**30 June 2017**
	$	**$**
Acquisition of additional interest in subsidiary corporations	387,000	–

(v) Acquisition of 6.42% non-controlling interest in MCF

On 9 November 2017, the Group entered into share purchase agreements to acquire additional 6.42% interest in its subsidiary corporation, MCF from the non-controlling interest for purchase considerations of $432,873. As at the date of these financial information authorised for issue, the Group is in the process of completing these acquisitions.

(a) Audited statement of comprehensive income for the financial year ended 31 December 2016 and unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017

Pro forma profit and total comprehensive income attributable to equity holders of the Company and non-controlling interests were adjusted to illustrate what the financial results would have been if the acquisition were taken place on 1 January 2016 and 1 January 2017 respectively.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. **Significant events and pro forma financial impact** (continued)

(v) Acquisition of 6.42% non-controlling interest in MCF (continued)

(a) *Audited statement of comprehensive income for the financial year ended 31 December 2016 and unaudited consolidated statement of comprehensive income for the six-month period ended 30 June 2017* (continued)

The pro forma adjustments arising from the acquisition are as follows:

	Increase/(decrease)	
	31 December 2016	**30 June 2017**
	$	**$**
Profit attributable to:		
Equity holders of the Company	179,434	96,858
Non-controlling interests	(179,434)	(96,858)
Total comprehensive income attributable to:		
Equity holders of the Company	179,434	96,858
Non-controlling interests	(179,434)	(96,858)

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. **Significant events and pro forma financial impact** (continued)

(v) Acquisition of 6.42% non-controlling interest in MCF (continued)

(b) Audited consolidated balance sheet as at 31 December 2016 and unaudited consolidated balance sheet as at 30 June 2017

Pro forma cash and cash equivalents, trade and other payables, retained profits and non-controlling interests were adjusted to illustrate what the financial position would have been if the acquisition took place on 31 December 2016 and 30 June 2017 respectively. The pro forma adjustments made to the audited consolidated balance sheet as at 31 December 2016 and the unaudited consolidated balance sheet as at 30 June 2017 are as follows:

	Increase/(decrease)	
	31 December 2016	**30 June 2017**
	$	**$**
Cash and cash equivalents	(432,873)	–
Trade and other payables	–	432,873
Retained profits	(238,720)	(141,862)
Non-controlling interests	(194,153)	(291,011)

(c) Audited consolidated statement of cash flows for the financial year ended 31 December 2016 and unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017

The pro forma adjustments made in Notes 4(v)(b) and the assumption if the acquisition were taken place on 1 January 2016 and 1 January 2017 have several financial impacts on the audited consolidated statement of cash flows for the financial year ended 31 December 2016 and for the unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2016 and six-month period ended 30 June 2017

4. **Significant events and pro forma financial impact** (continued)

(v) Acquisition of 6.42% non-controlling interest in MCF (continued)

(c) Audited consolidated statement of cash flows for the financial year ended 31 December 2016 and unaudited consolidated statement of cash flows for the six-month period ended 30 June 2017 (continued)

The pro forma adjustments arising from the acquisition are as follows:

	Increase/(decrease)	
	31 December 2016 $	**30 June 2017 $**
Acquisition of additional interest in subsidiary corporations	432,873	–
Dividend paid to non-controlling interests	(237,181)	(110,000)
Effects of difference in basis of preparation between pro forma balance sheet and pro forma statement of comprehensive income	(237,181)	(110,000)

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converging knowledge

Information. Insights. Integrity.

Early Childhood Education – Singapore, Australia and Global

This report is prepared for
MindChamps PreSchool (Worldwide) Pte Limited
(To Be Renamed MindChamps PreSchool Limited)
10 October 2017

DISCLAIMER

Converging Knowledge has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report represents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. We note that the opinions expressed are opinions of human sources and caution as to the subjective nature of such information.

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RESEARCH SCOPE

The Client wishes to conduct an independent market research on the Early Childhood Education Sector in Singapore, with focus for education aged 18 months to 10 years, for the purpose of an Initial Public Offering ("IPO"). Our objective is to assist the Client in conducting primary and secondary research to gain insights into the above focus areas and sector.

The scope of research will include the following:

1. Overview of the Early Childhood Education Sector in Singapore

    a. Overview of Early Childhood Education Sector

        i. Definitions

        ii. Key Statistics, where available

            - Statistics will be based on latest reported figures from government and industry associations

            - Statistics limited to GDP, GDP growth rate and other relevant statistics

    b. Industry structure

        i. Description of differing segments in the industry

        ii. Description of the company (Client) within the industry sector

    c. Estimated market size

        i. To reflect the estimated market size of private early childhood education in Singapore, with broad segmentation

2. Major Trends in the Industry

    a. Global and regional trends that will impact the business

    b. Issues and challenges (less emphasis)

3. Competitive Landscape in Singapore

    a. Overview of competitive landscape

        i. Nature of competition

        ii. Number of players

    b. Major players in the industry

        i. Note that no individual profiling will be undertaken due to copyright issues

ii. Comparison table of competitors to reflect different segmentation focus and specialisation

iii. Illustration of competitors in comparison

- For example: cognitive versus experiential learning

c. Market ranking or market share of the company (Client)

i. Converging Knowledge reserves the right to decide the use of market ranking or market share subject to availability of data/financial statements

4. Government Policies and Regulations in relation to Early Childhood Education Sector in Singapore

a. Relevant existing policies and regulations to the industry

5. Prospects of the Industry

a. Prospects of the industry in Singapore

b. Prospects of the industry in Australia

c. Prospects of the industry Globally, in China and the rest of Asia

i. Undertaken through secondary research

<u>Executive Summary</u>

We will prepare an Executive Summary (maximum of two-pages) for inclusion in the Prospectus. The Executive Summary will contain:

1. Brief Overview of:

a. Industry

b. Competitive landscape and trends

c. Market size (where applicable)

2. Prospects

a. Percentage growth forecast

b. Industry outlook

APPENDIX D – EARLY CHILDHOOD EDUCATION – SINGAPORE, AUSTRALIA AND GLOBAL

RESEARCH APPROACH

The research will be conducted on a best effort basis through a combination of primary and desktop (published resources) research, to address the scope of research.

Primary research involves discreet interviews tapping on the knowledge, experience and opinions of relevant companies, industry associations, technical institutions, government bodies and academic institutions.

Desktop research includes, but is not limited to, a review of the following:

- Local newspapers and news wires/agencies;
- Leading industry and trade publications;
- Websites of regulatory authority as well as relevant government agencies; and
- Websites of companies.

APPENDIX D – EARLY CHILDHOOD EDUCATION – SINGAPORE, AUSTRALIA AND GLOBAL

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1. EXECUTIVE SUMMARY

Brief Overview of the Early Childhood Education Industry

Early Childhood Education ("ECE") is a branch or a framework of learning principles/practices, with focus on teaching or developing young children. It is often identified with preschool education.

Today, ECE is regarded as an important field, as it plays a critical role in a child's formative years and lends support to a child's readiness for formal schooling. In Singapore, the government has stepped up its support for this industry sector. It announced plans in August 2017 to double its annual spending on preschools in the next five years. Annual spending on preschools increased by approximately 2.3 times in 2017 to SGD840.0 million, from SGD360.0 million in 2012, and will double further to SGD1.7 billion in 2022[1].

Traditionally, the focus of ECE tends towards mainstream academic development (such as literacy and numeracy) of a child. However, in many contexts, its scope has increasingly been extended to cover "enrichment" lessons, which provide additional tools (such as learning strategies) that indirectly aid in understanding academic subjects and/or targeted non-academic subjects (such as music, dance and the arts). Such enrichment programmes were typically offered to children undergoing formal education (above the ages of seven), but have since been made available to young children within the preschool age brackets, as parents invest in their children's learning to give them an earlier head-start.

In this report, the ECE Sector is defined as the sector that educates preschool children from 18 months to six years, as well as enrichment programmes for young children up to the age of 10 years.

The ECE sector in Singapore covers preschools (kindergartens and child care centres) and enrichment centres. The key broad difference between kindergartens and child care centres may lie in the way they position themselves in the market, which influences their operating hours and offerings (for example, availability of child-minding services), amongst others. While both offer child development programmes, child care centres are regarded as a more popular choice, as they offer full-day, half-day and flexible programme options to cater to the different working schedules of parents. For most child care centres, a full-day programme, which is on a 5-day week or 5.5 day week basis, would include child-minding after the preschool development programmes have ended for the day.

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1 The Straits Times, "PM Lee Hsien Loong's National Day Rally Speech: All you need to know in 3 minutes." Found in (http://www.straitstimes.com/singapore/pm-lees-national-day-rally-speech-all-you-need-to-know-in-3-minutes) as extracted on 10 October 2017

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Competitive Landscape and Trends

Competitive Landscape of Singapore's ECE Sector

There are approximately 1,832[1] preschools, of which 1,382[2] are child care centres, and an estimated 641[3] enrichment centres registered with the relevant authorities in the country.

Competition in the ECE sector in Singapore is growing in intensity, in the light of aggressive expansion strategies by major and established operators, as well as the entry of new market players. The nature of competition of the ECE sector in Singapore may be summarised as follows:

The Pedagogy – Most ECE players, particularly the major and established ones, adopt a form of pedagogy that guides their curricula and delivery. The pedagogies for ECE in Singapore are varied and wide – they may be adopted from international frameworks, or developed internally by tapping on experts' know-how. These pedagogies are seen as a form of competitive differentiation, and often, parents choose the ECE operator based on how their children can benefit from the pedagogies promoted.

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1 ECDA, "Statistics on Child Care", found in (https://www.childcarelink.gov.sg/ccls/uploads/Statistics_on_child_care(STENT).pdf) and "Kindergarten Master List" found in (https://www.ecda.gov.sg/Documents/Kindergarten%20Master%20List%20-%20July%20%2717.pdf) as extracted on 19 September 2017. Data for child care centres is for Q2 2017, and kindergartens, for July 2017.

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2 ECDA, "Statistics on Child Care", found in (https://www.childcarelink.gov.sg/ccls/uploads/Statistics_on_child_care(STENT).pdf) as extracted on 25 May 2017. Data for child care centres is for Q2 2017.

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3 MOE, "List of private schools" found in (https://www.moe.gov.sg/education/private-education/list-of-private-schools) Only those listed under the enrichment, fine arts and linguistics categories in private schools (A to Z) are included in the tabulation. Other categories of private schools – tuition, commerce, information technology and others – are excluded in this tabulation. Tuition is not part of the scope of this study, and it is observed that the private schools under commerce, information technology and others cater mainly to adults. The number of private schools listed in the enrichment, fine arts and linguistics categories is tabulated as at 28 June 2017.

Note: MOE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Pricing Strategies Determine Marketing Positioning – Pricing strategies are a critical mainstay for ECE players in establishing their position in the market or consumer perception of their branding. Through the prices of service/programme offerings, ECE players identify and target their desired market segment, be it mass or premium. Affordability is also a key consideration for parents when choosing the right ECE provider for their children. Inexpensive preschools usually cater to the masses, while those on the higher-end of the fee spectrum provide for families of relatively higher incomes.

Preschool's Reputation Influences Parental Perceptions and Decisions – Some preschools differentiate themselves by building their reputation amongst parents. This may be achieved through the different pedagogies the preschools adopt, or the curricula they teach and their quality of teaching, which is determined by the accreditation of the teachers as well as teacher training. The SPARK accreditation given by Early Childhood Development Agency ("ECDA") also helps to differentiate the schools, whereby bigger schools with the capabilities to upgrade themselves are awarded the SPARK status. School reputation can also be built through the facilities that the schools provide. Preschools may also depend on word of mouth by the parents of children enrolled in their schools.

Higher Outreach and Accessibility May Promote Enrolment – ECE operators also compete in terms of their outreach (number of centres) and accessibility (locations). A bigger pool of centres would mean that parents have a wider choice of outlets to choose from, possibly one that is en-route to their place of work. Location of centres in neighbourhood areas or prime locations also brings forth further convenience for working parents.

Emphasis on Teacher-training Promotes Better Quality Teachers – Training for teachers is essential among all preschools, the benefits of which are passed on to the preschoolers. Some preschools may have a stronger emphasis on investing in teacher-training than others, with some offering up to 200 training hours per year. Such preschools are committed in their beliefs that incorporating teacher development programmes would translate into quality teaching resources, and ultimately, create a more conducive environment to hone brighter and well-adapted preschoolers.

Healthier Food Options – While the provision of food is essential in any school, some parents may be more discerning in the food choices for their children. Preschools usually serve food in two ways – either through a caterer or an in-house cook. As people become more health conscious and want the best for their children, parents may choose to send their children where healthier options, for example, organic food, is provided.

Value Adding Through Enrichment – Each preschool adopts its own curriculum and teaching pedagogy. Some of them value-add by working in partnership with external vendors to bring enrichment programmes to their preschoolers. Such external enrichment programmes are offered to the parents at an additional fee. Others go a step further by incorporating enrichment elements into their existing programme, in a bid to provide more holistic curricula.

Trends in the Industry Sector

The major trends, as well as the issues and challenges pertaining to the ECE sector, globally and regionally, are identified as follows:

Increasing Investments in Preschools Boosts Enrolments – Governments around the world, realising the importance of ECE, have been injecting funds or are setting aside more of their national budgets on ECE development. European countries are seeing more children attending preschools due to the many subsidised, and sometimes free, preschool programmes. In Singapore, the government budgeted SGD3.0 billion in 2013 to be spent on the preschool sector for five years until 2018, to enhance the capacity of the sector, the quality of teachers, and to keep preschool affordable.[1] The trend of having young children attend preschools is also evident in Asian countries. Countries such as Korea and Hong Kong are ensuring that children attend preschool by making it affordable. In the United States ("US"), the introduction of the "Preschool for All" proposal – to establish a federal-state partnership that provides preschools for four year olds – has resulted in all but four states offering ECE to young children.

Growth of Female Labour Participation Rate ("LPR") Spurs Demand for Child Care Services – The number of females participating in the workforce globally is increasing, by a CAGR of 1.2% from 2012 to 2016. Region-wise, growth in the number of female workers surpassed the global CAGR – Southeast Asia at 1.4%, and Australasia at 1.3%. The global population of working males is also rising in tandem with its female counterparts. The growth in the working population of both genders has given rise to a universal shift in family dynamics – from the traditional single-income family to a dual-income earner family, with more women being the primary breadwinner within the household. With women increasingly sharing the financial responsibility of their families, child-minding duties are gradually being taken over by external parties like centre-based care providers.

1 Channel NewsAsia, "Budget 2013: Govt to spend S$3b on Pre-school Sector over next 5 years" found in (http://www.channelnewsasia.com/news/singapore/budget-2013-govt-to-spend-s-3b-on-pre-school-sector-over-next-5--8332814) as extracted on 23 June 2017

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Expenditure on ECE Increases with Rising Costs of Child Care – The costs of child care are rising globally. In OECD (Organisation for Economic Co-operation and Development) countries, child care costs claim an average of 15.0% of a family's income. Families in New Zealand and the United Kingdom ("UK") spend approximately one-third of their income on child care costs.[1] In the US, child care expenses have outpaced inflation since the global recession in 2009.[2] The situation is also similar in Australia. In 2016, the average household in Australia spent 27.0% of its income on child care.[3]

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1 OECD, "Society at a Glance 2016" found in (http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/society-at-a-glance-2016_9789264261488-en#page31) as extracted on 29 May 2017

Note: OECD has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Bureau of Labour Statistics, "Consumer Price Index" found in (https://www.bls.gov/data/) as extracted on 22 September 2017

Note: The Bureau of Labour Statistics, has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 The Straits Times, "Childcare crisis in Australia", found in (http://www.straitstimes.com/asia/australianz/childcare-crisis) as extracted on 29 May 2017

Note: The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Raising the Bar for Better Quality Preschool Teachers – Increasing efforts or reforms to bolster teacher quality are witnessed in various parts of the world. In Singapore, the entry requirements for preschool teachers were gradually raised from the minimum of three GCE O-Levels credits to at least five GCE O-level credits as well as a diploma in preschool education.[1] In line with growing demand for quality early childhood services and rising professionalism in the sector, an increase in salaries has been observed, with starting salaries growing in excess of 15.0%.[2] Polytechnics and universities in Singapore are also increasing their admission rates for courses in ECE, in anticipation of the rise in demand for preschool educators in the future.[3] In the UK, efforts have been made to attract qualified working professionals from other careers to transition into teaching, so as to tap into their broader experience and backgrounds. Elsewhere, scholarships or graduation bonuses are offered to attract potential candidates. Australia, for example, offers a tax refund upon graduation in an ECE field, as part of its Higher Education Loan Program and Higher Education Contribution Scheme.[4]

1 MSF, "Teacher Certification for Child Care Personnel" found in(https://www.childcarelink.gov.sg/ccls/uploads/Teacher_Certification_website__19Nov10.pdf) and ECDA, "Requirements for Teacher Certification" found in(https://www.ecda.gov.sg/Documents/Requirements%20for%20Teacher%20Certification.pdf) as extracted on 3 July 2017

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2 The Straits Times, "Efforts to better support pre-school educators" found in (http://www.straitstimes.com/forum/letters-in-print/efforts-to-better-support-pre-school-educators) as extracted on 28 May 2017

Note: The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 The Straits Times, "Growing Demand for Courses in Early Childhood Education" found in (http://www.straitstimes.com/singapore/education/growing-demand-for-courses-in-early-childhood-education) as extracted on 28 May 2017

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4 Report commissioned by Lien Foundation: "Starting Well: Benchmarking early education across the world" by the Economist Intelligence Unit. Accessed from (http://www.lienfoundation.org/sites/default/files/sw_report_2.pdf) on 29 May 2017

Note: The Lien Foundation has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Increasing Usage of Technology for ECE – Technology is increasingly being adopted by the ECE sector to support their operations, both in the back-and front-ends. Increasing use of technology in ECE operations may also improve headquarter capabilities and encourage chain preschools or promote the number of centres. In addition to providing back-end support, technology has also been increasingly incorporated into preschool curricula. This trend is mooted by early childhood agencies globally. For example, Early Childhood Australia has come up with an early childhood digital business kit and live wires initiatives to guide educators and families of young children on technology use.[1] These serve as platforms that can be tapped on to learn about new technologies, obtain information and join forums to discuss the care of young children. In the US, the National Association for the Education of Young Children has a similar online platform guiding educators on how best to utilise technology for young children. Closer to home, Singapore's Ministry of Communications and Information introduced the Infocomm Media 2025 plan in August 2015, which recommended more efforts to introduce younger children to technology. In view of Singapore transitioning to a smart nation, government bodies such as the Infocomm Development Authority of Singapore are stepping in to encourage the use of technology by providing technology-enabled toys to preschools.[2]

1 Early Childhood Australia, "ECA Statement on Young Children and Digital Technology" found in (http://www.earlychildhoodaustralia.org.au/our-work/submissions-statements/eca-statement-young-children-digital-technology-use/) as extracted on 25 September 2017.

Note: Early Childhood Australia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Infocomm Media Development Authority, "IDA supports preschool centres with Technology-enabled toys to Build Creativity and Confidence in Learning" found in (https://www.imda.gov.sg/about/newsroom/archived/ida/media-releases/2015/ida-supports-preschool-centres-with-technology-enabled-toys-to-build-creativity-and-confidence-in-learning) as extracted on 20 September 2017

Note: The Infocomm Media Development Authority has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Labour Shortage and Skills Gap – Worldwide, there are reports of a shortage of teachers in the ECE sector. The ECE sector in Singapore has been facing a manpower shortage in recent years.[1] An estimated 20,000 preschool educators are needed by 2020, and there are currently only 16,000 educators. In Singapore, a tripartite committee for the ECE sector was set up in 2016 to meet the sector's growing manpower needs. The Early Childhood Manpower Plan was created to retain manpower by offering career progression opportunities to teachers, providing them with a supportive working environment, and giving them recognition for the work that they do.[2] Two additional programmes were introduced to address the manpower shortage in the ECE sector – one targeted at ECE operators, and the other, for job seekers. ECE operators can tap on the 12-month Progressive Human Resources ("HR") Practices Early Adopter Programme, under which consultants in HR will help them identify gaps in their HR practices, as well as train principals and staff to implement a good workplace culture. The other initiative, the SkillsFuture Career Advisors Programme, aims to build a pool of industry sector professionals as career advisers, for job seekers interested in joining the ECE sector. While upgrading of ECE professionals is seen to bring forth benefits to the sector, one of the key challenges faced by preschools is setting aside time for the teachers to partake in the training programme. Having teachers take 180 hours away from their preschool duties for three years is a big commitment for some preschool operators,[3] which further exacerbates the problem of labour shortage.

1 The Straits Times, "Call to boost pay and image to attract more pre-school teachers" found in (http://www.straitstimes.com/singapore/call-to-boost-pay-and-image-to-attract-more-pre-school-teachers) as extracted on 29 May 2017

Note: The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 MSF, "Speech By Mr Tan Chuan Jin At The Early Childhood Conference 2016" found in (https://www.msf.gov.sg/media-room/Pages/Speech-by-Mr-Tan-Chuan-Jin-at-the-Early-Childhood-Conference-2016.aspx) as extracted on 29 May 2017

Note: MSF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 Channel NewsAsia, "Preschool teachers get boost in efforts to enhance language capabilities" found in (http://www.channelnewsasia.com/news/singapore/preschool-teachers-get-boost-in-efforts-to-enhance-language-capa-7813018) as extracted on 10 July 2017

Note: Channel NewsAsia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Market Size

The ECE sector in Singapore is segregated into two broad segments – preschools (kindergartens and child care centres) and enrichment centres. This study focuses on the major players of child care centres in the preschool segment (henceforth referred as "preschool child care centres") as well as those operating enrichment centres.

Number of Players and Market Size

Child care centres may cater to the masses or serve the premium market segment. As at 15 September 2017, there are 91[1] are private premium child care centres. Private premium child care centres are those that charge monthly fees of SGD1,700.00 and above (based on non-promotional rates and before GST and government subsidies) for a 5 day week or 5.5-day week full-day programme. In terms of enrichment centres for English literacy specialisation, it is estimated to be above 90 centres.

The market size of the ECE sector for operators of private premium preschool child care centres is estimated to be worth between SGD140.0 million and SGD150.0 million.

Market Share of MindChamps

Based on the 91 private premium preschool child care centres, MindChamps, which has 35 centres operating currently[2], has a market share of 38.5%.

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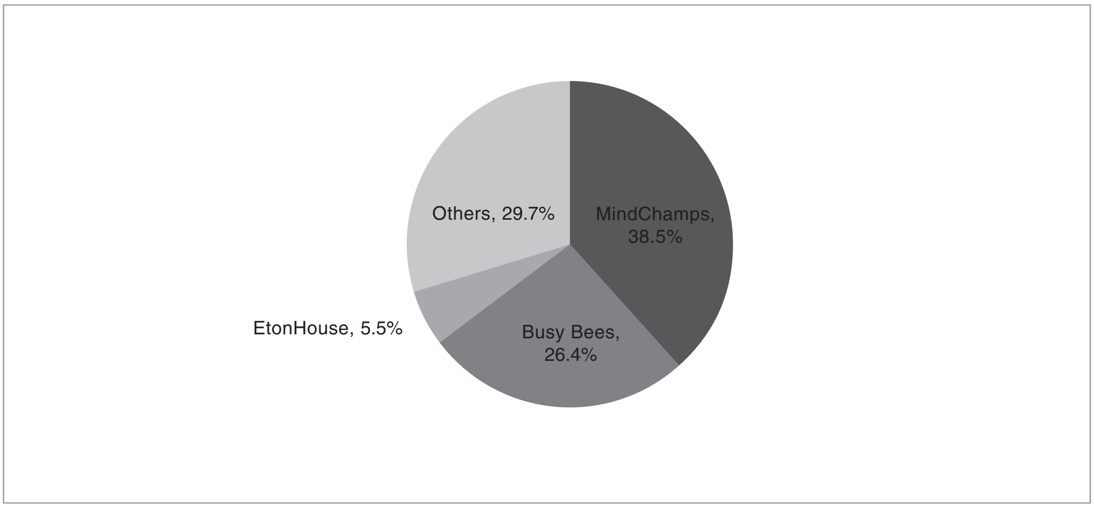
[1] ECDA, "Child Care Link" found in (https://www.childcarelink.gov.sg/ccls/home/CCLS_HomeChdCccLst.jsp) as extracted on 15 September 2017

Note: ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

[2] MindChamps has licences to operate 36 preschools. As at 15 September 2017, MindChamps operates 35 preschools and one is currently undergoing renovation works.

Figure 1: Market Share of MindChamps PreSchool (Worldwide) Pte Limited (To Be Renamed MindChamps PreSchool Limited), Based on Number of Private Premium Preschool Child Care Centres



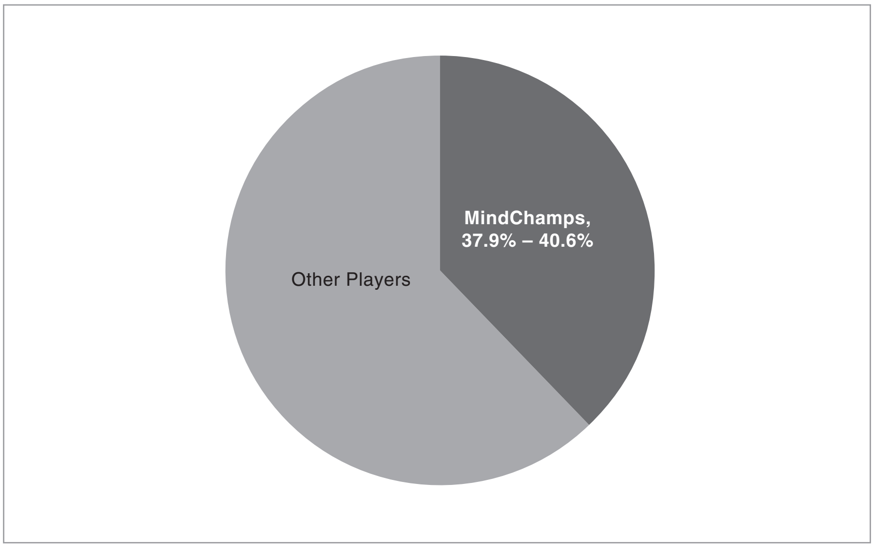
Notes:

- MindChamps, Busy Bees and EtonHouse are chain operators of private premium preschool child care centres.
- Only the top three players are expressed in the chart
- The sum of percentages does not add up to 100.0% due to rounding differences

Source: Compilation by Converging Knowledge

In terms of the market size of the ECE market for private premium preschool child care centres, MindChamps is estimated to have market share of between 37.9% and 40.6% in 2016.

Figure 2: Estimated Market Size of MindChamps PreSchool (Worldwide) Pte Ltd (To Be Renamed MindChamps PreSchool Limited) in the Private Premium Preschool Child Care Centre Segment in 2016



Source: Compilation by Converging Knowledge

In the enrichment segment, MindChamps has eight centres offering English literacy programmes. Based on the number of outlets, MindChamps has market share of 8.0% to 9.0%.

Prospects of the ECE Sector

Globally, the ECE sector has gained much visibility. ECE programmes have been widely reported to have a profound impact on a child's development that will ultimately bring forth benefits to the social and economic welfare of a nation.

Singapore

In Singapore, prospects of the ECE sector are optimistic, with annual growth projections of approximately 5.0% in 2017 and 2018. Sector growth is buoyed by various factors, amongst which include rising demand for ECE brought about by a rising LPR of married women, elevation in awareness of the importance, as well as better affordability and accessibility of ECE, as the nation prospers.

Population of Children Aged Between 2 to 10 – Although birth rates are on the decline in Singapore, the nation's population of children from two to 10 years of age hovered between 348,000 and 360,000 from 2012 to 2016, representing the pool of children that ECE operators could potentially cater to for their preschool and enrichment programmes in the past five years. In 2017, the total number of children falling within the said age bracket is expected to grow, reaching above the 360,000-mark. Further uptrend, albeit at a marginal rate, is forecast for the next two to three years, with child population (two to 10 years) to reach approximately 370,000[1], which represents a larger potential consumer base for the ECE sector in the country.

Rising Married Females LPR Spurs Demand for Child Care Programmes – LPR for married females in Singapore has been on the uptrend, increasing from 60.7% in 2012, to 63.6% in 2016. With a higher number of married women in the labour force, child care services will increasingly fall on external parties outside of the family, thus boosting the need for more preschools, particularly those offering full-day programmes, in Singapore.

[1] Numbers are tabulated based on the number of live births for the relevant years and does not take into account of deaths.

Rising Household Incomes – Singapore's economy grew at a CAGR of 3.1%[1] from 2012 to 2016, reaching SGD402.2 billion in 2016, from SGD355.7 billion in 2012.[2] The rise in GDP is mirrored by rising household income in Singapore, where the average monthly income for resident employed households[3] attained a CAGR of 2.9%[4] (from SGD10,348.0 in 2012, to SGD11,589.0 in 2016)[5]. Continued growth in monthly income will support the ability of working parents to afford rising expenses in child care. More importantly, it also means increased access to higher quality ECE and enrichment classes for their children. This trend of increasing affordability is reflected particularly in the rise in enrolment rates for full-day child care programmes.

1 Tabulated by Converging Knowledge, based on data from SingStat found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=12359) extracted on 26 May 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 SingStat, "Real GDP" found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=12359) as extracted on 26 May 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 Resident employed households are households headed by a Singapore citizen or permanent resident with at least one working person.

4 Tabulated by Converging Knowledge, based on data from SingStat found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createSpecialTable.action?refId=12313) extracted on 26 May 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

5 Derived from SingStat, "Average and Median Monthly Household Income from Work (Including Employer CPF Contributions) Among Resident and Resident Employed Households, 2000-2016" found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createSpecialTable.action?refId=12313) as extracted on 26 May 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

High and Growing Preschool Enrolments Show Increasing Awareness of the Importance of ECE – Singapore's preschool enrolment rate has consistently been high. In 2012, at least seven out of 10 children from two to six years of age (75.5%) attended preschool. From 2014 to 2016, the ratio increased to more than eight enrolments per 10 children. By 2016, child care enrolments posted at 106,155, which is 33.2% higher than that of 2012 (79,679). In 2017 and 2018, the number of children falling within the age bracket of two to six years is expected to rise by approximately 1.4% year-on-year[1]. This implies that ECE operators may potentially expect a larger market to serve in the near future, despite being faced with a national slowdown in births. Lower child dependency ratio expected in the domestic Singaporean family in the future may give rise to a trend of parents indulging or giving their offspring better things in life, which may include higher quality education.

Government Initiatives to Promote and Support ECE Development[2] – The Singapore government has announced plans in August 2017 to double its annual spending on preschools in the next five years. Annual spending on preschools increased by approximately 2.3 times in 2017 to SGD840.0 million, from SGD360.0 million in 2012, and will double further to SGD1.7 billion in 2022. Singapore's ECE sector is expected to see further transformation through three initiatives – increasing the number of child care places for children aged up to four, rolling out more kindergartens, and setting up a new centralised training institute to consolidate existing training programmes for teachers and develop new curricula.

Global, Australia, the PRC and the Rest of Asia

Outside of Singapore, growth opportunities for the ECE sector abound. Globally, the young children's population is expected to rise, thus, developing an organic growth in demand for ECE services. Reforms in ECE policies, coupled with changing attitudes towards the need for preschools, will further boost the industry sector.

1 Forecast figures is established based on birth rates in 2015 and 2016, and also takes into account of annual and forward shifts in the population. Child deaths were not considered in the tabulation.

2 The Straits Times, "PM Lee Hsien Loong's National Day Rally Speech: All you need to know in 3 minutes." Found in (http://www.straitstimes.com/singapore/pm-lees-national-day-rally-speech-all-you-need-to-know-in-3-minutes) as extracted on 10 October 2017

Note: The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Organic Expansion in Demand with Growing Young Population – Demand for ECE services is set for an upward trend to cater to the growing global population. From 2012 to 2016, the number of children, aged from two to 10, grew from 1.10 billion to 1.12 billion, averaging an annual growth of approximately 0.5%.[1] The global number of children within the age bracket of two to six years is expected to grow at the same momentum from 2017 to 2018[2]. Australia's population of young children (two to 10 years) is expected to grow by 1.8% in 2017 and 2018 (2016: 1.4 million).[3] The PRC is already among the most populous nations in the world. Since 2013, there has been a gradual relaxation of the PRC's family planning rules, and Chinese hospitals reported a significant rise in births, with 17.86 million recorded in 2016.

Increasing Enrolments for Pre-Primary Education – Globally, the gross enrolment ratio ("GER") for pre-primary education is on an upward trend. In 2011, the GER for the world was 41.0%, rising to 48.6% in 2015.

GER in Australia has consistently been high, reaching 124.9% in 2015, as opposed to 95.4% in 2011. In 2016, the Australian government announced certain reforms in ECE policies, which will make the country's child care system more flexible, more accessible and more affordable, and this is expected to boost domestic GER further. Enrolment for four year olds in Australia, whilst still lower than many of her OECD peers, was 88.9%, and comparatively higher than enrolments of three-year-olds (2014: 69.4%) in the country. This indicates that Australian children are enrolled in preschools at a later age, and thus, signifies pockets of opportunities to educate younger children of preschool age.

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1 United States Census Bureau, "International Data Base World Population by Age and Sex" found in (https://www.census.gov/population/international/data/idb/worldpop.php) as extracted on 14 June 2017

Note: The United States Census Bureau has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 United States Census Bureau, "International Data Base World Population by Age and Sex "found in (https://www.census.gov/population/international/data/idb/worldpop.php) as extracted on 14 June 2017

Note: The United States Census Bureau has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 Tabulated by Converging Knowledge based on data from the Australian Bureau of Statistics found in (http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3301.02015?OpenDocument) as extracted on 14 June 2017

Note: The Australian Bureau of Statistics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The PRC also witnessed a growth in its GER, from 63.8% in 2011, to 83.6% in 2015. By 2020, the country's preschool market is expected to grow by over 30.0%, from 2016.[1] This is due to the easing of the one-child policy, which leads to a foreseeable growth in the number of children, and a preference for quality preschools. It is observed that five of the major operators of premium child care chains have already made their foray into the Chinese market, which indicates how the PRC is perceived for its potential in ECE development. Countries in the rest of Asia saw a rise in their GERs, albeit lower than that of Australia and the PRC, but still higher than global rates. This may indicate that sending children to school at an early age is gaining momentum in these countries, especially in the face of improving economic conditions and better spending propensities.

Demand for Quality Preschools – Parents and governments are becoming aware that quality education at a young age is important. Countries worldwide are placing an emphasis on quality preschools, in terms of curriculum. In 2016, 31.0% of Australian preschools and day-care centres assessed failed to meet the standards set out in the national quality framework of the commonwealth and state governments. The country does not have a standardised framework for children in their early years, resulting in differing standards across the country.[2] The entry of preschools with a track record in delivering quality education into such markets would, thus, be welcomed, and meets the demand gap desired by parents.

Across the US, better quality ECE has been called for to be provided to all young children. In states such as Vermont, many lack access to high quality and affordable childcare. It was reported in January 2017 that nearly 47.0% of the 36,000 children within the preschool age range do not have access to a child care programme.

In the PRC, growing competition for a spot in prestigious primary schools will increase demand for quality preschools in the PRC. Parents see preschools as the first step to acquiring an advantage in the education system, with many opting for preschools that can provide children with an effective foundation for both social and academic skills. Schools have begun teaching English to children at a younger age, resulting in the growing adoption of an international curriculum in preschools. Therefore, preschools that have an established reputation in delivering high quality education, coupled with an international curriculum, will be sought after in the PRC.

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1 Estimates by Converging Knowledge

2 The Guardian, "One in four preschools fail to meet quality standards – report" found in (https://www.theguardian.com/australia-news/2016/apr/20/one-in-four-preschools-fail-to-meet-quality-standards-report) as extracted on 21 August 2017

Note: The Guardian has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Likewise in Korea, good quality education is highly in demand. Parents recognise the need to invest in their children at an early age to increase their chances of them entering the top US schools. As such, the English language is high in popularity. Parents are sending their children to after-school hagwons, as early as six to nine months of age, to let them learn English.[1] Thus, top preschools that provide bilingual services in their curriculum would be in demand by Korean parents.

Growing Asian Population in Australia Spurs Competitive Mindset and Increases Demand – Asians traditionally have a more competitive stance towards education. Such mindsets tend to be emphasised when they migrate, as they are subject to social and economic pressures to succeed in their newly adopted country. Immigration rates to Australia have been on the rise, reaching 6.9 million in 2016.[2] Of this number, Asian immigrants made up 38.2% in 2016, an increase of 25.3% from 2012. The number of people born in the PRC, but residing in Australia was 526,040 persons, the highest among all the Asian immigrants. The rise in the number from 401,560 in 2012[3] may have been brought about by more affluent Chinese moving away from the mainland, in search of a better living environment and driven by fears of a falling currency. Coupled with a psyche to succeed in a new environment, affluent Chinese parents have higher propensities to invest in better quality education for their children, thus, creating opportunities for players wishing to tap into the ECE sector in Australia.

Government Initiatives – ECE has become a policy priority in many countries, with several governments stepping in to introduce initiatives to encourage ECE or upgrade its quality.

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1 The Straits Times, "Learning 'banned' English in South Korea" found in (http://www.straitstimes.com/world/learning-banned-english-in-s-korea) as extracted on 21 August 2017

Note: The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Australian Bureau of Statistics "Estimated resident population, Country of birth, age and sex" found in (http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ERP_COB) as extracted on 21 August 2017

Note: The Australian Bureau of Statistics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 Australian Bureau of Statistics, "Migration, Australia," found in (http://www.abs.gov.au/ausstats/abs@.nsf/mf/3412.0/) as extracted on 21 August 2017

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(1) Australia: In 2012, Western Australia became the first state in Australia to make pre-primary education compulsory, which is a testament to how important ECE is perceived in the country.[1] The Australian government announced its plans to invest approximately AUD37.0 billion on child care support over the next four years, beginning 2017, with aims to improve the country's child care system in terms of its flexibility, accessibility and affordability, and targeted to those who need it the most.[2] The budget provides AUD61.1 million, over three years from 2015/2016, to continue the government's support for implementation of the National Quality Framework, and AUD843.0 million under the Universal Access to Early Childhood Education for the 2016 and 2017 calendar years[3]. The introduction of the Child Care Reform package under the proposed Omnibus Bill will reduce the cost of child care for parents. The government will invest AUD3.5 billion over five years until 2020/2021 on child care assistance.[4]

(2) Canada: The government has committed to investing CAD7.5 billion in child care over the next 11 years, which they foresee will create high-quality child care at affordable prices across Canada. Bilateral agreements will be signed between the

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1 Government of Western Australia, "Enrolling in School" found in (https://www.education.wa.edu.au/web/our-schools/enrolling-in-school) as extracted on 25 September 2017

Note: The Government of Western Australia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Australian Government, "Department of Education and Training, Early Childhood and Child Care" found in (https://www.education.gov.au/early-childhood-and-child-care) as extracted on 19 June 2017

Note: The Department of Education and Training of the Australian Government has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 Parliament of Australia, "Early childhood education and care" found in (http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201516/ChildEd) as extracted on 19 June 2017

Note: The Parliament of Australia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

4 Australian Government, Department of Education and Training, "New Child Care Package" found in (https://www.education.gov.au/ChildCarePackage) as extracted on 25 September 2017

Note: The Department of Education and Training of the Australian Government has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

federal government, provinces and territories, where the government will provide CAD1.2 billion in funding as part of the national framework to provide affordable, high-quality and flexible child care across the whole of Canada.

(3) The PRC: The central government introduced the Third Action Plan on Preschool Education in 2017, with the aim of improving access to high-quality preschool education (available for 80.0% of the population), and provide 85.0% of preschool-aged children access to three years of kindergarten education by 2020.[1] With the 13th Five-Year plan in 2015, restrictions on private capital participation in education will be eased, which will, in turn, encourage non-governmental players and foreign investors to participate in the education sector, thus, benefitting overseas education companies that intend to enter the Chinese market.

(4) Indonesia: Despite encouraging efforts by the Indonesian government to improve its ECE system, the vast majority of kindergarten services are provided by the private sector, with little funding from public investments. With the progression in Indonesia's economy, the middle income group is growing. This indicates a potential demand for quality private ECE programmes.

(5) Vietnam: The education law was revised in 2009, making it mandatory for all five-year-olds to attend kindergarten. The government aims to enhance the quality of early childhood care and reach the goal of universal preschool education by increasing in investments in preschool education. Since 2000, the percentage of public expenditure invested in preschool education doubled from 7.0% to 14.4% in 2012.[2] Elements that characterise premium schools – international curricula and English lessons – are popular and are often desired by the typical city-dwelling Vietnamese family. As such, preschools that provide their students with a more international and English-based exposure will be well in demand in Vietnam.

1 The State Council, The People's Republic of China. "China to expand preschool education Coverage" found in (http://english.gov.cn/state_council/ministries/2017/05/16/content_281475657504678.htm) as extracted on 13 July 2017

Note: The State Council of the PRC has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 UNESCO, "Education for All 2015 National Review Report: Viet Nam" found in (http://unesdoc.unesco.org/images/0023/002327/232770e.pdf) as extracted on 3 August 2017

Note: UNESCO has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

(6) Japan: New day care spots are to be created to cater to the growing demand for child care services and reducing the waiting list of nurseries to zero by the end of 2020. The government is encouraging more women to work, instead of caring for the children at home. To maintain the economic activity of the country, the Japanese government intends to make preschool free for children, and has recently approved policy guidelines stating that a decision should be made by the end of 2017, on how to realise free preschool education by securing a source of sufficient funding.[1] The government's aims to maintain labour productivity, by encouraging women to be part of the workforce through providing more child care spaces to families, given the demand for such spaces, will see the preschool market growing in Japan.

(7) Malaysia: Through Vision 2020, the Education Act of 1996 was mandated, requiring all teachers to be qualified to teach young children, a national preschool curriculum in all preschools to be established, and to increase enrolment in early education centres. Under the Child Care Act, intervention programmes for young children were rolled out by the Department of Social Welfare. Educational assistance is provided to low income families and through campaign PERMATA, awareness on the importance of early education and care for young children among Bumiputera parents and families is promoted. The Ministry of Education had reportedly made it compulsory for preschool and nursery teachers to possess at least a diploma in ECE by 2020.[2]

(8) Korea: In 2012, the Nuri curriculum for children aged 3, 4 and 5 was introduced to integrate the two split systems of kindergarten and child care. Further financial support has been extended to families under the Nuri curriculum, whereby children under this curriculum are all subsidised, regardless of their household income, providing everyone the opportunity to obtain preschool education.[3]

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[1] Official Website of the Prime Minister of Japan and His Cabinet, "Press Conference by the Chief Cabinet Secretary (Excerpt)" found in (http://japan.kantei.go.jp/tyoukanpress/201703/29_p.html) as extracted on 26 September 2017

Note: The Prime Minister of Japan and His Cabinet has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

[2] Malay Mail Online, "PPTTM: Govt urged to review early childhood teaching qualification" found in (http://www.themalaymailonline.com/malaysia/article/ppttm-govt-urged-to-review-early-childhood-teaching-qualification) as extracted on 13 July 2017

Note: The Malay Mail Online has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

[3] Korea Institute of Child Care and Education, "KICCE Policy Brief Issue 2" found in (http://kicce.re.kr/eng/newsletter_mail/pdf/201401_brief.pdf) as extracted on 15 August 2017

Note: The Korea Institute of Child Care and Education has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2. OVERVIEW OF THE EARLY CHILDHOOD EDUCATION SECTOR IN SINGAPORE

2.1 Overview of the Early Childhood Education Sector

Early Childhood Education ("ECE") is a branch or a framework of learning principles/practices, with focus on teaching or developing young children. Today, ECE is regarded as an important field, as it plays a critical role in a child's formative years and lends support to a child's readiness for formal schooling.

2.1.1 Defining Early Childhood Education

The term "early childhood" may differ from one country to another. Early childhood is commonly defined as the period from birth to eight years old. Australia sets the parameters for early childhood as the period from birth till the year before formal full-time schooling[1], which may be five or six years of age, depending on the state and territory[2]. ECE in the People's Republic of China ("PRC"), on the other hand, is mainly for children between three and six years old, before the commencement of primary school education. In Singapore, ECE generally covers children of ages under the age of seven[3].

ECE is often identified with preschool education. Traditionally, the focus of ECE tends towards mainstream academic development (such as literacy and numeracy) of a child. However, in many contexts, its scope has increasingly been extended to cover "enrichment" lessons, which provide additional tools (such as learning strategies) that indirectly aid in understanding academic subjects and/or targeted non-academic subjects (such as music, dance and the arts). Such enrichment programmes were typically offered

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1 Australian Government, "Early Childhood" found in (http://www.australia.gov.au/information-and-services/education-and-training/early-childhood) as extracted on 24 May 2017

Note: The Australian Government has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 The Government of Western Australia, "Enrolling in School" found in (https://www.education.wa.edu.au/web/our-schools/enrolling-in-school) as extracted on 25 September 2017 and Government of South Australia, "The Education System in South Australia" found in (https://www.sa.gov.au/topics/education-and-learning/general-information/ sa-education-system) as extracted on 24 May 2017

Note: The Government of Western Australia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 ECDA, "About Us" found in (https://www.ecda.gov.sg/pages/aboutus.aspx) as extracted on 24 May 2017

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to children undergoing formal education (above the ages of seven), but have since been made available to young children within the preschool age brackets, as parents invest in their children's learning to give them an earlier head-start.

In this report, the ECE Sector is defined as the sector that educates preschool children from 18 months to six years, as well as enrichment programmes for young children up to the age of 10.

2.1.2 Introduction to the ECE Sector in Singapore

The ECE sector in Singapore covers preschools and enrichment centres. In the following sections, the two main categories of preschools (kindergartens and child care centres) as well as the differences between preschools and enrichment centres are introduced.

Preschools – Kindergartens and Child Care Centres

Singapore's current preschool landscape consists of kindergartens and child care centres, both of which offer development programmes for young children. The key broad difference between these two types of preschools may lie in the way they position themselves in the market, which influences their operating hours and offerings (for example, availability of child-minding services), amongst others.

Kindergartens and child care centres were also previously under the purview of different government bodies – kindergartens fell under the Ministry of Education ("MOE"), whereas child care centres were under the Ministry of Social and Family Development ("MSF"). Both have since come under the oversight of the Early Childcare and Development Agency ("ECDA") with effect from 1 April 2013. Table 1 below shows the coverage of kindergartens and child care centres.

Table 1: Types of Preschools in Singapore and their Coverage

Preschools	Description
Kindergartens	Cater to young children from approximately two years[1] to below seven years of age, depending on their preschool development programmes. In general, their preschool development programmes consist of at least kindergarten 1("K1") and kindergarten 2 ("K2"). It can further include playgroup (for 18 months to two year olds) and nursery (nursery 1[2] ("N1") and nursery 2 ("N2") for three to four year olds). Most sessions range between two and three hours for playgroup and N1, and three to four hours for N2 to K2, for five days a week.

1 Enrolment is dependent on the year of birth of a child.

2 Also known as pre-nursery.

Preschools	Description
Child Care Centres	On top of preschool development programmes (playgroup, N1, N2, K1 and K2), child care centres may offer child-minding services for children aged between 18 months and below seven years. Typical operating hours are from 7:00 am to 7:00 pm, and may offer full-day, half-day and flexible programme options to cater to the different working schedules of parents. Full-day programmes may consist of full-day preschool development and enrichment, or part preschool development and part child-minding. For most child care centres, a full-day programme would include child-minding after the preschool development programmes have ended for the day. Child care centres operate on a 5-day week or 5.5 day week basis.

Notes:

- Child care centres may also provide infant care for young children aged between two and 18 months, and student care, which is before and after school care for children who have entered formal education. Infant and student care are excluded from this study.
- Child-minding services involve caring of children by personnel hired by the child care centre.

Source: Interviews; Compilation by Converging Knowledge

Enrichment Centres and Classes

Enrichment centres provide a wide range of programmes/classes that focus on different areas of development, covering physical activities and curriculum that are language-based (reading and writing), subject-based (such as computer and robotics), and interest-based (such as speech, music and drama), amongst others. These enrichments are often regarded as "after-school programmes" that allow students to acquire skills/information outside their textbooks and the national curriculum.

Note that enrichment programmes are distinct from private tuition lessons. Private tuition lessons reinforce students' academic learning acquired from schools, by way of providing more detailed explanations and practices. Enrichment classes, on the other hand, focus on deepening students' learning in both academic and non-academic areas by nurturing their creativity, imagination, cognitive, critical and abstract thinking skills.

Enrichment programmes are conventionally offered by enrichment centres, the latter of which are independent establishments operating from premises that are suited for carrying out their curricula. Parents or caregivers send their children or charges to these centres after school hours or during the weekends.

Similarly, enrichment lessons may also be conducted directly at the preschool/school premises by external vendors. Parents can choose for their children to participate in programmes offered by these external vendors, albeit for a fee. In recent years, preschools have progressively been incorporating enrichment components into their existing school-based curriculum. This is a form of value-add to differentiate themselves from the rest of the preschools. Some preschools also offer stand-alone enrichment classes, targeting young children who are not part of their preschool enrolments.

2.1.3 Key Statistics Relevant to the ECE Sector in Singapore

There are approximately 1,832[1] preschools and an estimated 641[2] enrichment centres registered with the relevant authorities in the country.

Composition of Preschools

Preschools in Singapore largely comprise child care centres. Approximately 75.4% (1,382) of preschools in the country is made up of child care centres, and the remaining 24.6% (450), by kindergartens (see Figure 1).

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1 ECDA, "Statistics on Child Care", found in (https://www.childcarelink.gov.sg/ccls/uploads/Statistics_on_child_care(STENT).pdf) and "Kindergarten Master List" found in (https://www.ecda.gov.sg/Documents/Kindergarten%20Master%20List%20-%20July%20%2717.pdf) as extracted on 15 August 2017

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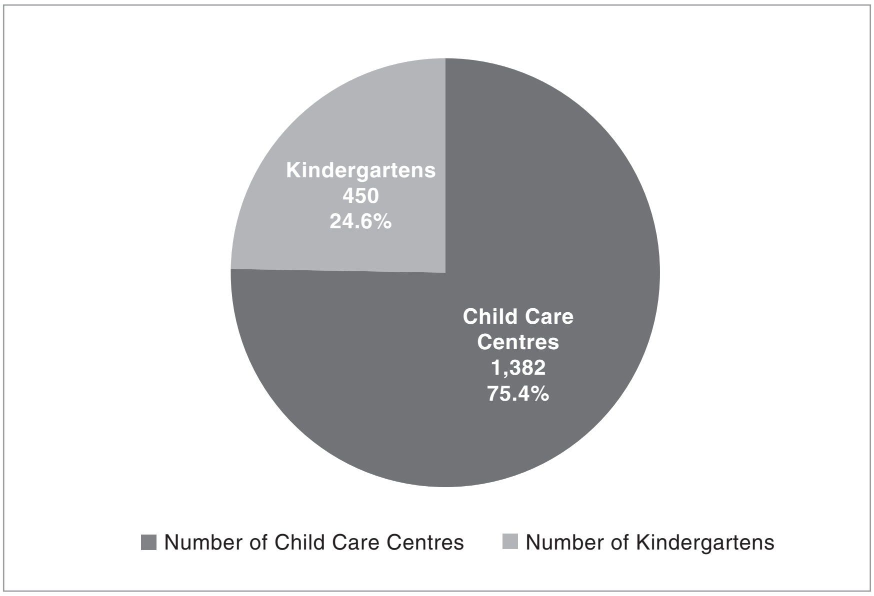
2 MOE, "List of Private Schools" found in (https://www.moe.gov.sg/education/private-education/list-of-private-schools). Only those listed under the enrichment, fine arts and linguistics categories in the private schools (A to Z) are included in the tabulation. Other categories of private schools – tuition, commerce, information technology and others – are excluded in this tabulation. Tuition is not part of the scope of this study, and it is observed that the private schools under commerce, information technology and others cater mainly to adults. The number of private schools listed in the enrichment, fine arts and linguistics categories is tabulated as at 28 June 2017.

Note: MOE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

APPENDIX D – EARLY CHILDHOOD EDUCATION – SINGAPORE, AUSTRALIA AND GLOBAL

Figure 1: Proportion of Kindergartens and Child Care Centres in Singapore



Note:

- Data for kindergartens and child care centres is as at July 2017 and second quarter ("Q2") 2017, respectively.

Source: Data for child care centres from ECDA, Quarterly Report, Statistics on Child Care, https://www.ecda.gov.sg/Documents/Statistics_on_child_care%28STENT%29.pdf, last accessed July 2017; Data for kindergartens from ECDA Kindergarten Master List July 2017, https://www.ecda.gov.sg/Documents/Kindergarten%20Master%20List%20-%20july%20%2717.pdf, last accessed July 2017; Compilation by Converging Knowledge

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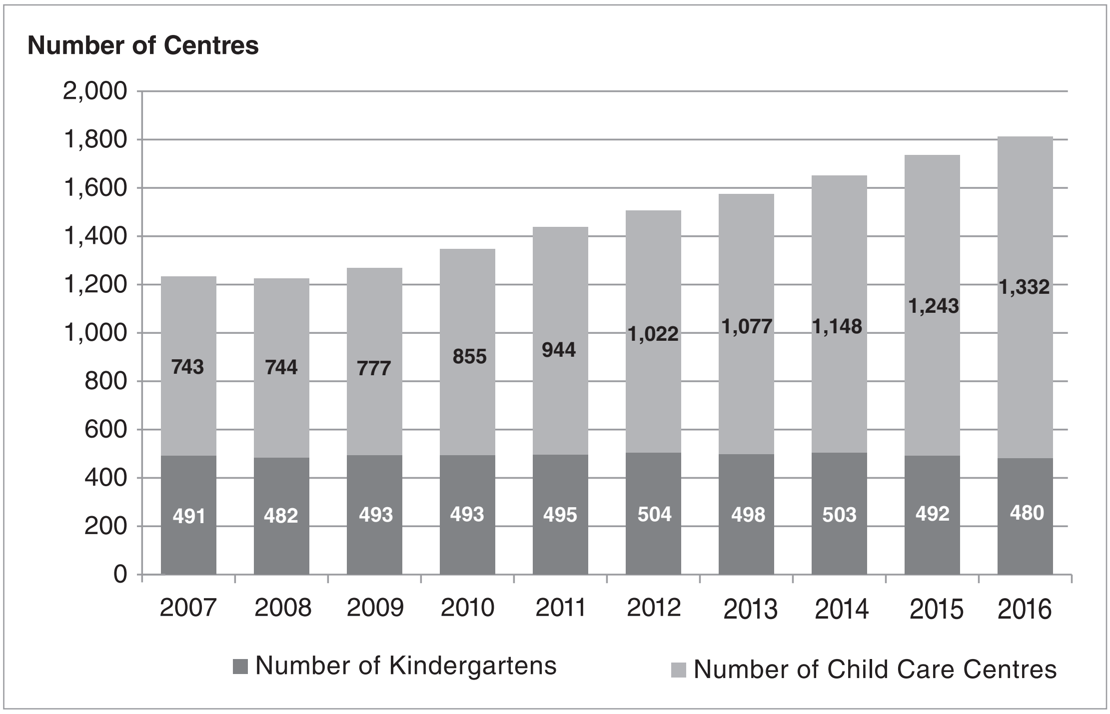
Growth in the Number of Preschools

For the past 10 years (2007 to 2016), the total number of preschools has increased by a compound annual growth rate ("CAGR") of approximately 4.4%, rising from 1,234 in 2007, to 1,812 in 2016 (see Figure 2).

Figure 2: Number of Preschools in Singapore from 2007 to 2016



Source: Data for child care centres and kindergartens from the Department of Statistics, Singapore ("SingStat"), SingStat Table Builder, http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=10366, last accessed June 2017; Compilation by Converging Knowledge

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The number of child care centres established in Singapore has been growing steadily over the past decade. From 2007 to 2016, there was an increase of 79.3% or 589 centres nationally, achieving a CAGR of 6.7%[1]. Unlike kindergartens, which typically operate for up to four hours, child care centres provide parents with the added option of full-day, half-day or flexible programmes. This growth may be reflective of strong demand for child care centre services, or a need for preschools with longer operating hours, across Singapore-resident households.[2] Rising married females' participation in the labour force and a corresponding increase in dual-income earner families are the key factors contributing to this demand growth. These two factors are further discussed in later parts of this section.

In contrast, the growth in the number of kindergartens paled in comparison to that of child care centres. The total number of kindergartens in 2016 (480) fell, compared to the number recorded in 2007 (491)[3]. This may have been brought about by lower enrolment rates, a trend that is expected to prevail, as parents are increasingly drawn towards child care centres offering full-day programmes.

Rising Demand for Full-Day Programmes

As seen in Figure 3, there is a shift towards longer hour preschool services, which may account for the growing popularity of child care centre services, as opposed to kindergartens.

1 Tabulated by Converging Knowledge, based on data from SingStat found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=10366) as extracted on 22 June 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Kindergartens in Singapore typically offer half-day programmes

3 SingStat, "Number and Enrolment in Kindergartens, Annual" found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=10357) and ECDA, "Kindergarten Master List" found in (https://www.ecda.gov.sg/Documents/Kindergarten%20Master%20List%20-%20July%20%2717.pdf) as extracted on 19 September 2017

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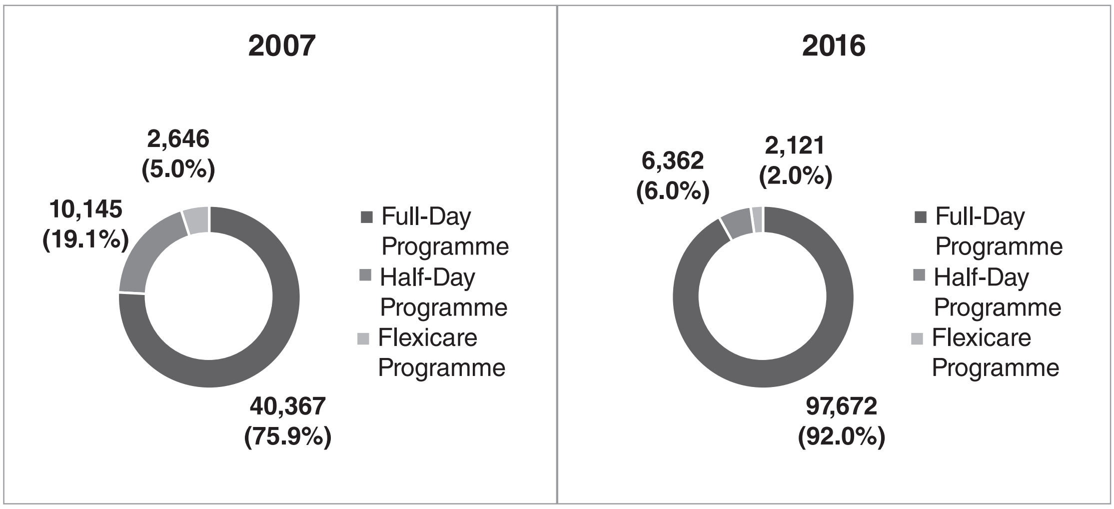
Figure 3: Comparison of 2007 and 2016 Enrolment Rates of Child Care Centres by Programmes



Source: Data for child care centres from SingStat, SingStat Table Builder, http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=10366, last accessed June 2017; Compilation by Converging Knowledge

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In 2007, half-day and flexi-care programmes collectively contributed close to one-quarter (24.1%) of the total enrolment in child care centres. However, the proportion of the enrolment for non-full day programmes shrunk to 8.0% in 2016. On the other hand, enrolment in full-day programmes more than doubled from 40,367 in 2007 to reach 97,672 in 2016. This trend shows that almost every nine in 10 (92.0%) children in a child care centre are now attending a full-day programme, instead of a half-day or a flexi-care programme.[1]

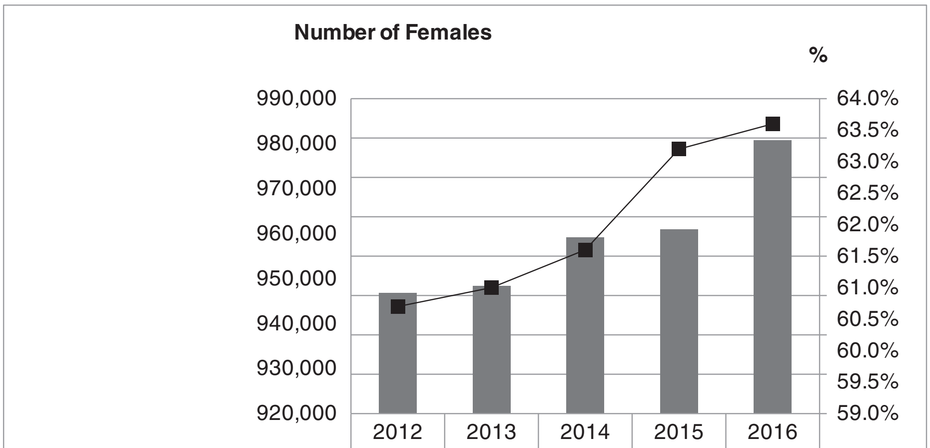
[1] Tabulated by Converging Knowledge, based on data from SingStat found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=10366) extracted on 28 June 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Growing Married Females Labour Participation Rate ("LPR")

Marriage continues to be an important institution in Singapore, although many now choose to wed at an older age, especially females. The number of married females grew by a CAGR of 0.9% from 2012 to 2016, and correspondingly, more married women are joining the work force (see Figure 4). Married females LPR grew at a CAGR of 1.2%, up from 60.7% in 2012, to 63.6% in 2016.[1] A significant uptrend momentum is observed for married females LPR in 2015. This uptrend is the result of a better support system (such as flexible work arrangements, enhanced maternity benefits and leave schemes), which enables married women to balance family commitments with career aspirations.

Figure 4: Number of Married Females and their Labour Participation Rate from 2012 to 2016



	2012	2013	2014	2015	2016
Number of Married Females	946,800	948,400	959,200	960,900	980,800
Married Females Labour Participation Rate	60.7%	61.0%	61.6%	63.2%	63.6%

Source: Data for the number of married females from SingStat, SingStat Table Builder, http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=9571, last accessed May 2017; Data for married females labour participation rate from the Ministry of Social and Family Development ("MSF"), Research and Statistics, 2017, https://www.msf.gov.sg/research-and-data/Research-and-Statistics/ Pages/Labour-Force-and-the-Economy-Labour-Force-Participation-Rate-of-Married-Persons.aspx, last accessed May 2017; Compilation by Converging Knowledge

[1] Tabulated by Converging Knowledge, based on data from the Ministry of Social and Family Development, "Labour Force Participation Rate of Married Persons" found in (https://www.msf.gov.sg/research-and-data/Research-and-Statistics/Pages/Labour-Force-and-the-Economy-Labour-Force-Participation-Rate-of-Married-Persons.aspx) extracted on 26 May 2017

Note: The Ministry of Social and Family Development has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Note: Each of MSF and SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Increase in Dual-Income Earner Families

Married males' LPR has generally been consistent, hovering at approximately 84.0% from 2012 to 2016.[1] Along with an uptrend in the LPR of married females, the number of dual-income earner families is on the rise. In 2015, more than half (53.8%) of the married couples in Singapore are working, as compared to 47.1% in 2010[2]. This implies that more families would need to reach out to professional centre-based care to mind/teach their children during working hours.

1 Tabulated by Converging Knowledge, based on data from the Ministry of Social and Family Development, "Labour Force Participation Rate of Married Persons", found in (https://www.msf.gov.sg/research-and-data/ Research-and-Statistics/Pages/Labour-Force-and-the-Economy-Labour-Force-Participation-Rate-of-Married-Persons.aspx) as extracted on 26 May 2017

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2 Department of Statistics Singapore, "General Household Survey 2015 – Key Findings" found in (https://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/ GHS/ghs2015/findings.pdf) as extracted on 26 May 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Rising Household Incomes

Singapore's real gross domestic product ("GDP") grew at a CAGR of 4.1[1] from 2012 to 2016, reaching SGD402.2 billion in 2016, from SGD355.7 billion in 2012.[2] The rise in GDP is mirrored by rising household income in Singapore, where the average monthly income for resident employed households attained a CAGR of 2.9%[3] (from SGD10,348.0 in 2012 to SGD11,589.0 in 2016)[4].

1 Tabulated by Converging Knowledge, SingStat, "Real GDP" found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=12359) as extracted on 26 May 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 SingStat, "Real GDP" found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=12359) as extracted on 26 May 2017

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3 Tabulated by Converging Knowledge based on the data from SingStat found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createSpecialTable.action?refId=12313) as extracted on 26 May 2017

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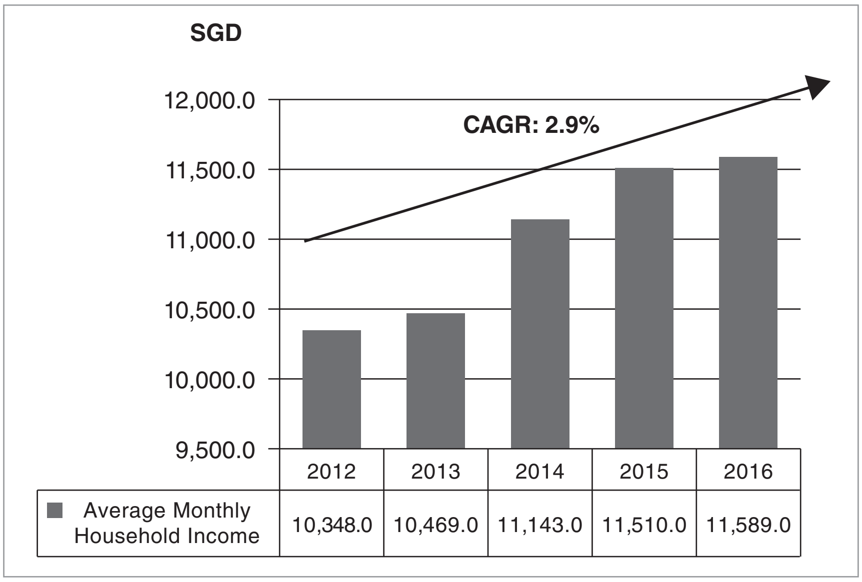
4 Derived from SingStat "Average and Median Monthly Household Income from Work (Including Employer CPF Contributions) Among Resident and Resident Employed Households, 2000-2016" as extracted on 26 May 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Figure 5: Average Monthly Household Income among Resident Employed Households from 2012 to 2016



Note:

- Resident employed households refer to households headed by a Singapore citizen or permanent resident, with at least one working person.

Source: Data for average monthly household income from SingStat, SingStat Table Builder http://www.tablebuilder.singstat.gov.sg/publicfacing/createSpecialTable.action?refId=12313, last accessed May 2017; Compilation by Converging Knowledge

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Continued growth in monthly income will support the ability of working parents to afford rising expenses in child care. More importantly, it also means increased access to higher quality ECE and enrichment classes for their children. This trend of increasing affordability is reflected particularly in the rise in enrolment rates for full-day child care programmes.

2.2 Industry Structure in Singapore

The ECE sector in Singapore may be structured based on the different categories/schemes that preschools operate under, and for enrichment centres, on their programme specialisation. Please refer to the section below for the structure of the industry sector.

2.2.1 Segmentation of the ECE Sector in Singapore

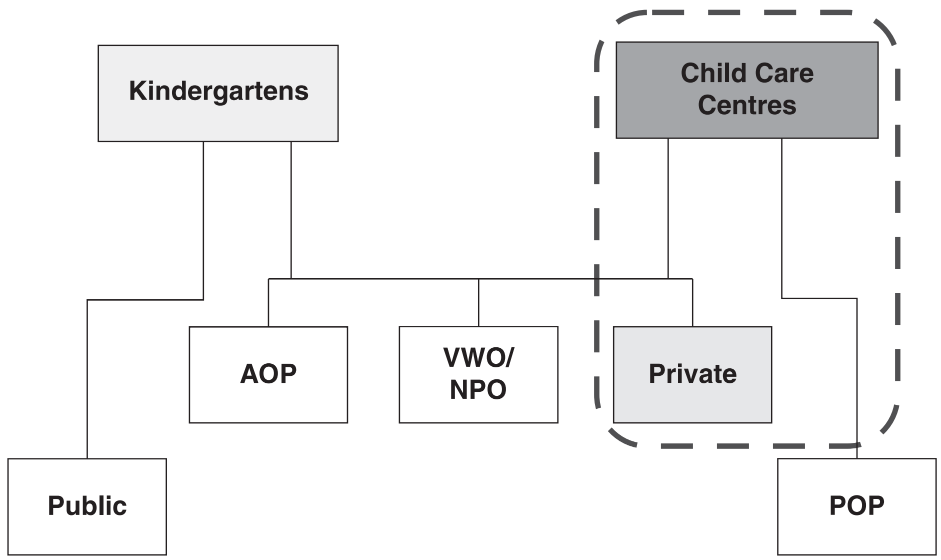
Operators of ECE may be involved in the running of preschools, which encompass kindergartens and child care centres, and/or enrichment programmes. This section provides an understanding of the segmentation for preschools and enrichment centres.

Preschool – Kindergartens and Child Care Centres

Kindergartens and child care centres may be segregated into five categories – public, anchor-operator ("AOP"), partner-operator ("POP"), voluntary welfare organisations ("VWO")/non-profit organisations ("NPO"), and private.

Public preschools include kindergartens helmed by MOE ("MOE Kindergartens") and the Preschool Learning Academy at Temasek Polytechnic[1]. Note that AOP and POP are schemes introduced by the Singapore government to provide funding support to selected commercial and VWO operators[2] to enhance the quality (such as developing the capabilities of ECE professionals and their career progression), accessibility (number of kindergarten and child care places), and affordability of early childhood care and education (programme fees are capped). Preschools under AOP and POP are not considered public preschools.

Figure 6: Segmentation of Preschools (Kindergartens and Child Care Centres)



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1 SingStat, "Number and Enrolment in Kindergartens, Annual" found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=10357) as extracted on 3 July 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 ECDA, "More Support To Enable Non-Anchor Operators To Expand Childcare Places In High Demand Areas And At Workplaces FAQS" found in (https://www.ecda.gov.sg/Pages/more-support-to-enable-non-anchor-operators-to-expand-childcare-places-in-high-demand-areas-and-at-workplaces-faqs.aspx) as extracted on 28 May 2017

Note: ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Note:

- MindChamps PreSchool (Worldwide) Pte Limited's (To Be Renamed MindChamps PreSchool Limited) position in the preschool segment of the ECE sector is denoted within the dashed red line.

Source: Illustration by Converging Knowledge

An explanation of the different preschool categories/schemes is provided in Table 2.

Table 2: Categories/Schemes for Preschools (Kindergartens and Child Care Centres)

Categories/ Schemes	Applicable to		Description
	Kindergarten	Child Care Centre	
Public (Government/ Statutory Board)	√		Include MOE Kindergartens and the Preschool Learning Academy at Temasek Polytechnic. MOE Kindergartens fall under the purview of MOE, whereas Preschool Learning Academy is run by Temasek Polytechnic[1]. Curriculum is designed based on the belief and principles in MOE's "Nurturing Early Learners Framework", and caters to children of ages of five and six[2]. Four-hour programme (two sessions offered in MOE Kindergartens). Full-day programme, with incorporated child-minding services (Kindergarten Care ("KCare"), provided by MOE-appointed service providers), is available in selected centres.[3]

1 Interviews with industry players.

2 MOE, "Our Curriculum" found in (https://www.moe.gov.sg/microsites/moekindergarten/our-curriculum/overview.html) as extracted on 28 May 2017

Note: MOE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 MOE, "Kindergarten Care" found in (https://www.moe.gov.sg/microsites/moekindergarten/our-programmes/kindergarten-care.html) as extracted on 28 May 2017

Note: MOE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Categories/ Schemes	Applicable to		Description
	Kindergarten	Child Care Centre	
			Fees – SGD160.00 per month for a four-hour MOE Kindergarten programme for Singapore citizens, and SGD320.00 for Singapore permanent residents[1]; an additional amount ranging from SGD325.00 to SGD375.00 for KCare[2].

1 MOE, "Enrol With Us" found in (https://www.moe.gov.sg/microsites/moekindergarten/enrol-with-us.html) as extracted on 28 May 2017

Note: MOE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 MOE, "Kindergarten Care" found in (https://www.moe.gov.sg/microsites/moekindergarten/our-programmes/kindergarten-care.html) as extracted on 28 May 2017

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Categories/ Schemes	Applicable to		Description
	Kindergarten	Child Care Centre	
AOP	√	√	First introduced in 2009, this scheme is for larger operators that run at least 10 centres or offer 1,000 places for children in kindergarten, child care or infant care[1]. There are currently five AOPs – PCF Sparkletots Preschool, My First Skool, My World Preschool, Skool4kidz, and E-bridge Pre-School. Selected based on a range of criteria, including financial stability, governance processes, programme quality and affordability, and the ability to increase capacity.[2]

1 ECDA, "Government Opens Call for Proposals to Select New Pre-School Anchor Operators" found in (https://www.ecda.gov.sg/PressReleases/Pages/government-opens-call-for-proposals-to-select-new-pre-school-anchor-operators.aspx) as extracted on 28 May 2017

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2 ECDA, "ECDA Anchor Operator Scheme (AOP)" found in (https://www.ecda.gov.sg/Parents/Pages/AOP.aspx) as extracted on 26 May 2017

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Categories/ Schemes	Applicable to		Description
	Kindergarten	Child Care Centre	
			Full-day and half-day programmes offered. Fees – capped at SGD720.00 per month for full-day child care, and SGD160.00 per month for kindergarten.[1] AOP operators obtain public funding and priority in securing Housing & Development Board ("HDB") sites to operate their centres.
POP	√		Scheme introduced in 2015, and complements the AOP[2]. Supports small and mid-sized operators providing at least 300 child care places.[3]

1 ECDA, "ECDA Anchor Operator Scheme (AOP)" found in (https://www.ecda.gov.sg/Parents/Pages/AOP.aspx) as extracted on 26 May 2017

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2 ECDA, "New Initiatives To Develop Early Childhood Professionals And Improve Quality Of Pre-Schools" found in (https://www.ecda.gov.sg/PressReleases/Pages/NEW-INITIATIVES-TO-DEVELOP-EARLY-CHILDHOOD-PROFESSIONALS-AND-IMPROVE-QUALITY-OF-PRE-SCHOOLS.aspx) as extracted on 28 May 2017

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3 ECDA, "Funding Support for Non Anchor Operators" found in (http://webcache.googleusercontent.com/search?q=cache:haxhVNszMF0J:internet-stg.ecda.gov.sg/pages/POP.aspx+&cd=1&hl=en&ct=clnk&gl=sg) as extracted on 28 May 2017

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Categories/ Schemes	Applicable to		Description
	Kindergarten	Child Care Centre	
			Objectives of POP are similar to AOP – to keep child care affordable, be of good quality and to support the career development of early childhood professionals.[1] Operators under POP have to invest in improving quality standards through the Singapore Pre-school Accreditation Framework ("SPARK"), and in headquarter capabilities.[2] Currently, there are 23 operators under POP, with a total of 169 centres. Please refer to https://www.ecda.gov.sg/Parents/Pages/POP.aspx for a list of the POP operators and participating centres.

1 ECDA, "New Initiatives To Develop Early Childhood Professionals And Improve Quality Of Pre-Schools" found in (https://www.ecda.gov.sg/PressReleases/Pages/NEW-INITIATIVES-TO-DEVELOP-EARLY-CHILDHOOD-PROFESSIONALS-AND-IMPROVE-QUALITY-OF-PRE-SCHOOLS.aspx) as extracted on 28 May 2017

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2 ECDA, "ECDA Partner Operator Scheme (POP)" found in (https://www.ecda.gov.sg/Parents/Pages/POP.aspx) as extracted on 28 May 2017

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Categories/ Schemes	Applicable to		Description
	Kindergarten	Child Care Centre	
			Fees – capped at SGD800.00 per month for full-day child care and SGD600.00 for half-day child care[1]. POP operators may enjoy government support schemes such as lower rentals for centres located at non-void deck premises and high demand areas, grants in purchasing of equipment, as well as per-project funding that support children's holistic development, and training awards, amongst others.[2]

1 ECDA, "ECDA Partner Operator Scheme (POP)" found in (https://www.ecda.gov.sg/Parents/Pages/POP.aspx) as extracted on 28 May 2017

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2 ECDA, "Factsheet on Support Schemes for Non-AOPs" found in (https://webcache.googleusercontent.com/search?q=cache:_2fKS7FyZMAJ:https://www.ecda.gov.sg/Documents/Factsheet%2520on%2520Support%2520Schemes%2520for%2520non-AOPs.doc+&cd=1&hl=en&ct=clnk&gl=sg) as extracted on 28 May 2017

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Categories/ Schemes	Applicable to		Description
	Kindergarten	Child Care Centre	
VWO and NPO (Community -based)	√	√	Managed or run by non-profit organisations. An alternative in the provision of affordable and accessible child care services, particularly for children from lower income or disadvantaged backgrounds.[1] Fees – Varies from operator to operator. The median monthly fee is generally lower than those under AOPs and POPs[2]. Some of the larger VWOs, such as those belonging to the YWCA and Thye Hua Kuan Moral Charities, fall under the POP scheme, having met the requirement of having a capacity of 300 children[3].

1 ECDA, "Childcare centres operated by Not-For-Profit organisations at HDB void decks" found in (https://www.ecda.gov.sg/PressReleases/Pages/Childcare-centres-operated-by-Not-For-Profit-organisations-at-HDB-void-decks.aspx) as extracted on 26 May 2017

Note: ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 ECDA, "Childcare centres operated by Not-For-Profit organisations at HDB void decks" found in (https://www.ecda.gov.sg/PressReleases/Pages/Childcare-centres-operated-by-Not-For-Profit-organisations-at-HDB-void-decks.aspx) as extracted on 26 May 2017

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3 ECDA, "Partner Operator Scheme (POP)" found in (https://www.ecda.gov.sg/Parents/Pages/POP.aspx) as extracted on 18 June 2017

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Categories/ Schemes	Applicable to		Description
	Kindergarten	Child Care Centre	
			VWOs and NPO may obtain support from the government. For example, under the enhanced VWO Development Grant, those allocated HDB premises through the open selection process will qualify for the enhanced development grant support[1].
Private	√	√	Operators of preschools that are neither state-owned nor fall under the AOP, POP or VWO/NPO. Offer varying programmes such as full-day, half-day and flexi-programmes. Fees – vary, but are generally higher than those under AOP and POP, as they are not capped. May cost in excess of SGD2,000.00 per month[2]. There are some private players that are regarded as premium preschools, offering curricula adopted from international pedagogies such as Montessori and Reggio Emilia.

Notes:

- Monthly fees exclude government subsidies.
- Headquarter capabilities refer to the strategic management and corporate governance assurance of a group's operations. These may include tasks such as strategic planning, corporation communications, accounting and taxation as well as marketing management.

Source: Data for public preschools from MOE, https://www.moe.gov.sg, last accessed May 2017; Data for AOP, POP, VWO, NPO and Private from ECDA, https://www.ecda.gov.sg/, last accessed May and June 2017; Compilation by Converging Knowledge

[1] ECDA, "Support For Operators With A Social Mission" found in (https://www.ecda.gov.sg/PressReleases/Pages/Support-For-Operators-With-A-Social-Mission.aspx) as extracted on 29 May 2017

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[2] Interviews with industry players.

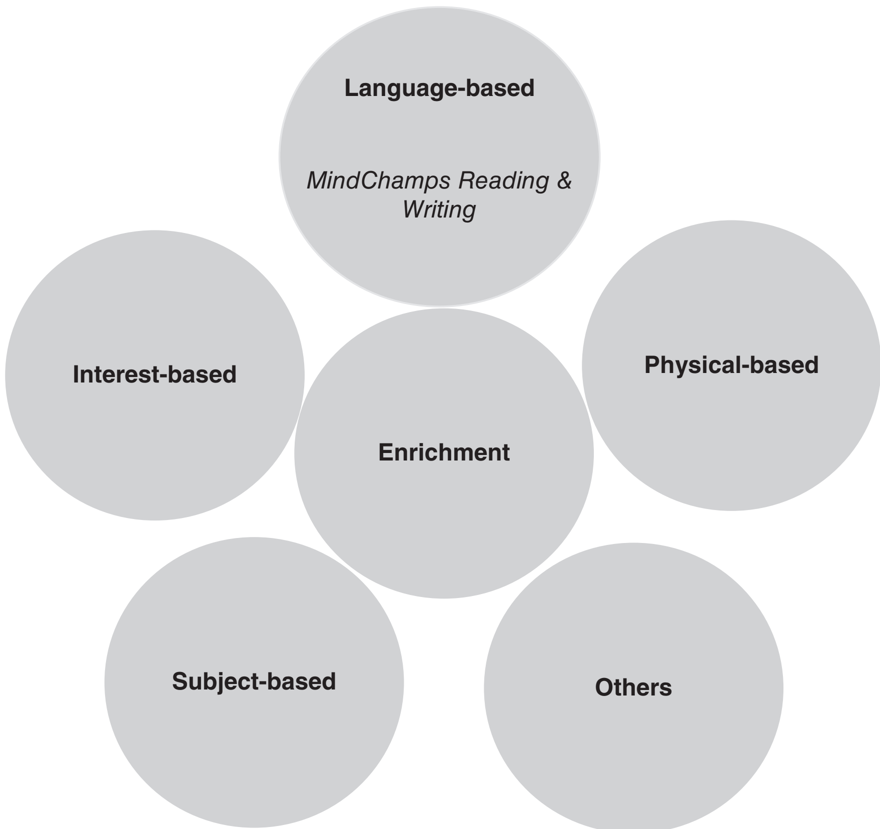
Note: Each of MOE and ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Enrichment Centres – Programmes and Classes

Enrichment programmes and classes may be offered by independent class-based centres, delivered to children at their preschools or by external vendors, and incorporated as part of the preschool's curriculum. Class-based centres differ from vendors, the former having their own physical premises to conduct programmes or classes (a series of programmes over a longer period). Vendors, on the other hand, bring their programmes to the students by conducting them at the premises of the preschools.

Areas of focus in the enrichment programmes and classes can vary. Some enrichment centres specialise in developing a child's language capabilities, which may include reading and writing skills. Others focus on honing areas of interest or talents such as arts and robotics.

Figure 7: Segmentation of Enrichment Centres (Programmes and Classes) based on Areas of Focus



Notes:

- Language-based enrichment – those pertaining to developing language capabilities such as reading and writing.
- Physical-based enrichment – activity centre which focus on motor skills, sportive abilities, strength, flexibility and fitness.
- Interest-based enrichment – those beyond typical academic subjects and relate to individual's interest such as speech, music and drama.
- Subject-based enrichment – programmes/classes that focus on specific topics/subjects, usually non-academic.
- Others – any other forms of enrichment that are not covered in previously mentioned categories such as whole brain development. Some enrichment centres may offer more than one category of enrichment programmes and classes.

Source: Converging Knowledge

2.2.2 Description of MindChamps PreSchool (Worldwide) Pte Limited ("MindChamps PreSchool", To Be Renamed MindChamps PreSchool Limited) within the Industry Sector[1]

MindChamps PreSchool is part of MindChamps Holdings group of companies. In addition to ECE, the group is also involved in media, healthcare, education management, brand management as well as franchise management.

MindChamps PreSchool is a provider of education services, with focus on ECE, and has footprints in Australia, the Philippines and Singapore. It positions itself as a premium private preschool, with 32 preschools and three Chinese preschools, of which 29 are franchised centres[2]. In addition to running its chain of preschools, MindChamps PreSchool, through its eight MindChamps Reading & Writing centres, also offers reading and writing enrichment programmes for children aged three to 10 years. These enrichment programmes are also incorporated into the learning curriculum of MindChamps preschoolers.

The "MindChamps" pedagogy was developed by world experts based on domains of neuroscience, child psychology and theatre, and synthesising them with education. MindChamps nurtures the "Champion Mindset", as researched and termed by neuroscientist, Professor Emeritus Allan Snyder.

"MindChamps Reading & Writing" is an experiential programme that nurtures eight literacy skills – (1) active engagement to foster the love for reading and writing, (2) develop understanding for active listening, (3) nurture logical thinking and intelligence, (4) teach phonics awareness (hearing sounds in meaningful contexts), (5) connect sounds to symbols through the MindChamps 'Sing & Say' approach, (6) create familiarisation for language flow, (7) build vocabulary, and (8) cultivate understanding of language construction.

In view of MindChamps PreSchool's market positioning, this study is further narrowed down to the chains of preschools and enrichment centres offering programmes and classes focused on reading and writing.

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1 MindChamps, "MindChamps" found in (https://www.mindchamps.org/) as extracted on 31 May 2017.

2 MindChamps has licences to operate 36 preschools. As at 15 September 2017, MindChamps operates 35 preschools and one is currently undergoing renovation works.

3. COMPETITIVE LANDSCAPE IN SINGAPORE

3.1 Overview of the Competitive Landscape

Competition in the ECE sector in Singapore is growing in intensity, in the light of aggressive expansion strategies by major and established operators, as well as the entry of new market players. The section below provides some perspectives on the nature of competition of the ECE sector in Singapore.

3.1.1 Nature of Competition

ECE players in Singapore carve out their competitive advantage through some of the methods mentioned below.

The Pedagogy

Most of the ECE players, particularly the major and established ones, adopt a form of pedagogy that guides their curricula and delivery. The pedagogies for ECE in Singapore are varied and wide. They may be adopted from international frameworks such as Montessori and Reggio Emilia, amongst others (see Table 3).

Table 3: Examples of Different Pedagogies for ECE in Singapore

Pedagogy/Approach	Description
Montessori	Learning experience is dependent on the environment.
Waldorf Steiner	Learning is done through sensory experiences and engaging in practical activities.
Play-based	Learning through interacting with materials and the environment in a fun and interesting manner.
Reggio Emilia	Places more emphasis on the child's relationship with teachers, parents, and the environment.
High Scope	Learning through interaction with the environment.
Theory of Multiple Intelligences	Encompasses eight areas of intelligence – spatial, linguistic, logical-mathematical, body kinaesthetic, music, interpersonal, intrapersonal and naturalistic.
Whole Brain Learning	Learning in a holistic manner, in which the process is as important as the outcome.
Socio-Constructivist	Individuality of children is emphasised. Teaching methods constantly adjusted to accommodate the learning process for each child, within the curriculum framework. Children are seen as active participants in their learning. They develop theories about the natural world, and are encouraged to test their ideas in real world settings. Emphasis on culture and what actually takes place in an educational environment.

Pedagogy/Approach	Description
SPIRAL Literacies Curriculum, inspired by the New London Group academic theory of "Pedagogy of Multi-literacies"	Expands the focus of literacy beyond reading and writing such that children are more holistically developed – socially, emotionally, creatively, financially, computationally, cognizantly and discerningly.
S.M.I.L.E.S. Abbreviated for Sensory, Motor (Music and Movement), Intellectual, Linguistic, Emotional and Social By MindChamps PreSchool	A principle-based approach which acknowledges that the brains, in their formative stages, need all aspects of mind stimulated simultaneously – and that all activities (even the most mundane) contain the potential for providing experiences that engage all of the S.M.I.L.E.S. elements.

Source: Compilation by Converging Knowledge

ECE players capitalise on their pedagogies to differentiate themselves from the others. Parents may choose the ECE operator based on how their children can benefit from the pedagogies promoted.

Pricing Strategies Determines Marketing Positioning

Pricing strategies is a critical mainstay for ECE players in establishing their position in the market or consumer perception of their branding. Through the prices of service/programme offerings, ECE players identify and target their desired market segment, be it mass or premium. Affordability is also a key consideration for parents when choosing the right ECE provider for their children. Inexpensive preschools usually cater to the masses, while those on the higher-end of the fees spectrum provide for families of relatively higher incomes.

Preschool's Reputation Influences Parental Perceptions and Decisions

Some preschools differentiate themselves by building their reputation amongst parents. This may be achieved through the different pedagogies the preschools adopt, or the curricula they teach and their quality of teaching, which is determined by the accreditation of the teachers as well as teacher training. The SPARK accreditation given by ECDA also helps to differentiate the schools, whereby bigger schools with the capabilities to upgrade themselves are awarded the SPARK status.

School reputation can also be built through the facilities that the schools provide; some are known to provide swimming pools, while others have a large playroom to instil the concept of 'play' in their children. Preschools may also depend on word of mouth by the parents of children enrolled in their schools.

Higher Outreach and Accessibility May Promote Enrolment

ECE operators also compete in terms of their outreach (number of centres) and accessibility (locations). A bigger pool of centres would mean that parents have a wider choice of outlets to choose from, possibly one that is en-route to their place of work. Location of centres in neighbourhood areas or prime locations also brings forth further convenience for working parents.

Emphasis on Teacher-training Promotes Better Quality Teachers

Training for teachers is essential among all preschools, the benefits of which are passed on to the preschoolers. Some preschools may have a stronger emphasis on investing in teacher-training than others, with some offering up to 200 training hours per year. Such preschools are committed in their beliefs that incorporating teacher development programmes would translate into quality teaching resources, and ultimately, create a more conducive environment to hone brighter and well-adapted preschoolers.

Healthier Food Options

While the provision of food is essential in any school, some parents may be more discerning in the food choices for their children. Preschools usually serve food in two ways – either through a caterer or an in-house cook. As people become more health conscious and want the best for their children, parents may choose to send their children where healthier options, for example, organic food, is provided.

Value Adding Through Enrichment

Each preschool adopts its own curriculum and teaching pedagogy. Some of them value-add by working in partnership with external vendors to bring enrichment programmes to their preschoolers. Such external enrichment programmes are offered to the parents at an additional fee. Others go a step further by incorporating enrichment elements into their existing programme, in a bid to provide more holistic curricula.

3.1.2 Number of Players

There are approximately 1,832[1] preschools, of which 1,382[2] are child care centres, and an estimated 641[3] enrichment centres registered with the relevant authorities in the country.

Child care centres may cater to the masses or serve the premium market segment. As at 15 September 2017, there are 91[4] are private premium child care centres. Private premium child care centres are those that charge monthly fees of SGD1,700.00 and above (based on non-promotional rates and before GST and government subsidies) for a 5-day week or 5.5-day week full-day programme.

Amongst the enrichment centres, at least 90 specialise in English literacy programmes[5].

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1 ECDA, "Statistics on Child Care", found in (https://www.childcarelink.gov.sg/ccls/uploads/Statistics_on_child_care(STENT).pdf) and "Kindergarten Master List" found in (https://www.ecda.gov.sg/Documents/Kindergarten%20Master%20List%20-%20July%20%2717.pdf as extracted on 19 September 2017. Data for child care centres is for Q2 2017, and kindergartens, for July 2017.

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2 ECDA, "Statistics on Child Care", found in (https://www.childcarelink.gov.sg/ccls/uploads/Statistics_on_child_care(STENT).pdf) as extracted on 25 May 2017. Data for child care centres is for Q2 2017.

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3 MOE, "List of private schools" found in (https://www.moe.gov.sg/education/private-education/list-of-private-schools) Only those listed under the enrichment, fine arts and linguistics categories in private schools (A to Z) are included in the tabulation. Other categories of private schools – tuition, commerce, information technology and others – are excluded in this tabulation. Tuition is not part of the scope of this study, and it is observed that the private schools under commerce, information technology and others cater mainly to adults. The number of private schools listed in the enrichment, fine arts and linguistics categories is tabulated as at 28 June 2017.

Note: MOE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

4 ECDA, "Child Care Link" found in (https://www.childcarelink.gov.sg/ccls/home/CCLS_HomeChdCccLst.jsp) as extracted on 15 September 2017

Note: ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

5 Tabulations by Converging Knowledge.

3.2 Major Players in the Industry Sector

The ECE sector in Singapore is segregated into two broad segments – preschools (kindergartens and child care centres) and enrichment centres. Industry players tend to focus on either one of these two broad segments. This study aims to identify the major players of child care centres in the preschool segment (henceforth referred as "preschool child care centres") as well as those operating enrichment centres.

Private Child Care Centre Chains

In Figure 6, MindChamps PreSchool is established as a chain operator and franchisor of private preschool child care centres. Thus, Table 4 lists the major private preschool child care centre chain operators and franchisors, and compares them based on their monthly fees.

Table 4: Comparison of Major Private Preschool Child Care Centre Chain Operators and Franchisors, by Monthly Fees for Full-Day Programme

Group	Name of Private Preschool Child Care Centre	Full-Day Programme (SGD)			
		Less than 899	900 – 1,299	1,300 – 1,699	1,700 and above
MindChamps	**MindChamps PreSchool**				**X**
Busy Bees	Learning Vision	X	X	X	
	Brighton Montessori			X	X
	Odyssey				X
	Pat's Schoolhouse			X	X
	Small Wonder	X			
Crestar	Kinderland Preschool	X	X	X	
	Eileen's Learning Centre		X		
	ELFA Childcare Centres		X		
	NurtureStars Child Care		X		
	Skool4Kidz Centre	X			

Group	Name of Private Preschool Child Care Centre	Full-Day Programme (SGD)			
		Less than 899	900 – 1,299	1,300 – 1,699	1,700 and above
Ednovation	Cambridge Pre-school		X	X	
	ChildFirst Pre-school			X	
	Shaws Preschool				X
	Bethel Day Care Centre	X			
	Bethel Preschool		X		
EtonHouse	EtonHouse Preschool			X	X
	E-Bridge Pre-school	X			
	Hampton Pre-School	X			
	Islander Pre-school				X
G8 Education	Cherie Hearts	X	X	X	
	Bright Juniors	X	X		
	Our Junior's Global Schoolhouse		X		
Global Eduhub	Alphabet Playhouse			X	
	Little Greenhouse	X			
	Mulberry Learning Centre			X	X
	School House By the Garden	X	X		
Julia Gabriel	Chiltern House				X
Lorna Whiston	Lorna Whiston Preschool				X
Maple Bear	Maple Bear Preschool			X	
Modern Montessori International ("MMI")	Modern Montessori Pre-School	X	X	X	

Group	Name of Private Preschool Child Care Centre	Full-Day Programme (SGD)			
		Less than 899	900 – 1,299	1,300 – 1,699	1,700 and above
Nurture Education	Kiddiwinkie Schoolhouse			X	X
	Pibo's Garden Playschool			X	
	Little Footprints Preschool	X	X		

Notes:

- The list is not exhaustive. Information obtained is as at 15 September 2017. Only major private preschool child care centre chain operators are listed in the table.
- Monthly fees are non-promotional rates, and are before GST and government subsidies.
- Private preschool child care centres with a 5-day week or 5.5 day week full-day programme, charging monthly fees of SGD1,700.00 and above are considered as premium.
- Some operators/franchisors also run kindergartens or operate preschool child care centres under the AOP/POP schemes. Kindergartens are excluded from this comparison.
- MMI's franchisees operate their preschool child care centres under their own names. For the purpose of this report, all MMI preschool child care centres are denoted as Modern Montessori Pre-School.

Source: Compilation by Converging Knowledge

The table above shows that most major players of private preschool child care centre chains operate centres for both the mass and premium markets. MindChamps, Julia Gabriel and Lorna Whiston are the only private preschool child care centre chain operators that focus on serving the premium segment. G8 Education, Maple Bear and Crestar do not cater to the premium market.

Private Child Care Centre Chains – Premium Segment

There are approximately 91[1] private preschool child care centres serving the premium segment. Out of the 12 major private preschool child care centre chains identified in Table 4, only eight operate in the premium segment. In terms of the number of outlets, MindChamps has the largest number of centres (35[2]) amongst the eight major players identified for the premium segment.

1 ECDA, "Child Care Link" found in (https://www.childcarelink.gov.sg/ccls/home/CCLS_HomeChdCccLst.jsp) as extracted on 15 September 2017

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2 MindChamps has licences to operate 36 preschools. As at 15 September 2017, MindChamps operates 35 preschools and one is currently undergoing renovation works.

Table 5: Comparison of Major Private Premium Preschool Child Care Centre Chain Operators, by Number of Outlets, Operating Model and Regional Presence

By Number of Outlets – Private Premium Outlets

Group	Name of Preschool Child Care Centre	Number of Outlets			
		1-10	11-20	21-30	31-40
MindChamps	**MindChamps PreSchool**				**X**
Busy Bees	Brighton Montessori			X	
	Odyssey				
	Pat's Schoolhouse				
EtonHouse	EtonHouse Preschool	X			
	Islander Pre-school				
Ednovation	Shaws Preschool	X			
Global Eduhub	Mulberry Learning Centre	X			
Julia Gabriel	Chiltern House	X			
Lorna Whiston	Lorna Whiston Preschool	X			
Nurture Education	Kiddiwinkie Schoolhouse	X			

By Operating Model and Regional Presence

Group	Franchise		Regional Presence			
	Yes	No	Southeast Asia (excludes Singapore)	Australia/ New Zealand	East Asia	Others
MindChamps	**X**		**X**	**X**		**X**
Busy Bees	X		X		X	X
EtonHouse	X		X		X	X
Ednovation	X		X		X	
Global Eduhub	X			X	X	
Julia Gabriel	X		X		X	

Group	Franchise		Regional Presence			
	Yes	No	Southeast Asia (excludes Singapore)	Australia/ New Zealand	East Asia	Others
Lorna Whiston		X				
Nurture Education		X				

Notes:

- The list is not exhaustive. Information is as at 15 September 2017. Only major premium preschool child care centre chain operators are listed in the table.
- Information obtained as at 15 September 2017.
- Preschool child care centres in this list charge monthly fees of SGD1,700.00 and above for a 5-day week or 5.5-day week full-day child care programme.
- Monthly fees are non-promotional rates, and are before GST and government subsidies.

Source: Compilation by Converging Knowledge

Six of the eight major premium preschool child care centre chain operators, including MindChamps, have adopted the franchise model to market their brand of preschool education. Three of these players – MindChamps, Busy Bees and EtonHouse – have made their foray into three regions. MindChamps and Global Eduhub are currently the only two operators and franchisors that have entered into the Australia/New Zealand market. Five major premium chain players – Busy Bees, EtonHouse, Ednovation, Global Eduhub and Julia Gabriel – have established their presence in the East Asia region, with the PRC being the common market of their choice.

English Literacy Enrichment Centres

MindChamps, through MindChamps Reading & Writing, also provides literacy programmes in English. Table 6 provides a list of the major enrichment centres that specialises in offering English literacy programmes, and compares them based on the number of outlets and estimated term fees.

Table 6: Comparison of Major Enrichment Centres Specialising in English Literacy Programmes, by Outlets and Term Fees

Enrichment Centre	Number of Outlets				Estimated Fees Per Term (SGD)		
	1 – 5	**6 – 10**	**11 – 15**	**Above 15**	**Less than 500**	**500 – 799**	**800 and above**
I Can Read				X		X	
L Central			X			X	
MindChamps Reading & Writing		**X**					**X**
Zoophonics		X			X		
Morris Allen		X				X	
British Council	X						X
Julia Gabriel	X					X	
Lorna Whiston	X						X

Notes:

- Term fees are estimated, as each enrichment centre adopts different pricing models. Most of the enrichment centres mentioned in the table charge on a term basis, whereas others do so on a semester or per lesson rate. The number of the lessons per term may also differ from centre to centre.
- Most of the prices quoted in the table are exclusive of GST, registration and material fees.
- Premium enrichment programmes are those priced at SGD800.00 and above.

Source: Compilation by Converging Knowledge

In the English literacy enrichment segment, MindChamps has the third largest number of outlets for its enrichment programmes, when compared to the eight major players identified. However, it is observed that only three of the major players – MindChamps, British Council and Lorna Whiston – have priced their literacy programmes at premium levels (SGD800.0 and above). Amongst the three premium operators of English literacy programmes, MindChamps has the largest number of outlets.

4. ESTIMATED MARKET SIZE AND MARKET SHARE

4.1 Estimated Market Size of Private ECE Sector in Singapore

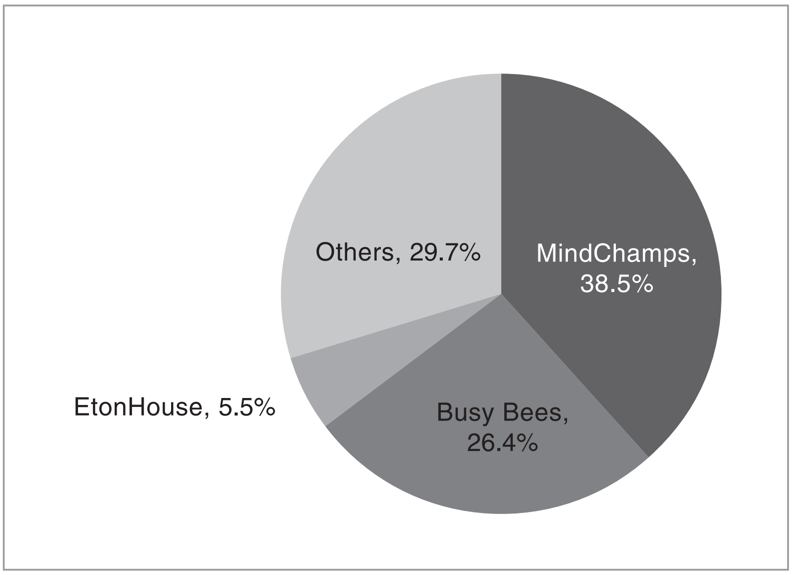
There are 91 private premium preschool child care centres charging monthly fees of SGD1,700.00 and above (based on non-promotional rates and before GST and government subsidies) for a 5-day week or 5.5-day week full-day programme.[1] In terms of enrichment centres for English literacy specialisation, it is estimated to be above 90 centres.

The market size of the ECE sector for operators of private premium preschool child care centres is estimated to be worth between SGD140.0 million and SGD150.0 million.

4.2 Market Share of MindChamps

Based on the 91 private premium preschool child care centres, MindChamps, which has 35 centres operating currently[2], has market share of 38.5%.

Figure 8: Market Share of MindChamps PreSchool (Worldwide) Pte Limited, Based on Number of Private Premium Preschool Child Care Centres



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1 ECDA, "Child Care Link" found in (https://www.childcarelink.gov.sg/ccls/home/CCLS_HomeChdCccLst.jsp) as extracted on 15 September 2017

Note: ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 MindChamps has licences to operate 36 preschools. As at 15 September 2017, MindChamps operates 35 preschools and one is currently undergoing renovation works.

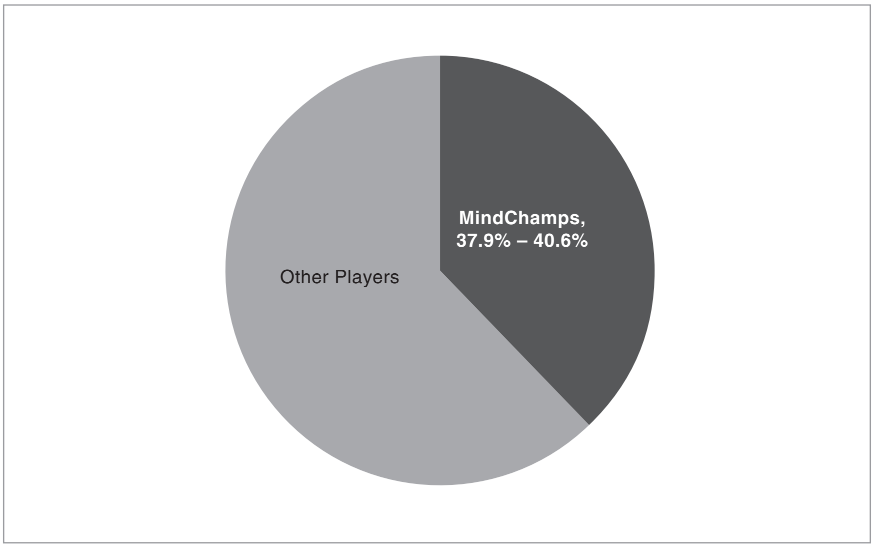
Notes:

- MindChamps, Busy Bees and EtonHouse are chain operators of private premium preschool child care centres.
- Only the top three players are expressed in the chart.
- The sum of percentages does not add up to 100.0% due to rounding differences.

Source: Compilation by Converging Knowledge

Based on the above market size in the ECE market for private premium preschool child care centres, MindChamps is estimated to have market share of between 37.9% and 40.6% in 2016.

Figure 9: Estimated Market Size of MindChamps PreSchool (Worldwide) Pte Ltd (To be renamed MindChamps PreSchool Limited) in 2016 in the Private Premium Preschool Child Care Centre Segment



Source: Compilation by Converging Knowledge

In the enrichment segment, MindChamps has eight centres offering English literacy programmes. Based on the number of outlets, MindChamps has market share of 8.0% to 9.0%.

5. MAJOR TRENDS IN THE INDUSTRY SECTOR

This section looks into the major trends, as well as the issues and challenges pertaining to the ECE sector, globally and regionally.

5.1 Increasing Investments in Preschools Boosts Enrolments

Governments around the world, realising the importance of ECE, have been injecting funds or are setting aside more of their national budgets on ECE development. European countries are seeing more children attending preschools due to the many subsidised, and sometimes free, preschool programmes. While some countries like Norway and France have a near-universal attendance in ECE due to the low fees, others such as Ireland and New Zealand have gradually introduced free or subsidised programmes for children to ensure affordability.[1] In Australia, the government will invest USD37.3 billion in child care over the next four years, from 2017-18 to 2020-21, to make it more affordable for children to attend preschool.[2] Closer to home, the Singapore government budgeted SGD3.0 billion in 2013 to be spent on the preschool sector for five years until 2018, to enhance the capacity of the sector, the quality of teachers, and to keep preschool affordable.[3]

1 The Conversation, "Time for Australia to provide preschool education for all three-year-olds?" found in (https://theconversation.com/time-for-australia-to-provide-preschool-education-for-all-three-year-olds-64665) as extracted on 29 May 2017

Note: The Conversation has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 The Commonwealth of Australia, "Budget 2017-2018" found in (http://budget.gov.au/2017-18/content/glossies/essentials/html/essentials-04.htm) as extracted on 19 September 2017

Note: The Commonwealth of Australia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 Channel NewsAsia, "Budget 2013: Govt to spend S$3b on Pre-school Sector over next 5 years" found in (http://www.channelnewsasia.com/news/singapore/budget-2013-govt-to-spend-s-3b-on-pre-school-sector-over-next-5--8332814) as extracted on 23 June 2017

Note: Channel NewsAsia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The trend of having young children attend preschools is also evident in Asian countries. Countries such as Korea and Hong Kong are ensuring that children attend preschool by making it affordable. For example, the Hong Kong authorities offer parents a subsidy and impose a cap on the fees, while in Korea, teachers' salaries are subsidised in private preschools to lower the centres' operating costs.[1] Similarly, in the United States ("US"), the introduction of the "Preschool for All" proposal – to establish a federal-state partnership that provides preschools for four year olds – has resulted in all but four states offering ECE to young children. From 2009 to 2016, the US government (Obama Administration) increased investments in early childhood programmes by over USD6.0 billion, to make child care affordable for families and available to everyone.[2]

5.2 Growth of Female LPR Spurs Demand for Child Care Services

The number of females participating in the workforce globally is increasing. From 2012 to 2016, the number of females in the workforce increased by a CAGR of 1.2% globally. Region-wise, growth in the number of female workers surpassed the global CAGR – Southeast Asia at 1.4%, and Australasia at 1.3%.

Table 7: Females vs. Males in the Workforce, Global and Regional, from 2012 to 2016

No. of Females (Thousands)	2012	2013	2014	2015	2016	CAGR
Global	1,295,760	1,312,063	1,328,843	1,344,800	1,359,705	1.2%
Southeast Asia	141,438	143,011	145,100	147,345	149,428	1.4%
East Asia	403,592	406,125	407,793	408,560	408,707	0.3%
Australasia	6,631	6,729	6,829	6,914	6,990	1.3%

1 Today, "Lessons for S'pore from Asia's Pre-schools" found in(https://lkyspp.nus.edu.sg/ips/wp-content/uploads/sites/2/2013/04/TD_Lessons-for-Spore-from-Asias-Pre-schools_200214.pdf) as extracted on 29 May 2017

Note: Today has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 U.S. Department of Education, "Obama Administration Investments in Early Learning Have Led to Thousands More Children Enrolled in High-Quality Preschool" found in (https://www.ed.gov/news/press-releases/obama-administration-investments-early-learning-have-led-thousands-more-children-enrolled-high-quality-preschool) as extracted on 29 May 2017

Note: The U.S. Department of Education has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

No. of Males (Thousands)	2012	2013	2014	2015	2016	CAGR
Global	1,913,980	1,936,853	1,959,644	1,984,612	2,007,189	1.2%
Southeast Asia	173,871	176,270	178,469	181,004	183,196	1.3%
East Asia	495,201	497,070	498,332	499,767	500,235	0.3%
Australasia	7,566	7,633	7,690	7,766	7,838	0.9%

Notes:

- Married females LPR is not available.
- In many countries such as in Europe, it is not uncommon for couples to form partnerships and not register their marriages officially.
- Data for the number of females and males in the workforce from International Labour Organization, ILO STAT; CAGRs calculated by Converging Knowledge.

Source: Data for the number of females and males in the workforce from International Labour Organization, ILO STAT, http://www.ilo.org/ilostat/faces/oracle/webcenter/portalapp/pagehierarchy/Page27.jspx?_adf.ctrl-state=hexgupd69_211&_afrLoop=716882850765218#!, last accessed June 2017; Compilation/Tabulation by Converging Knowledge

Note: The International Labour Organization has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information

The global population of working males is also rising in tandem with its female counterparts, as shown in the table above. The growth in the working population of both genders has given rise to a universal shift in family dynamics – from the traditional single-income family to a dual-income earner family, with more women being the primary breadwinner within the household. With women increasingly sharing the financial responsibility of their families, child-minding duties are gradually being taken over by external parties like centre-based care providers.

5.3 Expenditure on ECE Increases with Rising Costs of Child Care

The costs of child care are rising globally. In OECD (Organisation for Economic Co-operation and Development) countries, child care costs claim an average of 15.0% of a family's income. Amongst OECD countries, the two highest spenders on child care are the US and Ireland, which accounted for more than half and 42.0%of net income, respectively. Families in New Zealand and the United Kingdom ("UK") spend approximately one-third of their income on child care costs.[1]

In the US, child care expenses have outpaced inflation since the global recession in 2009. While the consumer price index increased by 11.9% from 2009 to 2016, the childcare and nursery school index rose by more than 20.0%, a sign that families are spending a lot more on their children than on other things.[2] The situation is also similar in Australia, where the average child care expenses increased 50.0% from 2002 to 2014, from AUD53.0 a week to AUD111.0. In 2016, the average household spent 27.0% of its income on childcare.[3]

5.4 Raising the Bar for Better Quality Preschool Teachers

Increasing efforts or reforms to bolster teacher quality are witnessed in various parts of the world. Preschools, in many countries, are often treated as little more than basic child-minding centres, with educators lacking the skills to foster child development.

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1 OECD, "Society at a Glance 2016" found in (http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/society-at-a-glance-2016_9789264261488-en#page31) as extracted on 29 May 2017

Note: OECD has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Bureau of Labour Statistics, "Consumer Price Index" found in (https://www.bls.gov/data/) as extracted on 22 September 2017

Note: The Bureau of Labour Statistics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 The Straits Times, "Childcare crisis in Australia", found in (http://www.straitstimes.com/asia/australianz/childcare-crisis) as extracted on 29 May 2017

Note: The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

APPENDIX D – EARLY CHILDHOOD EDUCATION – SINGAPORE, AUSTRALIA AND GLOBAL

In Singapore, the entry requirements for preschool teachers were gradually raised from the minimum of three GCE O-Levels credits to at least five GCE O-level credits as well as a diploma in preschool education.[1] In line with growing demand for quality early childhood services and rising professionalism in the sector, an increase in salaries has been observed, with starting salaries growing in excess of 15.0%.[2] Polytechnics and universities in Singapore are also increasing their admission rates for courses in ECE, in anticipation of the rise in demand for preschool educators in the future.[3]

Although not strictly enforced for preschools, countries such as Finland and South Korea tend towards recruiting from the top third of each cohort of school-leavers. In the UK, efforts have been made to attract qualified working professionals from other careers to transition into teaching, so as to tap into their broader experience and backgrounds. Elsewhere, scholarships or graduation bonuses are offered to attract potential candidates. Australia, for example, offers a tax refund upon graduation in an ECE field, as part of its Higher Education Loan Program and Higher Education Contribution Scheme.[4]

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1 MSF, "Teacher Certification for Child Care Personnel" found in(https://www.childcarelink.gov.sg/ccls/uploads/Teacher_Certification_website__19Nov10.pdf) and ECDA, "Requirements for Teacher Certification" found in (https://www.ecda.gov.sg/Documents/Requirements%20for%20Teacher%20Certification.pdf) as extracted on 3 July 2017

Note: Each of MSF and ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 The Straits Times, "Efforts to better support pre-school educators" found in (http://www.straitstimes.com/forum/letters-in-print/efforts-to-better-support-pre-school-educators) as extracted on 28 May 2017

Note: The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 The Straits Times, "Growing Demand for Courses in Early Childhood Education" found in (http://www.straitstimes.com/singapore/education/growing-demand-for-courses-in-early-childhood-education) as extracted on 28 May 2017

Note: The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

4 Report commissioned by Lien Foundation: "Starting Well: Benchmarking early education across the world" by the Economist Intelligence Unit. Accessed from (http://www.lienfoundation.org/sites/default/files/sw_report_2.pdf) on 29 May 2017

Note: The Lien Foundation has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

5.5 Increasing Usage of Technology for ECE

Technology is increasingly being adopted by the ECE sector to support their operations, both in the back-and front-ends. Increasing use of technology in ECE operations may also improve headquarter capabilities and encourage chain preschools or promote the number of centres.

The use of child care management software in preschools is a growing trend. There has been an increase in demand for cloud-based software for child care management amongst child care centres since 2010, due to the benefits. Software optimising preschool processes has been benefitting the schools, through automating processes for efficiency, addressing queries, and providing a secure system that stores valuable information. Child care centres in countries such as the US, UK and Australia are collaborating with software organisations to set up facilities that not only increase operational efficiency, but may also be beneficial for employees and improve productivity by automating administrative processes (such as attendance records, tracking children's health data, and the scheduling of classes and appointments).

In addition to providing back-end support, technology has also been increasingly incorporated into preschool curricula. This trend is mooted by early childhood agencies globally. For example, Early Childhood Australia has come up with an early childhood digital business kit and live wires initiatives to guide educators and families of young children on technology use.[1] These serve as platforms that can be tapped on to learn about new technologies, obtain information and join forums to discuss the care of young children. In the US, the National Association for the Education of Young Children has a similar online platform guiding educators on how best to utilise technology for young children. Closer to home, Singapore's Ministry of Communications and Information introduced the Infocomm Media 2025 plan in August 2015, which recommended more efforts to introduce younger children to technology. In view of Singapore transitioning to a smart nation, government bodies such as the Infocomm Development Authority of Singapore are stepping in to encourage the use of technology by providing technology-enabled toys to preschools.[2]

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1 Early Childhood Australia, "ECA Statement on Young Children and Digital Technology" found in (http://www.earlychildhoodaustralia.org.au/our-work/submissions-statements/eca-statement-young-children-digital-technology-use/) as extracted on 25 September 2017.

Note: Early Childhood Australia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Infocomm Media Development Authority, "IDA supports preschool centres with Technology-enabled toys to Build Creativity and Confidence in Learning" found in (https://www.imda.gov.sg/about/newsroom/archived/ida/media-releases/2015/ida-supports-preschool-centres-with-technology-enabled-toys-to-build- creativity -and-confidence-in-learning) as extracted on 20 September 2017

Note: The Infocomm Media Development Authority has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

5.6 Labour Shortage and Skills Gap

Worldwide, there are reports of a shortage of teachers in the ECE sector. For example, in Wisconsin, US, the number of people pursuing ECE is declining, which created a critical preschool teacher shortage. Early childhood centres in Auckland, New Zealand, are also struggling to fill vacancies.[1]

The ECE sector in Singapore has been facing a manpower shortage in recent years.[2] An estimated 20,000 preschool educators are needed by 2020, and there are currently only 16,000 educators. In Singapore, a tripartite committee for the ECE sector was set up in 2016 to meet the sector's growing manpower needs. The Early Childhood Manpower Plan was created to retain manpower by offering career progression opportunities to teachers, providing them with a supportive working environment, and giving them recognition for the work that they do.[3]

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1 Stuff, "Youngest pupils impacted by Auckland shortage" found in (http://www.stuff.co.nz/national/education/88808281/youngest-pupils-impacted-by-auckland-teacher-shortage) as extracted on 3 July 2017

Note: Stuff has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 The Straits Times, "Call to boost pay and image to attract more pre-school teachers" found in (http://www.straitstimes.com/singapore/call-to-boost-pay-and-image-to-attract-more-pre-school-teachers) as extracted on 29 May 2017

Note: The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 MSF, "Speech By Mr Tan Chuan Jin At The Early Childhood Conference 2016" found in (https://www.msf.gov.sg/media-room/Pages/Speech-by-Mr-Tan-Chuan-Jin-at-the-Early-Childhood-Conference-2016.aspx) as extracted on 29 May 2017

Note: MSF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Two additional programmes were introduced to address the manpower shortage in the ECE sector – one targeted at ECE operators, and the other, for job seekers. ECE operators can tap on the 12-month Progressive Human Resources ("HR") Practices Early Adopter Programme, under which consultants in HR will help them identify gaps in their HR practices, as well as train principals and staff to implement a good workplace culture. It was reported that more than 20 operators have signed up for the programme since it was introduced in February 2017.[1]

The other initiative, the SkillsFuture Career Advisors Programme, aims to build a pool of industry sector professionals as career advisers, for job seekers interested in joining the ECE sector. Twenty-four professionals, comprising centre leaders, preschool teachers and curriculum specialists, were reported to have volunteered their time as career advisers, with the hope of assisting job seekers make better-informed career decisions about joining the industry sector, and minimise mismatches.[2]

While upgrading of ECE professionals is seen to bring forth benefits to the sector, one of the key challenges faced by preschools is setting aside time for the teachers to take part in the training programme. Labour shortage, caused by the lack of educators, is already an issue faced by the ECE sector. Having teachers take 180 hours away from their preschool duties for three years is a big commitment for some preschool operators,[3] which further exacerbates the problem of labour shortage.

1 Channel NewsAsia, "2 programmes to tackle manpower crunch in early childhood sector introduced" found in (http://www.channelnewsasia.com/news/singapore/2-programmes-to-tackle-manpower-crunch-in-early-childhood-sector-8702548) as extracted on 12 July 2017

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2 Channel NewsAsia, "2 programmes to tackle manpower crunch in early childhood sector introduced" found in (http://www.channelnewsasia.com/news/singapore/2-programmes-to-tackle-manpower-crunch-in-early-childhood-sector-8702548) as extracted on 12 July 2017

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3 Channel NewsAsia, "Preschool teachers get boost in efforts to enhance language capabilities" found in (http://www.channelnewsasia.com/news/singapore/preschool-teachers-get-boost-in-efforts-to-enhance-language-capa-7813018) as extracted on 10 July 2017

Note: Channel NewsAsia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

6. GOVERNMENT POLICIES AND REGULATIONS IN RELATION TO ECE IN SINGAPORE

Whilst preschooling is not compulsory in Singapore, it is highly encouraged. Concerted efforts are being made by the relevant government agencies to promote the attendance of preschools, so as to ensure that preschoolers are equipped with firm foundations before embarking on formal schooling.

Previously, kindergartens and child care centres fell under the purview of different authorities – kindergartens under the MOE, and child care centres under the Ministry of Social and Family Development ("MSF"). Since 2013, these two types of preschools came under the oversight of ECDA. ECDA is overseen jointly by MOE and MSF.

6.1 Early Childhood Development Centres Act

With the passing of the Early Childhood Development Centres Bill in February 2017, all child care centres and kindergartens are licensed under a common regulatory framework. Previously, child care centres were regulated under the Child Care Centres Act, and kindergartens, under the Education Act. Now both of these early childhood development centres (child care centres and kindergartens collectively) will be regulated by the new Early Childhood Development Centres Act.

Under the Act, the provision of care and/or education, of five or more children below the age of seven, for any sort of monetary benefit by a person unrelated to the child is considered an "early childhood development centre". They have to be licensed under the Act to operate, where the licence is granted by the Chief Licensing Officer. Licences have to be renewed every three years. All staff working in early childhood development centres, including enrichment vendor staff, have to be approved by ECDA.[1]

Prior to setting up a child care centre, clearance has to be obtained from the following authorities[2]:

1. Urban Redevelopment Authority ("URA"), for the change of use of the premise (excluding HDB void deck)

[1] ECDA, "New Early Childhood Development Centres Bill Passed in Parliament to Raise quality of Pre-school sector" found in (https://www.ecda.gov.sg/pressreleases/pages/new-early-childhood-development-centres-bill-passed-in-parliament-to-raise-quality-of-pre-school-sector--child-care-centres.aspx) as extracted on 29 May 2017

Note: ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

[2] ECDA, "Guide to Setting Up A Child Care Centre" found in (https://www.childcarelink.gov.sg/ccls/uploads/CCC_Guide.pdf) as extracted on 29 May 2017

Note: ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2. HDB, for change of trade if the centre is built on an HDB premise

3. Personnel

   a. A trained supervisor who meets the following requirements:

      i. Has a valid first aid certificate (must be recognised by ECDA)

      ii. Obtained a Diploma in Early Childhood Care and Education or Diploma in Pre-School Education Leadership

      iii. Certified by the ECDA as a Level 2 teacher

      iv. Has a minimum of two years of preschool teaching experience

   b. A minimum of two staff who are certified as Level 1 teachers by ECDA

   c. A minimum of one staff who is certified as a Level 2 teacher by ECDA

4. Building and Construction Authority ("BCA"), for the approval of building plan

5. Central Building Plan Unit, for clearance on:

   a. Sewerage works, clearance to be sought from the Public Utilities Board

   b. Environmental health matters

   c. Drainage works

   d. Pollution control

6. Land Transport Authority for clearance on car park facilities

7. Singapore Civil Defence force, for clearance for the fire safety works from the Fire Safety and Shelter Department ("FSSD")

After a child care centre has been set up, regulations that have to be adhered to are:

1. Employment terms stipulated by Ministry of Manpower

2. Guidelines in accordance to the Early Childhood Development Centres Act

A child care centre has to abide by the ratio stipulated by ECDA,[1] as seen in Table 8.

Table 8: Staff to Child Ratio in Child Care Centres

Age of Children	Programme Staff – Child Ratio	Programme Staff Plus Para-Personnel Staff – Child Ratio
Above 18 months – 30 months	1:08	2:12
Above 30 months – 3 years	1:12	2:18
Above 3 years – 4 years	1:15	2:20
Above 4 years – 5 years	1:20	2:25
Above 5 years – below 7 years	1:25	2:30

Source: Data for staff to child ratio from ECDA, Guide to Setting up a Child Care Centre, 2017 https://www.childcarelink.gov.sg/ccls/uploads/CCC_Guide.pdf, last accessed May 2017

Note: ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

6.2 Registration as a Private School[2]

Enrichment centres are classified as private schools in Singapore, and are under the purview of the MOE. A school is defined as an organisation providing education for 10 or more persons; or a place where 10 or more persons are being taught, whether in one or more classes.

[1] ECDA, “New Early Childhood Development Centres Bill Passed in Parliament to Raise quality of Pre-school sector” found in (https://www.ecda.gov.sg/pressreleases/pages/new-early-childhood-development-centres-bill-passed-in-parliament-to-raise-quality-of-pre-school-sector--child-care-centres.aspx) as extracted on 29 May 2017

Note: ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

[2] MOE, “School Registration Notes” found in (https://www.moe.gov.sg/education/private-education/registering-as-a-school) as extracted on 20 June 2017

Note: MOE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Note that vendor operators (non-school-based) are not required to be registered with MOE, as they do not have their own classrooms to conduct their programmes. A facility or an establishment offering instruction deemed to be of a 'non-academic' nature, such as brain/memory training, beauty care, dressmaking, cooking, sports, games, driving and those in relation to recreation, is, however, not brought under the ambit of this statute. An establishment offering education-related services and not conducting lessons or running classes in its premises/principal place of business is not deemed a 'school', and hence, is also similarly not brought under the ambit of the statute.

A list of the key requirements that are to be fulfilled before MOE grants the registration of a private school is listed below.

1. Curriculum – Private schools cannot operate as a full-fledged alternative to mainstream primary or secondary schools.

2. Committee of Management – Every private school has to be administered by a Committee of Management comprising a minimum of one and a maximum of nine members. The Committee is responsible for ensuring that the provisions of the Education Act (Cap 87), the regulations made thereunder and the terms of its school constitution are complied with. One of the committee members will be designated as the supervisor of the school, to discharge duties.[1]

3. Registering of Teachers – Private school operator has to seek permission from the MOE if he/she intends to employ a person to teach in the private school. Private school teachers should possess educational qualifications beyond the levels the private school has proposed for them to teach. Their qualifications and knowledge should be related to the subject areas to be taught. The applicants must be able to provide documentary evidence which include their educational qualifications and work experience, to support their applications to MOE through the respective private school.[2]

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1 MOE, "Registering Committee of Management" found in (https://www.moe.gov.sg/education/private-education/registering-managers) as extracted on 12 July 2017

Note: MOE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 MOE, "Registering Teachers", found in (https://www.moe.gov.sg/education/private-education/registering-teachers) as extracted on 12 July 2017

Note: MOE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

4. Premises & Facilities – Things to look out for when selecting and deciding on the premises to house the proposed private school include prospects of the premises being granted the Written Permission for 'Change of Use' by the planning authorities (URA); that any alteration/renovation works planned are likely to be approved/cleared by the relevant authorities (HDB or FSSD/BCA). Premises ought to be of an acceptable and reasonable size, and in addition to having classroom(s), should have sufficient space for an office/administration area/reception-cum-waiting area for students/clients, amongst others. All building floor plans for alteration/renovation works are to be submitted to the FSSD.[1]

   Please refer to https://www.moe.gov.sg/education/private-education for more information regarding the registration of private schools in Singapore.

7. PROSPECTS OF THE INDUSTRY SECTOR

Globally, the ECE sector has gained much visibility. ECE programmes have been widely reported to have a profound impact on a child's development that will ultimately bring forth benefits to the social and economic welfare of a nation. This section looks at the prospects of the ECE sector, not just domestically, but also globally, in Australia, the PRC and the rest of Asia.

7.1 Prospects of the Industry Sector in Singapore

In Singapore, prospects of the ECE sector are optimistic, with annual growth projections of approximately 5.0% in 2017 and 2018. Sector growth is buoyed by various factors, amongst which include rising demand for ECE brought about by a rising LPR of married women, elevation in awareness of the importance, as well as better affordability and accessibility of ECE, as the nation prospers.

Population of Children Aged Between 2 to 10

Although birth rates are on the decline in Singapore, despite efforts by the government to encourage Singapore citizens to reverse the trend, the nation's population of children from two to 10 years of age hovered between 348,000 and 360,000 from 2012 to 2016. These numbers represented the pool of children that ECE operators could potentially cater to for their preschool and enrichment programmes in the past five years (see Figure 10).

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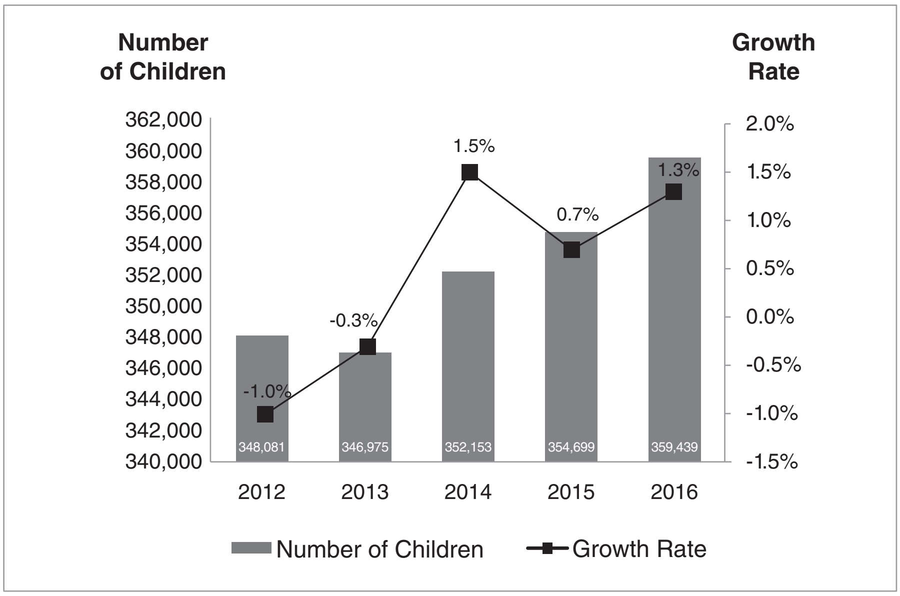
1 MOE, "Relocation or Expansion of School", found in (https://www.moe.gov.sg/education/private-education/relocation-or-expansion-of-school) as extracted on 12 July 2017

Note: MOE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the informat MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Figure 10: Population of Children from 2 to 10 Years, 2012 to 2016



Source: Data for the population of children from 2 to 10 years from SingStat, SingStat Table Builder, http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=3733, last accessed May 2017; Compilation by Converging Knowledge

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

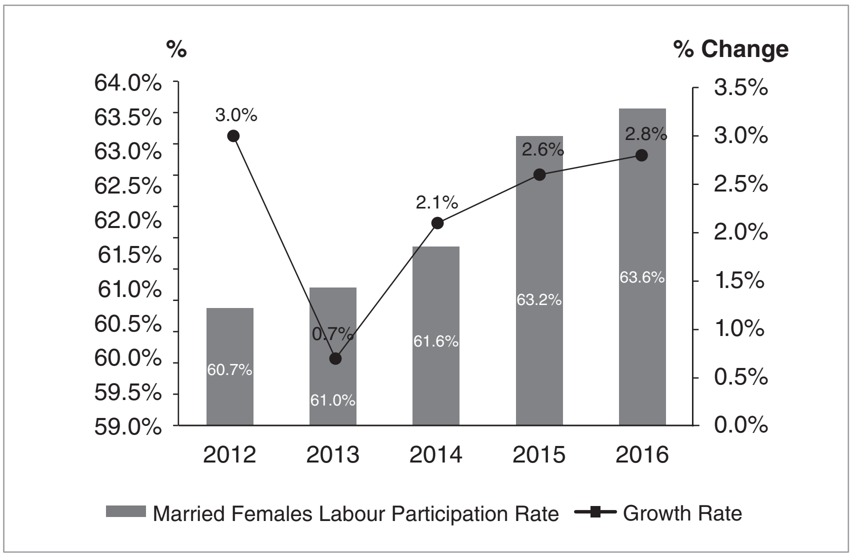
In 2017, the total number of children falling within the said age bracket is expected to grow, reaching above the 360,000-mark. Further uptrend, albeit at a marginal rate, is forecast for the next two to three years, with child population (two to 10 years) to reach approximately 370,000[1], which represents a larger potential consumer base for the ECE sector in the country.

[1] Numbers are tabulated based on the number of live births for the relevant years and does not take into account of deaths.

Rising Married Females LPR Spurs Demand for Child Care Programmes

LPR for married females in Singapore has been on the uptrend, increasing from 60.7% in 2012, to 63.6% in 2016 (see Figure 11). With a higher number of married women in the labour force, child care services will increasingly fall on external parties outside of the family, thus boosting the need for more preschools, particularly those offering full-day programmes, in Singapore.

Figure 11: Married Females Labour Participation Rate in Singapore from 2012 to 2016



Note:

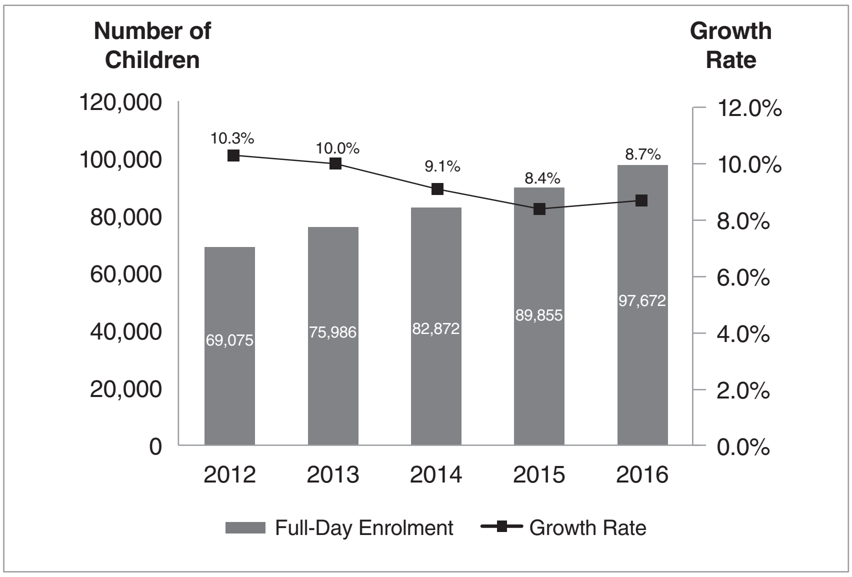
- Data is as at June of each year.

Source: Data for married females labour participation rate from the Ministry of Manpower, Report on Labour Force in Singapore 2016, http://stats.mom.gov.sg/Pages/Labour-Force-In-Singapore-2016.aspx, last accessed July 2017; Illustration/Tabulation by Converging Knowledge

Note: Ministry of Manpower has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The enrolment for full-time child care programmes also saw a corresponding rise, which is a testament of increasing demand. From 2012 to 2016, full-day enrolment grew by a CAGR of 9.1% (or otherwise 1.4 times), from 69,075 children (2012) to 97,672 children (2016). See Figure 12.

Figure 12: Enrolment of Full-Day Child Care Programmes from 2012 to 2016



Source: Data for the enrolment of full-day child care programmes from SingStat, SingStat Table Builder http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=10366, last accessed May 2017; Compilation by Converging Knowledge

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Rising Household Incomes

Singapore's economy grew at a CAGR of 3.1%[1] from 2012 to 2016, reaching SGD402.2 billion in 2016, from SGD355.7 billion in 2012.[2] The rise in GDP is mirrored by rising household income in Singapore, where the average monthly income for resident employed households[3] attained a CAGR of 2.9%[4] (from SGD10,348.0 in 2012, to SGD11,589.0 in 2016)[5].

1 Tabulated by Converging Knowledge, based on data from SingStat found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=12359) extracted on 26 May 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 SingStat, "Real GDP" found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=12359) as extracted on 26 May 2017

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3 Resident employed households are households headed by a Singapore citizen or permanent resident with at least one working person.

4 Tabulated by Converging Knowledge, based on data from SingStat found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createSpecialTable.action?refId=12313) extracted on 26 May 2017

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5 Derived from SingStat, "Average and Median Monthly Household Income from Work (Including Employer CPF Contributions) Among Resident and Resident Employed Households, 2000-2016" found in (http://www.tablebuilder.singstat.gov.sg/publicfacing/createSpecialTable.action?refId=12313) as extracted on 26 May 2017

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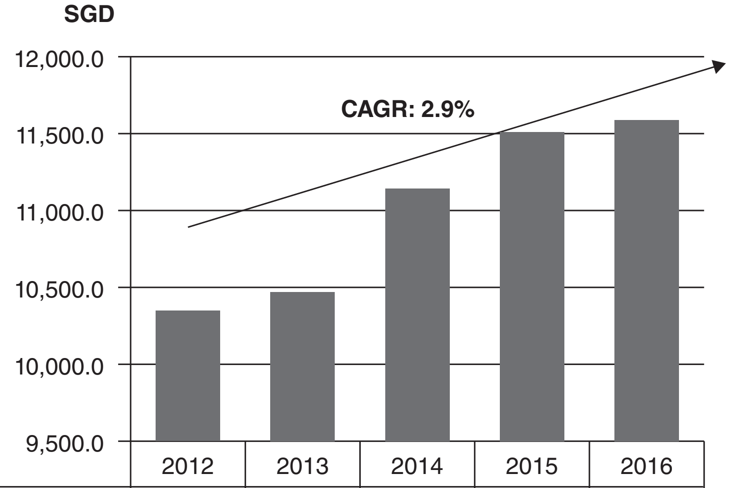
Figure 13: Average Monthly Household Income Amongst Resident Employed Households from 2012 to 2016



	2012	2013	2014	2015	2016
Average Monthly Household Income	10,348.0	10,469.0	11,143.0	11,510.0	11,589.0

Source: Data for average monthly household income from SingStat, SingStat Table Builder http://www.tablebuilder.singstat.gov.sg/publicfacing/createSpecialTable.action?refId=12313, last accessed May 2017; Illustration/Tabulation by Converging Knowledge

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Continued growth in monthly income will support the ability of working parents to afford rising expenses in child care. More importantly, it also means increased access to higher quality ECE and enrichment classes for their children. This trend of increasing affordability is reflected particularly in the rise in enrolment rates for full-day child care programmes.

High and Growing Preschool Enrolments Show Increasing Awareness of the Importance of ECE

Singapore's preschool enrolment rate has consistently been high. In 2012, at least seven out of 10 children from two to six years of age (75.5%) attended preschool. From 2014 to 2016, the ratio increased to more than eight enrolments per 10 children.

Along with an increase in married females LPR, enrolments in child care is also on the rise. In 2016, child care enrolments posted at 106,155, which is 33.2% higher than that of 2012 (79,679).

Table 9: Preschool Enrolment Rates, 2012 to 2016

	2012	2013	2014	2015	2016
No of Enrolment in Preschools (Child care centres and kindergartens)	147,413	154,181	161,931	165,506	166,824
Population of 2 to 6 year olds	195,170	196,507	199,680	199,574	202,236
Enrolment Rate	75.5%	78.5%	81.1%	82.9%	82.5%

Source: Data for the number of enrolment in preschools from SingStat, SingStat Table Builder http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=10366, last accessed May 2017; Data for population of 2 to 6 year olds from SingStat, SingStat Table Builder, http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=3733, last accessed May 2017; Compilation by Converging Knowledge

Note: SingStat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

In 2017 and 2018, the number of children falling within the age bracket of two to six years is expected to rise by approximately 1.4% year-on-year[1]. This implies that ECE operators may potentially expect a larger market to serve in the near future, despite being faced with a national slowdown in births.

With lower child dependency ratio expected in the domestic Singaporean family in the future, one trend that may arise would be parents indulging or giving their offspring better things in life, which may include higher quality education. ECE operators that are perceived as being able to provide their students with an advantage would stand to benefit from this trend.

Government Initiatives to Promote and Support ECE Development[2]

The Singapore government has announced plans in August 2017 to double its annual spending on preschools in the next five years. Annual spending on preschools increased by approximately 2.3 times in 2017 to SGD840.0 million, from SGD360.0 million in 2012, and will double further to SGD1.7 billion in 2022.

1 Forecast figures is established based on birth rates in 2015 and 2016, and also takes into account of annual and forward shifts in the population. Child deaths were not considered in the tabulation.

2 The Straits Times, "PM Lee Hsien Loong's National Day Rally Speech: All you need to know in 3 minutes." Found in (http://www.straitstimes.com/singapore/pm-lees-national-day-rally-speech-all-you-need-to-know-in-3-minutes) as extracted on 10 October 2017

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Singapore's ECE sector is expected to see further transformation through three initiatives – increasing the number of child care places for children aged up to four, rolling out more kindergartens, and setting up a new centralised training institute to consolidate existing training programmes for teachers and develop new curricula. To address the shortage of places in new towns, AOPs will be allowed to build more child care centres in HDB developments. The number of MOE Kindergartens will increase from 15 to 50 in the next five years; MOE hopes to influence and raise sectoral quality standards with the expansion of its kindergartens. The Singapore government also announced plans to work with employers to ensure that salaries of preschool teachers rise in tandem with their career progression[1].

7.2 Prospects of the Industry Sector Globally, in Australia, the PRC and the Rest of Asia

Outside of Singapore, growth opportunities for the ECE sector abound. Globally, the young children's population is expected to rise, thus, developing an organic growth in demand for ECE services. Reforms in ECE policies, coupled with changing attitudes towards the need for preschools, will further boost the industry sector.

Organic Expansion in Demand with Growing Young Population

Demand for ECE services is set for an upward trend to cater to the growing global population. From 2012 to 2016, the number of children, aged from two to 10, grew from 1.10 billion to 1.12 billion, averaging an annual growth of approximately 0.5% (see Figure 14).[2]

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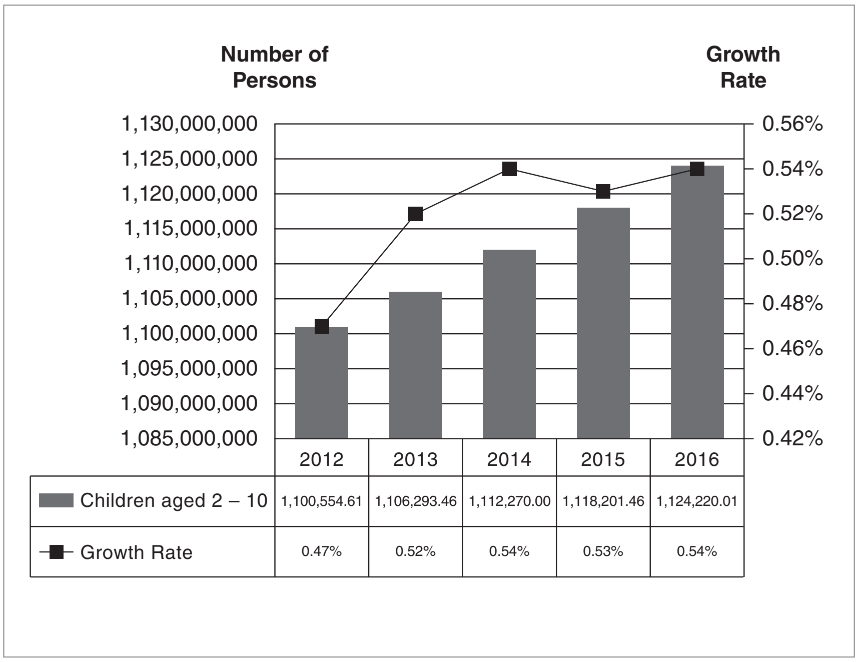
1 Government of Singapore, "Skills Framework for Early Childhood Care & Education, A Guide On Occupation and Skills" (http://www.skillsfuture.sg/-/media/Initiatives/Files/SF-for-ECCE/SF_ECCE_Guide_2016.pdf) as extracted on 13 July 2017

Note: The Government of Singapore (SkillsFuture) has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 United States Census Bureau, "International Data Base World Population by Age and Sex" found in (https://www.census.gov/population/international/data/idb/worldpop.php) as extracted on 14 June 2017

Note: The United States Census Bureau has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Figure 14: Global Population of Children Aged 2 to 10, from 2012 to 2018



Source: Data for the global population of children aged 2 to 10 from United States Census Bureau, International Data Base, https://www.census.gov/population/international/data/idb/worldpop.php, last accessed June 2017; Tabulation by Converging Knowledge

Note: The United States Census Bureau has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

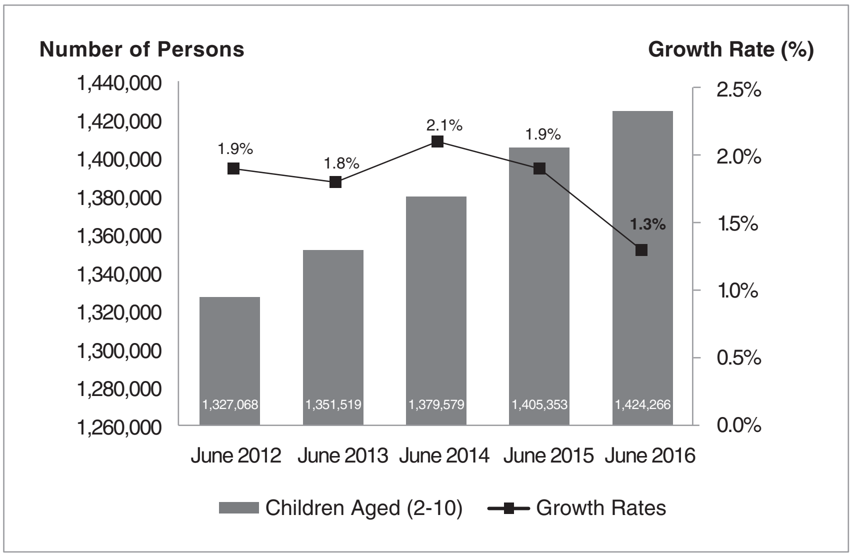
The global number of children within the age bracket of two to six years is expected to grow at the same momentum from 2017 to 2018[1].

1 United States Census Bureau, "International Data Base World Population by Age and Sex" found in (https://www.census.gov/population/international/data/idb/worldpop.php) as extracted on 14 June 2017

Note: The United States Census Bureau has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

In Australia, the population of young children (two to 10 years) also increased from 2012 to 2016, posting a CAGR of 1.78%. The numbers reached 1.4 million children in 2016, as compared to 1.3 million children in 2012 (see Figure 15). The population in this age bracket is expected to grow by 1.8% in 2017 and 2018.[1]

Figure 15: Population of Children Aged 2 to 10 in Australia, from 2012 to 2016



Source: Data for the population of children aged 2 to 10 in Australia from Australian Bureau of Statistics, Australian Demographics Statistics, http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3101.0Jun%202016?OpenDocument, last accessed June 2017; Tabulation by Converging Knowledge

Note: The Australian Bureau of Statistics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The PRC is among the most populous nations in the world. In 2015, the Chinese government scrapped its one-child policy, allowing all married couples to have two children for the first time since family planning rules were introduced more than three decades ago. Since 2013, there has been a gradual relaxation of the PRC's family planning rules, allowing couples (where one is an only child), to have two children. While there are uncertainties as to whether encouraging couples to have two children will reverse the PRC's long-term demographic slowdown, Chinese hospitals reported a significant rise in births, with 17.86 million recorded in 2016. This is an increase of 7.9%, and the highest annual number since 2000.

1 Tabulated by Converging Knowledge. Australian Bureau of Statistics, "Migration, Australia," found in (http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3101.0Jun%202016?OpenDocument) as extracted on 21 June 2017;

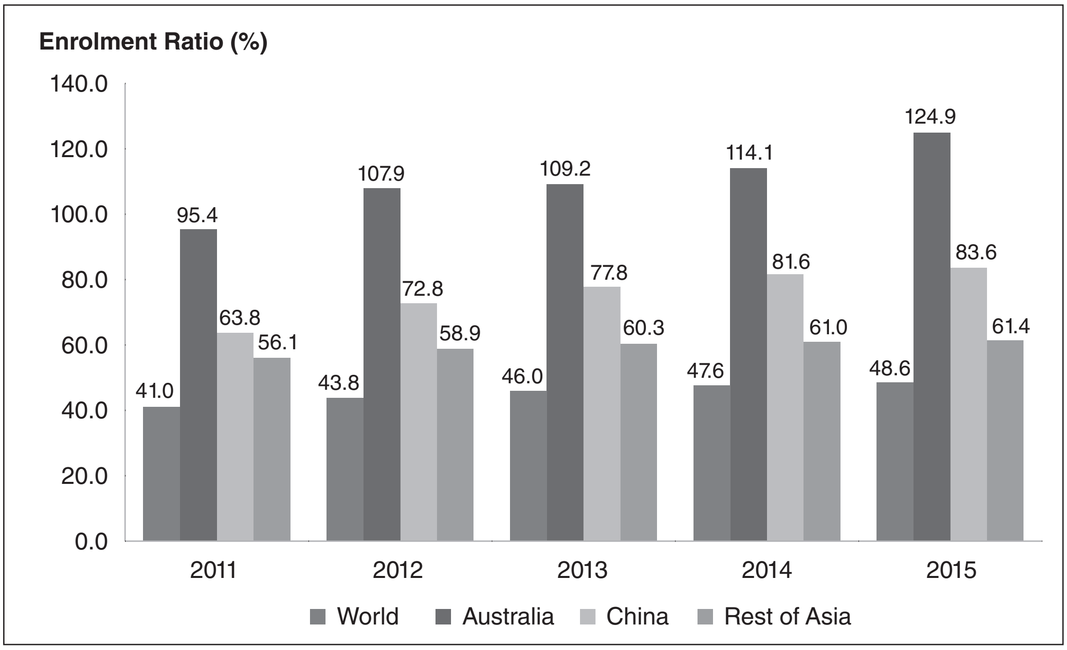
Note: The Australian Bureau of Statistics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

APPENDIX D – EARLY CHILDHOOD EDUCATION – SINGAPORE, AUSTRALIA AND GLOBAL

Increasing Enrolments for Pre-Primary Education

Globally, the gross enrolment ratio ("GER") for pre-primary education is on an upward trend. In 2011, the GER for the world was 41.0%, rising to 48.6% in 2015 (see Figure 16).

Figure 16: Gross Enrolment Ratio for Pre-Primary Education for the World, Australia, the PRC and the Rest of Asia, from 2011 to 2015



Notes:

- GER refers to the total enrolment in pre-primary education, regardless of age, expressed as a percentage of the total population of official pre-primary education age. The ratio can exceed 100.0% due to the inclusion of over-aged and under-aged students because of early or late school entrance and grade repetition.
- Data for 2015 is the latest available for most countries included in this analysis.
- Data for the rest of Asia is an average of GER enrolment of the following countries: Brunei Darussalam, Cambodia, Vietnam, Laos, India, Nepal, Sri Lanka and Macau. Countries with incomplete or no data are excluded from the tabulation.

Source: UNESCO Institute for Statistics ("UIS"), http://uis.unesco.org, extracted on 13 September 2017

Note: UIS has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

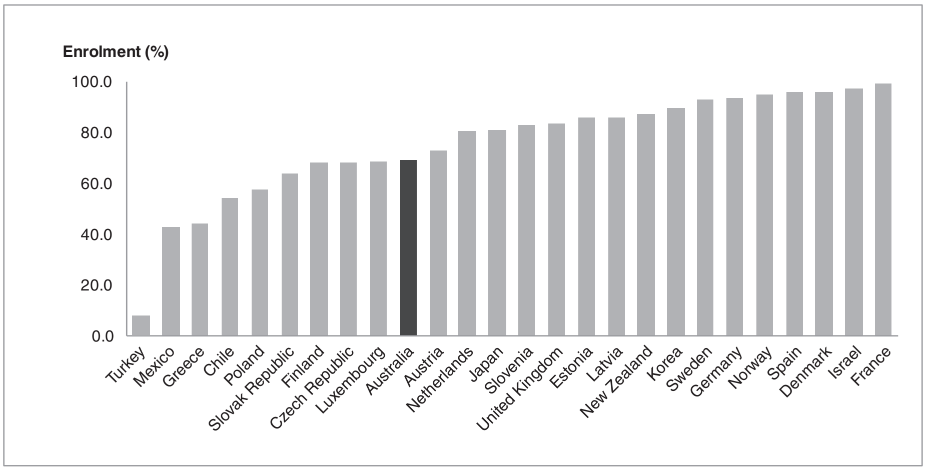
APPENDIX D – EARLY CHILDHOOD EDUCATION – SINGAPORE, AUSTRALIA AND GLOBAL

GER in Australia has consistently been high, reaching 124.9% in 2015, as opposed to 95.4% in 2011. In 2016, the Australian government announced certain reforms in ECE policies, which will make the country's child care system more flexible, more accessible and more affordable, and this is expected to boost domestic GER further.

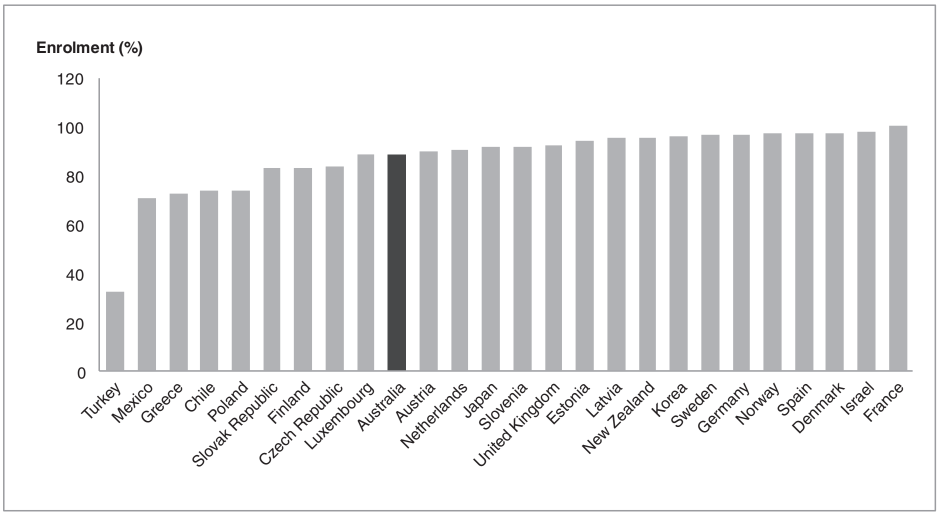
Despite having a relatively high GER, Australia pales in comparison to other OECD countries, in terms of enrolment of three year olds in ECE.

Figure 17: Enrolment of 3 and 4 Year Olds in ECE in Australia, As Compared to OECD Countries

Enrolment of 3 Year Olds



Enrolment of 4 Year Olds



Notes:

- Data for 2014 is the latest available for most countries included in this analysis.
- No data is available for the following OECD countries: Belgium, Hungary, Iceland, Ireland, Italy, Portugal, Switzerland and the US.

Source: Data for enrolment of 3 and 4 year olds from OECD, OECD Stat, 2017 http://stats.oecd.org/viewhtml.aspx?datasetcode=EAG_ENRL_RATE_AGE&lang=en, last accessed August 2017

Note: OECD has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

In 2014, the percentage of three year olds enrolled in ECE in 2014 was 69.4%, In contrast, many European countries reported enrolments of over 80.0%. Countries such as Norway and France, which have preschool programmes that are free or highly subsidised, have achieved more than 90.0% enrolment in ECE.[1]

Enrolment for four year olds in Australia, whilst still lower than many of her OECD peers, was 88.9%, and comparatively higher than enrolments of three-year-olds in the country. This indicates that Australian children are enrolled in preschools at a later age, and thus, signifies pockets of opportunities to educate younger children of preschool age.

The PRC also witnessed a growth in its GER, from 63.8% in 2011, to 83.6% in 2015. Amongst the drivers contributing to this rise in the country's GER are urbanisation as well as better outreach of schools in the country. By 2020, the country's preschool market is expected to grow by over 30.0%, from 2016.[2] This is due to the easing of the one-child policy, which leads to a foreseeable growth in the number of children, and a preference for quality preschools. It is observed that five of the major operators of premium child care chains have already made their foray into the Chinese market, which indicates how the PRC is perceived for its potential in ECE development.

Countries in the rest of Asia saw a rise in their GERs, albeit lower than that of Australia and the PRC, but still higher than global rates. This may indicate that sending children to school at an early age is gaining momentum in these countries, especially in the face of improving economic conditions and better spending propensities.

Demand for Quality Preschools

While enrolment numbers have increased from 2011 to 2015 (see Figure 16), ensuring that a child has access to preschool alone is insufficient. Parents and governments are becoming aware that quality education at a young age is important. Countries worldwide are placing an emphasis on quality preschools, in terms of curriculum.

[1] The Conversation, "Time for Australia to provide preschool education for all three year olds?" found in (https://theconversation.com/time-for-australia-to-provide-preschool-education-for-all-three-year-olds-64665) as extracted on 21 August 2017

Note: The Conversation has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

[2] Estimates by Converging Knowledge.

Australia

The quality of preschools is a concern amongst Australian parents. In 2016, 31.0% of Australian preschools and day-care centres assessed failed to meet the standards set out in the national quality framework of the commonwealth and state governments. Despite the Australian government contributing AUD61.0 million for three years, the country does not have a standardised framework for children in their early years, resulting in differing standards across the country.[1] The entry of preschools with a track record in delivering quality education into such markets would, thus, be welcomed, and meets the demand gap desired by parents.

The US

The demand for quality ECE is rising in the US, as more parents become aware of the importance of providing their children with high-quality preschool education. Across the US, better quality ECE has been called for to be provided to all young children. In states such as Vermont, many lack access to high quality and affordable childcare. It was reported in January 2017 that nearly 47.0% of the 36,000 children within the preschool age range do not have access to a child care programme.

The PRC

In the PRC, growing competition for a spot in prestigious primary schools will increase demand for quality preschools in the PRC. Parents see preschools as the first step to acquiring an advantage in the education system, in which going to a quality preschool will enhance their child's competitiveness in the primary school admission process. Concerned about their child's school-readiness, many parents opt for preschools that can provide children with an effective foundation for both social and academic skills. In addition, with more Chinese people seeing the need to learn English, schools have begun teaching English to children at a younger age, resulting in the growing adoption of an international curriculum in preschools. Therefore, preschools that have an established reputation in delivering high quality education, coupled with an international curriculum, will be sought after in the PRC.

Korea

Likewise in Korea, good quality education is highly in demand. Parents recognise the need to invest in their children at an early age to increase their chances of them entering the top US schools. As such, the English language is high in popularity, as that is a pre-requisite for entry into US schools. Despite the Korean government banning English in the first two years of primary school in its bid to preserve Korean proficiency, parents are still sending their children for private English education outside of mainstream schools. Following the ban in 2013, parents are sending their children to after-school hagwons. Parents are exposing their children to these hagwons as early as six to nine months of age. The

1 The Guardian, "One in four preschools fail to meet quality standards – report" found in (https://www.theguardian.com/australia-news/2016/apr/20/one-in-four-preschools-fail-to-meet-quality-standards-report) as extracted on 21 August 2017

Note: The Guardian has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

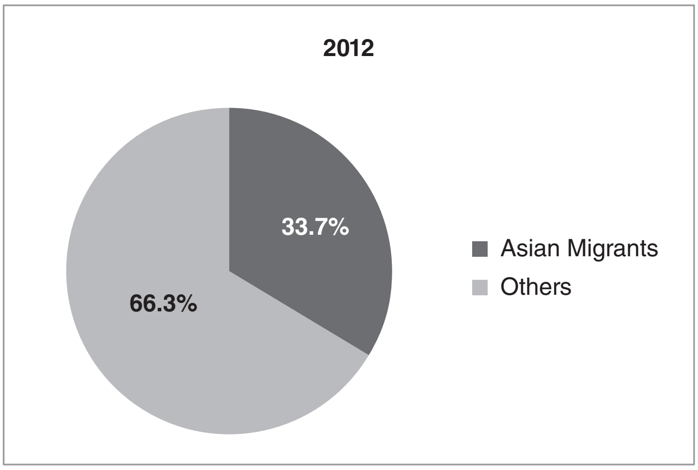
importance that parents place on having their children learn English has led to the proliferation of English-related curriculum in Korea for all ages.[1] Thus, top preschools that provide bilingual services in their curriculum would be in demand by Korean parents.

Growing Asian Population in Australia Spurs Competitive Mindset and Increases Demand

Asians traditionally have a more competitive stance towards education. Such mindsets tend to be emphasised when they migrate, as they are subject to social and economic pressures to succeed in their newly adopted country.

Immigration rates to Australia have been on the rise, achieving a CAGR of 2.6% from 6.2 million people in 2012 to 6.9 million in 2016.[2] Of this number, Asian immigrants made up 38.2% in 2016, an increase of 25.3% from 2012. (See Figure 18)

Figure 18: Proportion of Asians Residents in Australia Born Outside of Australia

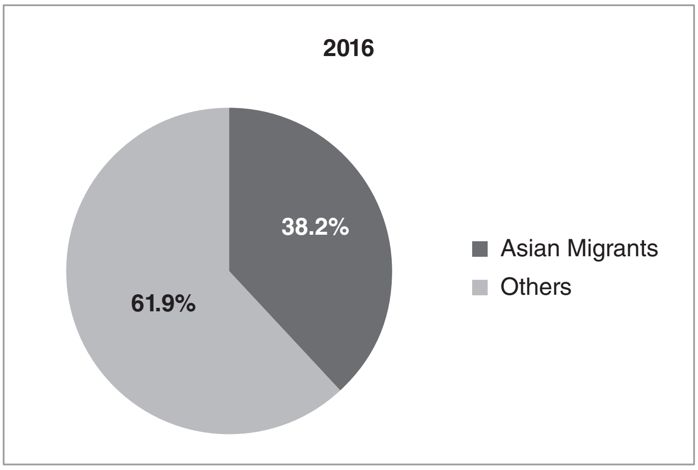


1 The Straits Times, "Learning 'banned' English in South Korea" found in (http://www.straitstimes.com/world/learning-banned-english-in-s-korea) as extracted on 21 August 2017

Note: The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Australian Bureau of Statistics "Estimated resident population, Country of birth, age and sex" found in (http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ERP_COB) as extracted on 21 August 2017

Note: The Australian Bureau of Statistics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.



Notes:

- Asian immigrants include: Afghanistan, Bangladesh, Bhutan, Brunei, Cambodia, China, Hong Kong, India, Indonesia, Japan, North Korea, South Korea, Laos, Macau, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand, Timor-Leste, and Vietnam.

- Data on the number of Asian and other migrants from Australian Bureau of Statistics, ABS Stat; Percentage of Asian Migrants and others calculated, and chart drawn, by Converging Knowledge.

- The sum of percentages does not add up to 100.0% due to rounding differences.

Source: Data for the number of Asian and other migrants from Australian Bureau of Statistics, ABS Stat, http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3412.02015-16?OpenDocument, last accessed August 2017; Tabulation by Converging Knowledge

Note: The Australian Bureau of Statistics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

In 2016, the number of people born in the PRC, but residing in Australia was 526,040 persons, the highest among all the Asian immigrants. The rise in the number from 401,560 in 2012[1] may have been brought about by more affluent Chinese moving away from the mainland, in search of a better living environment and driven by fears of a falling currency. Coupled with a psyche to succeed in a new environment, affluent Chinese parents have higher propensities to invest in better quality education for their children, thus, creating opportunities for players wishing to tap into the ECE sector in Australia.

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[1] Australian Bureau of Statistics, "Migration, Australia," found in (http://www.abs.gov.au/ausstats/abs@.nsf/mf/3412.0/) as extracted on 21 August 2017

Note: The Australian Bureau of Statistics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Government Initiatives

ECE has become a policy priority in many countries, with several governments stepping in to introduce initiatives to encourage ECE or upgrade its quality. This serves as recognition that ECE yields a wide range of benefits, including social/economic benefits, better child well-being and learning outcomes, as well as more equitable outcomes and reduction of poverty. Such positive benefits are strongly co-related to the quality of ECE delivered. The sections below provide insights into the government initiatives launched in Australia, the PRC and selected countries in the rest of Asia.

Australia

In 2012, Western Australia became the first state in Australia to make pre-primary education compulsory, which is a testament to how important ECE is perceived in the country.[1]

The Australian government announced its plans to invest approximately AUD37.0 billion on child care support over the next four years, beginning 2017. This significant investment includes an increase of approximately AUD2.5 billion to support the implementation of the Jobs for Families Child Care Package, which aims to improve the country's child care system in terms of its flexibility, accessibility and affordability, and targeted to those who need it the most.[2]

[1] Government of Western Australia, "Enrolling in School" found in (https://www.education.wa.edu.au/web/our-schools/enrolling-in-school) as extracted on 25 September 2017

Note: The Government of Western Australia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Ov MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

[2] Australian Government, "Department of Education and Training, Early Childhood and Child Care" found in (https://www.education.gov.au/early-childhood-and-child-care) as extracted on 19 June 2017

Note: The Department of Education and Training of the Australian Government has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

National Partnership Agreements

The key ECE National Partnership Agreements in Australia are the National Quality Agenda for Early Childhood Education and Care ("NQAECEC") and Universal Access to Early Childhood Education ("UAECE"). The budget provides AUD61.1 million, over three years from 2015/2016, to continue the government's support for implementation of the National Quality Framework ("NQF"), and AUD843.0 million under the UAECE for the 2016 and 2017 calendar years. The NQAECEC provides a national system for the regulation and quality assessment of ECE services, whereas the UAECE is aimed at providing universal access to quality ECE programmes for all children, in the year before full-time school, for 600 hours per year.[1]

Child Care Reforms

The introduction of the Child Care Reform package under the proposed Omnibus Bill will reduce the cost of child care for parents. The government will invest AUD3.5 billion over five years until 2020/2021 on child care assistance. This includes an increase in subsidies for parents earning more than AUD185,000 per year – from AUD7,500 per child to AUD10,000, while there will be no annual cap for families earning less than AUD185,000 The changes to the child care package will take effect in 2018.[2]

As per the recommendations of the Productivity Commission, the new Child Care Subsidy will replace the Child Care Benefit and Child Care Rebate with a single, means-tested payment from July 2018. Families using an approved child care service will need to meet a three-step activity test, which allows for up to 100 hours of subsidies per fortnight, depending on the work, training, study or other recognised activity undertaken. This will make child care affordable to families in the lower income groups, generating a demand for more services.

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1 Parliament of Australia, "Early childhood education and care" found in (http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201516/ChildEd) as extracted on 19 June 2017

Note: The Parliament of Australia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Australian Government, Department of Education and Training, "New Child Care Package" found in (https://www.education.gov.au/ChildCarePackage) as extracted on 25 September 2017

Note: The Department of Education & Training of the Australian Government has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Currently, the Child Care Benefit will provide weekly maximum rates of between AUD215.0 and AUD701.0, depending on the number of children a household has. In addition, a maximum Child Care Rebate of AUD7,613.0 is provided annually, if households meet the criteria for subsidies.[1] In contrast, Singapore provides relatively lower amounts of subsidies. The subsidies a family in Singapore can obtain ranges from SGD400.0 to SGD740.0 per term, depending on the per capita income of the family.[2] The relatively higher subsidies provided by the Australian government could make child care services affordable for Australians, thus, generating a demand for more of such services.

Canada

Globally, governments are stepping in to ensure that child care services are available to their population. For example, Canada is setting parameters for billions in new child care spending to ensure affordability and accessibility, as well as focusing on inclusivity. Child care prices have been increasing in Canada, rendering it less affordable for families. The liberal government's introduction of its framework will see billions of dollars being sent to provinces and territories to create new child care spaces for families with greater needs. The government has committed to investing CAD7.5 billion in child care over the next 11 years, which they foresee will create high-quality child care at affordable prices across Canada. Moreover, bilateral agreements will be signed between the federal government, provinces and territories, where the government will provide CAD1.2 billion in funding as part of the national framework to provide affordable, high-quality and flexible child care across the whole of Canada. This move ensures that families have access to preschools, regardless of income, and will promote the number of preschools.

1 Australian Government, "Department of Education & Training, Child Care Fee Assistance – summary of rate changes from July 2017" found in (https://docs.education.gov.au/system/files/doc/other/ccb_summary_indexed_rates_2017-18_with_ccr.pdf) as extracted on 21 August 2017

Note: The Department of Education & Training of the Australian Government has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 ECDA, "Additional Infant & Child Care Subsidies" found in (https://www.childcarelink.gov.sg/ccls/uploads/Subsidy_Brochure(ECDA).pdf) as extracted on 21 August 2017

Note: ECDA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The PRC

The central government introduced the Third Action Plan on Preschool Education in 2017, with the aim of improving access to high-quality preschool education (available for 80.0% of the population), and provide 85.0% of preschool-aged children access to three years of kindergarten education by 2020.[1] The government's directive would serve as an impetus to increase demand for preschool services in future.

The Chinese government introduced the 13th Five-Year plan in 2015, which is set to provide more opportunities for both Chinese and foreign businesses. Restrictions on private capital participation in education will be eased, which will, in turn, encourage non-governmental players and foreign investors to participate in the education sector, thus, benefitting overseas education companies that intend to enter the Chinese market.

Rest of Asia

Indonesia

Since the early 2000s, the Government of Indonesia has implemented policies and programmes that prioritise the development of its young children. The first critical step was taken in 2001, with the establishment of a new directorate dedicated to ECE within the Ministry of Education and Culture. The second critical step was taken when ECE was included in a succession of key policy documents – the National Education System Law No. 20 in 2003, and the Ministry of Education and Culture's Strategic Plan in 2004.[2]

Despite encouraging efforts by the Indonesian government to improve its ECE system, the vast majority of kindergarten services are provided by the private sector, with little funding from public investments. With the progression in Indonesia's economy, the middle income group is growing. This indicates a potential demand for quality private ECE programmes.

1 The State Council, The People's Republic of China. "China to expand preschool education Coverage" found in (http://english.gov.cn/state_council/ministries/2017/05/16/content_281475657504678.htm) as extracted on 13 July 2017

Note: The State Council of the PRC has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information."

2 The World Bank, "Early Childhood Education and Development in Poor Villages of Indonesia: Strong Foundations, Later Success" found in (https://openknowledge.worldbank.org/handle/10986/15799) as extracted on 19 June 2017

Note: The World Bank has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Vietnam

Before 2005, little importance was placed on ECE in Vietnam. In 2005, the Vietnamese Congress issued the 2005 Vietnam Education Law, including ECE as part of its national education system. The law was issued to prepare a child for first grade, through developing them in a multitude of ways – physical, emotional, intellectual, and aesthetical domains. ECE gradually gained more importance over the years, as the education law was later revised in 2009, making it mandatory that all five-year-olds attend kindergarten. The government aims to enhance the quality of early childhood care and reach the goal of universal preschool education by increasing in investments in preschool education. Since 2000, the percentage of public expenditure invested in preschool education has doubled from 7.0% to 14.4% in 2012.[1] The landscape in Vietnam typifies that in Korea. Vietnamese parents also see preschooling as being a typical part of their children's education development. While premium preschools continue to be mainly patronised by the more affluent Vietnamese families and expatriates, the elements that characterise such premium schools – international curricula and English lessons – are popular and are often desired by the typical city-dwelling Vietnamese family. As such, preschools that provide their students with a more international and English-based exposure will be well in demand in Vietnam.

Japan

The Japanese government aims to make child care available to more children by creating new day care spots to cater to the growing demand for child care services and reducing the waiting list of nurseries to zero by the end of 2020. In addition, to address the issue of a tight labour market, the government is encouraging more women to work, instead of caring for the children at home. To maintain the economic activity of the country, the Japanese government intends to make preschool free for children, and has recently approved policy guidelines stating that a decision should be made by the end of 2017, on how to realise free preschool education by securing a source of sufficient funding.[2] The government's aims to maintain labour productivity, by encouraging women to be part of the workforce through providing more child care spaces to families, given the demand for such spaces, will see the preschool market growing in Japan.

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1 UNESCO, "Education for All 2015 National Review Report: Viet Nam" found in (http://unesdoc.unesco.org/images/0023/002327/232770e.pdf) as extracted on 3 August 2017

Note: UNESCO has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company,MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Official Website of the Prime Minister of Japan and His Cabinet, "Press Conference by the Chief Cabinet Secretary (Excerpt)" found in (http://japan.kantei.go.jp/tyoukanpress/201703/29_p.html) as extracted on 26 September 2017

Note: The Prime Minister of Japan and His Cabinet has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Malaysia

ECE in Malaysia has expanded significantly over the past 20 years. Through Vision 2020, the Malaysian government mandated the Education Act of 1996, which requires that all teachers must be qualified to teach young children, establishes a national preschool curriculum in all preschools, and seeks to increase enrolment in early education centres.

Under the Child Care Act, intervention programmes for young children were rolled out by the Department of Social Welfare. Through the child and maternal clinics, educational assistance is provided to low income families, to better prepare their children with skills they need to improve educational attainment and to promote quality life. The government also hopes to create awareness among Bumiputera parents and families of the importance of early education and care for young children, through campaign PERMATA.

The Ministry of Education had reportedly made it compulsory for preschool and nursery teachers to possess at least a diploma in ECE by 2020.[1]

Korea[2]

In 2012, the Korean government introduced the Nuri curriculum for children aged 3, 4 and 5, in a bid to integrate the two split systems of kindergarten and child care. Prior to the introduction of the curriculum, child care centres mainly provided for child-minding services, while kindergartens excluded child-caring services.

The Korean government has also extended further financial support to families under the Nuri curriculum. While financial support was previously provided to families below the 70.0% income level, children under the Nuri curriculum are all subsidised, regardless of their household income, providing everyone the opportunity to obtain preschool education. The amount of financial support increased from KRW200,000.0 monthly in 2012, to KRW300,000.0 in 2016.

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1 Malay Mail Online, "PPTTM: Govt urged to review early childhood teaching qualification" found in (http://www.themalaymailonline.com/malaysia/article/ppttm-govt-urged-to-review-early-childhood-teaching-qualification) as extracted on 13 July 2017

Note: The Malay Mail Online has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

2 Korea Institute of Child Care and Education, "KICCE Policy Brief Issue 2" found in (http://kicce.re.kr/eng/newsletter_mail/pdf/201401_brief.pdf) as extracted on 15 August 2017

Note: The Korea Institute of Child Care and Education has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Converging Knowledge Pte Ltd has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report represents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Eddy Tan Kong Yiam
Director
Converging Knowledge Private Limited

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APPENDIX E – RULES OF THE MINDCHAMPS PRESCHOOL PERFORMANCE SHARE PLANS

RULES OF THE MINDCHAMPS PRESCHOOL PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

The Plan shall be called the "**MindChamps PreSchool Performance Share Plan**" or the "**MindChamps PreSchool PSP**".

2. DEFINITIONS

2.1 In the MindChamps PreSchool PSP, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"**Act**"	:	The Companies Act, Chapter 50 of Singapore.
"**Adoption Date**"	:	The date on which the MindChamps PreSchool PSP is adopted by the Company in general meeting.
"**Associate**"	:	Shall bear the meaning as set out in the Listing Manual; and "**Associates**" shall be construed accordingly.
"**Associated Company**"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group.
"**Auditors**"	:	The auditors of the Company for the time being.
"**Award**"	:	A contingent award of Shares granted under Rule 5.
"**Award Date**"	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5.
"**Award Letter**"	:	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee.
"**Board**"	:	The board of directors of the Company for the time being.
"**CDP**"	:	The Central Depository (Pte) Limited.
"**Committee**"	:	the Remuneration Committee of the Company, duly authorised and appointed by the Board to administer the MindChamps PreSchool PSP.
"**Communication**"	:	An Award, including the Award Letter and/or any correspondence made or to be made under the MindChamps PreSchool PSP (individually or collectively).

"**Company**"	:	MindChamps PreSchool Limited, a company incorporated in Singapore.
"**Controlling Shareholder**"	:	Shall bear the same meaning as set out in the Listing Manual; and "**Controlling Shareholders**" shall be construed accordingly.
"**Constitution**"	:	The Constitution of the Company, as amended from time to time.
"**Group**"	:	The Company and its subsidiaries.
"**Group Employee**"	:	Any employee of the Group (including any Group Executive Director but not a non-executive director of the Company and/or any of its subsidiaries) or any employee of the Group who is seconded to an Associated Company. For the avoidance of doubt, the secondment of an employee to an Associated Company shall not be regarded as a break in his employment or him having ceased by reason only of such secondment to be an employee of the Group.
"**Group Executive Director**"	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.
"**Listing Manual**"	:	The listing manual of the Singapore Exchange.
"**Market Day**"	:	A day on which the Singapore Exchange is open for trading in securities.
"**Market Value**"	:	In relation to a Share, on any day: (a) the volume-weighted average price of a Share on the Singapore Exchange over the five (5) immediately preceding Trading Days; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
"**MindChamps SOP**"	:	The MindChamps Share Option Plan adopted or to be adopted by the Company, as the same may be modified or altered from time to time.

"**Participant**"	:	The holder of an Award (including, where applicable, the executor or personal representative of such holder).
"**Performance Condition**"	:	In relation to an Award, the condition specified on the Award Date in relation to that Award.
"**Performance Period**"	:	In relation to an Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition(s) is (are) to be satisfied.
"**Plan**" or "**MindChamps PreSchool PSP**"	:	The MindChamps PreSchool Performance Share Plan, as modified or altered from time to time.
"**Record Date**"	:	The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to, or rights of, holders of Shares.
"**Release**"	:	In relation to an Award, the release of all or some of the Shares to which that Award relates in accordance with the MindChamps PreSchool PSP and, to the extent that any Shares which are the subject of the Award are not released pursuant to the MindChamps PreSchool PSP, the Award in relation to those Shares shall lapse accordingly and "**Released**" shall be construed accordingly.
"**Released Award**"	:	An Award which has been Released in full or in part in accordance with Rule 7.
"**Security Device**"	:	Any smartcard, digital certificate, digital signature, encryption device, electronic key, logon identifier, password, personal identification number, and/or other code or any access procedure incorporating any one or more of the foregoing, designated by the Company for use in conjunction with the MindChamps PreSchool PSP.
"**Shares**"	:	Ordinary shares in the capital of the Company.
"**Singapore Exchange**"	:	The Singapore Exchange Securities Trading Limited.
"**Trading Day**"	:	A day on which the Shares are traded on the Singapore Exchange.
"**Vesting**"	:	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and "**Vest**" and "**Vested**" shall be construed accordingly.

"**Vesting Date**"	:	In relation to Shares which are the subject of a Released Award, the date as determined by the Committee and notified to the relevant Participant on which those Shares are to be Vested pursuant to Rule 7.
"**year**"	:	Calendar year, unless otherwise stated.
"**%**"	:	Per centum or percentage.

2.2 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.

2.3 Any reference to a time of a day in the MindChamps PreSchool PSP is a reference to Singapore time.

2.4 Any reference in the MindChamps PreSchool PSP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the MindChamps PreSchool PSP and used in the MindChamps PreSchool PSP shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

3. OBJECTIVES OF THE PLAN

The MindChamps PreSchool PSP is a share incentive scheme. The MindChamps PreSchool PSP is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and executive directors of the Group who have contributed to the growth of the Group. The MindChamps PreSchool PSP will give Participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

(a) to motivate the Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;

(b) to retain key executives and executive directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;

(c) to instil loyalty to, and a stronger identification by employees with the long-term prosperity of, the Company;

(d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders of the Company; and

(e) to align the interests of employees with the interests of the shareholders of the Company.

4. ELIGIBILITY OF PARTICIPANTS

4.1 The following persons shall be eligible to participate in the MindChamps PreSchool PSP at the absolute discretion of the Committee:

(a) Selected Group Employees who have attained the age of twenty-one (21) years and who hold such rank as may be designated by the Committee from time to time taking into consideration, among other things, role, seniority, length of service, performance history and potential contribution to the Group; and

(b) Controlling Shareholders and Associates of Controlling Shareholders who qualify under paragraph (a) above.

4.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the MindChamps PreSchool PSP shall be determined at the absolute discretion of the Committee, which shall take into account such criteria as it considers fit, including (but not limited to) his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and difficulty with which the Performance Condition(s) may be achieved within the Performance Period.

5. GRANT OF AWARDS

5.1 The Committee may grant Awards to eligible Group Employees, Controlling Shareholders (who are eligible to participate under Rule 4.1) and/or Associates of Controlling Shareholders (who are eligible to participate under Rule 4.1), in each case, as the Committee may select, in its absolute discretion, at any time during the period when the MindChamps PreSchool PSP is in force.

5.2 The Committee shall decide in relation to an Award:

(a) the Participant;

(b) the Award Date;

(c) the number of Shares which are the subject of the Award;

(d) the Performance Condition(s);

(e) the Performance Period;

(f) the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;

(g) the Vesting Date; and

(h) any other condition which the Committee may determine in relation to that Award.

5.3 As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

(a) the Award Date;

(b) the number of Shares which are the subject of the Award;

(c) the Performance Condition(s);

(d) the Performance Period;

(e) the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;

(f) the Vesting Date; and

(g) any other condition which the Committee may determine in relation to that Award.

5.4 Participants are not required to pay for the grant of Awards.

5.5 The Committee may amend or waive the Performance Period, the Performance Condition(s), the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period and/or any condition applicable to that Award:

(a) in the event of a take-over offer being made for the Shares or if a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act or in the event of an order being made or a resolution passed for the winding-up of the Company (other than as provided in Rule 6.1(a) or for reconstruction or amalgamation) or a proposal to sell all or substantially all of the assets of the Company;

(b) in the event that the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie); or

(c) if anything happens which causes the Committee to conclude that:

(i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or

(ii) a Performance Condition should be waived,

and shall notify the Participants of such change or waiver.

5.6 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

(a) in the event that an order is made for the winding-up of the Company on the basis of, or by reason of, its insolvency;

(b) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion; or

(c) subject to Rule 6.2(b), upon the Participant ceasing to be in the employment of the Group, for any reason whatsoever.

For the purposes of Rule 6.1(c), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date.

6.2 In any of the following events, namely:

(a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;

(b) where the Participant ceases at any time to be in the employment of the Group, by reason of:

(i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

(ii) redundancy;

(iii) retirement at or after the legal retirement age;

(iv) retirement before the legal retirement age with the consent of the Committee;

(v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;

(vi) his transfer to any Ministry, governmental or statutory body or corporation at the direction of the Company; or

(vii) any other event approved by the Committee;

(c) the death of a Participant; or

(d) any other event approved by the Committee,

the Committee may, in its absolute discretion determine whether an Award then held by such Participant, to the extent not yet Released, shall lapse or that all or any part of such Award shall be preserved. If the Committee determines that an Award shall lapse, then such Award shall lapse without any claim whatsoever against the Company. If the Committee determines that all or any part of an Award shall be preserved, the Committee shall decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the MindChamps PreSchool PSP. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant, and the extent to which the Performance Condition(s) has (have) been satisfied.

6.3 Without prejudice to the provisions of Rule 5.5, if before a Vesting Date, any of the following occurs:

(a) a take-over offer for the Shares becomes or is declared unconditional;

(b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act; or

(c) an order being made or a resolution passed for the winding-up of the Company (other than as provided in Rule 6.1(a) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period(s) which has (have) elapsed and the extent to which the Performance Condition(s) has (have) been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined in accordance with Rule 7.

7. REVIEW OF PERFORMANCE CONDITION(S), VESTING OF AWARDS AND RELEASE OF AWARDS

7.1 Review of Performance Condition(s)

7.1.1 The Committee shall, as soon as reasonably practicable after the end of the relevant Performance Period, review the Performance Condition(s) specified in respect of each Award and determine at its discretion:

(a) whether the Performance Condition has been satisfied and if so, the extent to which it has been satisfied;

(b) whether any other condition applicable to such Award has been satisfied; and

(c) the number of Shares (if any) comprised in such Award to be Released to the relevant Participant,

and (subject to Rules 6 and 7.1.2) ***provided that*** the relevant Participant has continued to be an Employee, a Controlling Shareholder (who is eligible to participate under Rule 4.1) and/or an Associate of a Controlling Shareholder (who is eligible to participate under Rule 4.1), from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Performance Condition specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

7.1.2 The Committee shall have full discretion to determine whether any Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group (as the case may be) to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further (but without prejudice to the provisions of Rule 5.5), the right to amend any Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

7.2 Delivery of Shares

7.2.1 Shares which are Released to a Participant pursuant to Rule 7.1 shall be delivered on a Market Day falling as soon as practicable (as determined by the Committee) after the relevant Vesting Date by way of an allotment or transfer to the Participant of the relevant number of Shares (which may, in the case of a transfer of Shares, include Shares held by the Company as treasury shares).

7.2.2 Where new Shares are allotted pursuant to Rule 7.2.1, the Company shall, as soon as practicable after such allotment, apply to the Singapore Exchange for permission to deal in and for quotation of such Shares.

7.2.3 Shares which are allotted or transferred to a Participant pursuant to the Release of any Award shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

7.3 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, pursuant to the Release of any Award shall:

(a) be subject to all the provisions of the Constitution of the Company; and

(b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the later of (i) the relevant Vesting Date; and (ii) the date of issue of the Shares, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

8 LIMITATION ON THE SIZE OF THE PLAN

8.1 Subject to Rule 8.2, the total number of Shares over which the Committee may grant new Awards on any date, when added to:

(a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards already granted under the MindChamps PreSchool PSP;

(b) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to share options already granted under the MindChamps SOP; and

(c) the total number of Shares subject to any other share option or share schemes of the Company,

shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the date preceding the date of the relevant new Award.

8.2 The total number of Shares which the Committee may grant new Awards on any date during each of the years for which the MindChamps PreSchool PSP is in force, when added to:

(a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards already granted under the MindChamps PreSchool PSP during the same year;

(b) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to share options already granted under the MindChamps SOP during the same year; and

(c) the total number of Shares subject to any other share option or share schemes of the Company during the same year,

shall not exceed 3% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the date preceding the date of the relevant new Award.

8.3 The total number of Shares which may be delivered pursuant to Awards granted under the MindChamps PreSchool PSP to Controlling Shareholders and/or Associates of Controlling Shareholders, shall not exceed 25 per cent. of the total number of Shares available under the MindChamps PreSchool PSP.

8.4 The total number of Shares which may be delivered pursuant to Awards granted under the MindChamps PreSchool PSP to each Controlling Shareholder and each Associate of a Controlling Shareholder, shall not exceed 10 per cent. of the total number of Shares available under the MindChamps PreSchool PSP.

8.5 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the MindChamps PreSchool PSP.

9. ADJUSTMENT EVENTS

9.1 If a variation in the ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or (without prejudice to the provisions of Rule 5.5) if the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then the Committee may, in its sole discretion, determine whether:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or

(b) the class and/or number of Shares in respect of which future Awards may be granted under the MindChamps PreSchool PSP,

shall be adjusted and if so, the manner in which such adjustments should be made. Any adjustment must be made in a way that a Participant will not receive a benefit that a shareholder of the Company does not receive.

9.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the Singapore Exchange during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares which are the subject of the adjusted Award. Any adjustment shall take effect upon such written notification being given or on such date as may be specified in such written notification.

10. ADMINISTRATION OF THE PLAN

10.1 The MindChamps PreSchool PSP shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him. The Committee shall comprise directors of the Company (including directors who may be Participants of the MindChamps PreSchool PSP).

10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the MindChamps PreSchool PSP) for the implementation and administration of the MindChamps PreSchool PSP, to give effect to the provisions of the MindChamps PreSchool PSP and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the MindChamps PreSchool PSP and any dispute and uncertainty as to the interpretation of the MindChamps PreSchool PSP or any rule, regulation or procedure thereunder or any rights under the MindChamps PreSchool PSP shall be determined by the Committee.

10.3 Neither the MindChamps PreSchool PSP nor Awards granted under the MindChamps PreSchool PSP shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:

(a) the lapsing of any Awards pursuant to any provision of the MindChamps PreSchool PSP;

(b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the MindChamps PreSchool PSP; and/or

(c) any decision or determination of the Committee made pursuant to any provision of the MindChamps PreSchool PSP.

10.4 Any decision or determination of the Committee made pursuant to any provision of the MindChamps PreSchool PSP (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the MindChamps PreSchool PSP or any rule, regulation or procedure hereunder or as to any rights under the MindChamps PreSchool PSP). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES AND COMMUNICATIONS

11.1 Any notice required to be given by the Participant to the Company shall be sent or made to the registered office of the Company or such other address (including an electronic mail address) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to the Participant in writing.

11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and a Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to a Participant by hand or sent to a Participant at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number provided by the Participant to the Company.

11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by the Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

11.4 Any Communication under the MindChamps PreSchool PSP may be communicated electronically through the use of a Security Device, or through an electronic page, site, or environment designated by the Company which is accessible only through the use of a Security Device, and such Communication shall thereby be deemed to have been sent by the designated holder of such Security Device.

11.5 The Company may accept and act upon any Communication issued and/or transmitted through the use of the Participant's Security Device pursuant to Rule 11.4 (whether actually authorised by the Participant or not) as his authentic and duly authorised Communication and the Company shall be under no obligation to investigate the authenticity or authority of persons effecting the Communication or to verify the accuracy and completeness of the Communication and the Company may treat the Communication as valid and binding on the Participant, notwithstanding any error, fraud, forgery, lack of clarity or misunderstanding in the terms of such Communication.

11.6 All Communications issued and/or transmitted through the use of a Participant's Security Device pursuant to Rule 11.4 (whether authorised by the Participant or not) are irrevocable and binding on the Participant upon transmission to the Company and the Company shall be entitled to effect, perform or process such Communications without the Participant's further consent and without any further reference or notice to the Participant.

11.7 It shall be the Participant's sole responsibility to ensure that all information contained in a Communication is complete, accurate, current, true and correct.

11.8 A Participant shall ensure (and shall take all necessary precautions to ensure) that:

(a) he complies with the Company's procedural and/or operational guidelines relating to Security Devices;

(b) all his Security Devices are kept completely confidential and secure; and

(c) there is no unauthorised use or abuse of his Security Devices.

11.9 A Participant shall notify and/or contact the Company immediately if he becomes aware, has reason to believe, or suspects that any Security Device has become compromised, including but not limited to where:

(a) the security or integrity of any Security Device may have been compromised;

(b) such Security Device has become known or been revealed to any other person;

(c) there has been unauthorised use of the Security Device; and/or

(d) such Security Device is lost, damaged, defective or stolen,

and the Participant shall immediately cease to use such compromised Security Device until further notice from the Company. The Participant shall be bound by all Communications and transactions resulting from any Communications made which are referable to any compromised Security Device until such time as the Company has received a notification from the Participant under this Rule 11.9.

11.10 The Company's records of the Communications, and its record of any transactions maintained by any relevant person authorised by the Company relating to or connected with the MindChamps PreSchool PSP, whether stored in electronic or printed form, shall be binding and conclusive on a Participant and shall be conclusive evidence of such Communications and/or transactions. All such records shall be admissible in evidence and the Participant shall not challenge or dispute the admissibility, reliability, accuracy or the authenticity of the contents of such records merely on the basis that such records were incorporated and/or set out in electronic form or were produced by or are the output of a computer system, and the Participant waives any of his rights (if any) to so object.

11.11 Any provision in these Rules requiring a Communication to be signed by a Participant may be satisfied in the case of an electronic Communication, by the execution of any on-line act, procedure or routine designated by the Company to signify the Participant's intention to be bound by such Communication.

12. MODIFICATIONS TO THE PLAN

12.1 Any or all of the provisions of the MindChamps PreSchool PSP may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:

(a) no modification or alteration shall adversely affect the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Condition(s) relating to their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Condition(s) for all outstanding Awards being satisfied in full;

(b) the definitions of “Associated Company”, “Committee”, “Group”, “Group Employee”, “Group Executive Director”, “Participant” and “Performance Period” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company’s shareholders by ordinary resolution in general meeting; and

(c) no modification or alteration shall be made without the prior approval of the Singapore Exchange and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely alter the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the MindChamps PreSchool PSP to amend or adjust any Award.

12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by a resolution (and without any other formality, save for the prior approval of the Singapore Exchange) amend or alter the MindChamps PreSchool PSP in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the MindChamps PreSchool PSP to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the Singapore Exchange).

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the MindChamps PreSchool PSP, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

14. DURATION OF THE PLAN

14.1 The MindChamps PreSchool PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the MindChamps PreSchool PSP may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

14.2 The MindChamps PreSchool PSP may be terminated at any time by the Committee or, at the discretion of the Committee, by ordinary resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the MindChamps PreSchool PSP is so terminated, no further Awards shall be granted by the Committee hereunder.

14.3 The expiry or termination of the MindChamps PreSchool PSP shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

15. TAXES

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the MindChamps PreSchool PSP shall be borne by that Participant.

16. COSTS AND EXPENSES OF THE PLAN

16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) or, as the case may be, share transfer form(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the MindChamps PreSchool PSP to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the MindChamps PreSchool PSP including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company and the Company's directors and employees shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the Singapore Exchange in accordance with Rule 7.2.2.

18. DISCLOSURES IN ANNUAL REPORT

The Company will make such disclosures in its annual report for as long as the MindChamps PreSchool PSP continues in operation as from time to time required by the Listing Manual including the following (where applicable):

(a) the names of the members of the Committee administering the MindChamps PreSchool PSP;

(b) in respect of the following Participants of the MindChamps PreSchool PSP:

(i) Directors of the Company;

(ii) Participants who are Controlling Shareholders and/or Associates of Controlling Shareholders; and

(iii) Participants (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the Release of Awards granted under the MindChamps PreSchool PSP and/or who have been granted share options under the MindChamps SOP which, in aggregate, represent 5% or more of the total number of Shares available under the MindChamps PreSchool PSP and the MindChamps SOP collectively,

the following information:

(aa) the name of such Participant referred to in paragraph (b) above;

(bb) the following particulars relating to Shares delivered pursuant to Awards Released under the MindChamps PreSchool PSP:

(1) the number of new Shares issued to such Participant during the financial year under review; and

(2) the number of existing Shares transferred to such Participant during the financial year under review; and

(cc) the following particulars relating to share options granted under the MindChamps SOP:

(1) share options granted during the financial year under review (including terms);

(2) the aggregate number of Shares comprised in share options granted since the commencement of the MindChamps SOP to the end of the financial year under review;

(3) the aggregate number of Shares arising from share options exercised since the commencement of the MindChamps SOP to the end of the financial year under review;

(4) the aggregate number of Shares comprised in share options outstanding as at the end of the financial year under review;

(5) the number of new Shares issued to such Participant during the financial year under review; and

(6) the number of existing Shares transferred to such Participant during the financial year under review;

(c) the number and proportion of Shares comprised in share options granted under the MindChamps SOP during the financial year under review:

(i) at a discount of 10% or less of the Market Price (as determined in accordance with the MindChamps SOP) in respect of the relevant share option; and

(ii) at a discount of more than 10% of the Market Price (as determined in accordance with the MindChamps SOP) in respect of the relevant share option; and

(d) in relation to the MindChamps PreSchool PSP, the following particulars:

(i) the aggregate number of Shares comprised in Awards granted under the MindChamps PreSchool PSP since the commencement of the MindChamps PreSchool PSP to the end of the financial year under review;

(ii) the aggregate number of Shares comprised in Awards which have been Released under the MindChamps PreSchool PSP during the financial year under review and in respect thereof, the proportion of:

(1) new Shares issued; and

(2) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased,

upon the Release of Awards granted under the MindChamps PreSchool PSP; and

(iii) the aggregate number of Shares comprised in Awards granted under the MindChamps PreSchool PSP which have not been Released as at the end of the financial year under review.

19. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

20. GOVERNING LAW

The MindChamps PreSchool PSP shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the MindChamps PreSchool PSP, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B

No person other than the Company or a Participant shall have any right to enforce any provision of the MindChamps PreSchool PSP or any Award by virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

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APPENDIX F – RULES OF THE MINDCHAMPS PRESCHOOL SHARE OPTION PLAN

RULES OF
THE MINDCHAMPS PRESCHOOL SHARE OPTION PLAN

1. NAME OF THE PLAN

The Plan shall be called the "**MindChamps PreSchool Share Option Plan**" or the "**MindChamps PreSchool SOP**".

2. DEFINITIONS

2.1 In the MindChamps PreSchool SOP, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"**Acquisition Price**"	:	The price at which a Participant shall acquire each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 6.1 in relation to a Market Price Option and Rule 6.2 in relation to a Discount Price Option, as adjusted in accordance with Rule 11.
"**Act**"	:	The Companies Act, Chapter 50 of Singapore.
"**Adoption Date**"	:	The date on which the MindChamps PreSchool SOP is adopted by the Company in general meeting.
"**Aggregate Acquisition Cost**"	:	The total amount payable for Shares which may be acquired upon the exercise of an Option.
"**Associate**"	:	Shall bear the meaning as set out in the Listing Manual; and "**Associates**" shall be construed accordingly.
"**Associated Company**"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group.
"**Auditors**"	:	The auditors of the Company for the time being.
"**Board**"	:	The board of directors of the Company for the time being.
"**CDP**"	:	The Central Depository (Pte) Limited.
"**Committee**"	:	the Remuneration Committee of the Company, duly authorised and appointed by the Board to administer the Plan.

"**Communication**"	:	An offer, grant, acceptance and/or exercise of an Option, including the Letter of Offer under Rule 5.2, the completed Acceptance Form under Rule 5.4, and/or the exercise of the Option under Rule 9.2, and/or any correspondence made or to be made under the MindChamps PreSchool SOP (individually or collectively).
"**Company**"	:	MindChamps PreSchool Limited, a company incorporated in Singapore.
"**Controlling Shareholder**"	:	Shall bear the same meaning as set out in the Listing Manual; and "**Controlling Shareholders**" shall be construed accordingly.
"**Constitution**"	:	The Constitution of the Company, as amended from time to time.
"**Date of Grant**"	:	In relation to an Option, the date on which the Option is granted pursuant to Rule 5.
"**Discount Price Option**"	:	A right to acquire Shares granted or to be granted pursuant to the MindChamps PreSchool SOP and for the time being subsisting, and in respect of which the Acquisition Price is determined in accordance with Rule 6.2.
"**Exercise Period**"	:	The period for the exercise of an Option, being: (a) in the case of a Market Price Option granted to a Group Employee, Controlling Shareholder (who is eligible to participate under Rule 4.1) and/or Associate of a Controlling Shareholder (who is eligible to participate under Rule 4.1), a period (as may be determined by the Committee in its absolute discretion on the Date of Grant of that Option) commencing on a date falling on or after the 1st anniversary of the Date of Grant and expiring on or before the 10th anniversary of such Date of Grant;

(b) in the case of a Discount Price Option granted to a Group Employee, Controlling Shareholder (who is eligible to participate under Rule 4.1) and/or Associate of a Controlling Shareholder (who is eligible to participate under Rule 4.1), a period (as may be determined by the Committee in its absolute discretion on the Date of Grant of that Option) commencing on a date falling on or after the 2nd anniversary of the Date of Grant and expiring on or before the 10th anniversary of such Date of Grant;

(c) in the case of a Market Price Option granted to a Group Non-Executive Director, a period (as may be determined by the Committee in its absolute discretion on the Date of Grant of that Option) commencing on a date falling on or after the 1st anniversary of the Date of Grant and expiring on or before the 5th anniversary of such Date of Grant or, if applicable laws permit, on such later date as the Committee may specify on the Date of Grant; and

(d) in the case of a Discount Price Option granted to a Group Non-Executive Director, a period (as may be determined by the Committee in its absolute discretion on the Date of Grant of that Option) commencing on a date falling on or after the 2nd anniversary of the Date of Grant and expiring on or before the 5th anniversary of such Date of Grant or, if applicable laws permit, on such later date as the Committee may specify on the Date of Grant,

subject as provided in Rules 7 and 8 and to any other conditions as may be determined by the Committee from time to time.

“**Grantee**” : The person to whom an offer of an Option is made.

“**Group**” : The Company and its subsidiaries.

“**Group Employee**” : Any employee of the Group (including any Group Executive Director) or any employee of the Group who is seconded to an Associated Company. For the avoidance of doubt, the secondment of an employee to an Associated Company shall not be regarded as a break in his employment or him having ceased by reason only of such secondment to be an employee of the Group.

“**Group Executive Director**” : A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.

"**Group Non-Executive Director**"	:	A director of the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director.
"**Listing Manual**"	:	The listing manual of the Singapore Exchange.
"**Market Day**"	:	A day on which the Singapore Exchange is open for trading in securities.
"**Market Price**"	:	In relation to an Option, a price determined by the Committee to be equal to the volume-weighted average price for the Shares on the Singapore Exchange over the three consecutive Trading Days immediately preceding the Date of Grant of that Option, as determined by the Committee by reference to the daily official list or any other publication published by the Singapore Exchange.
"**Market Price Option**"	:	A right to acquire Shares granted or to be granted pursuant to the MindChamps PreSchool SOP and for the time being subsisting, and in respect of which the Acquisition Price is determined in accordance with Rule 6.1.
"**MindChamps PreSchool PSP**"	:	The MindChamps Performance Share Plan adopted or to be adopted by the Company, as the same may be modified or altered from time to time.
"**Option**"	:	A Market Price Option or a Discount Price Option, as the case may be.
"**Participant**"	:	The holder of an Option (including, where applicable, the executor or personal representative of such holder).
"**Plan**" or "**MindChamps PreSchool SOP**"	:	The MindChamps PreSchool Share Option Plan, as modified or altered from time to time.
"**Record Date**"	:	The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to, or rights of, holders of Shares.
"**Security Device**"	:	Any smartcard, digital certificate, digital signature, encryption device, electronic key, logon identifier, password, personal identification number, and/or other code or any access procedure incorporating any one or more of the foregoing, designated by the Company for use in conjunction with the MindChamps PreSchool SOP.
"**Shares**"	:	Ordinary shares in the capital of the Company.

"**Singapore Exchange**"	:	The Singapore Exchange Securities Trading Limited.
"**Trading Day**"	:	A day on which the Shares are traded on the Singapore Exchange.
"**Vesting Schedule**"	:	In relation to an Option, a schedule for the vesting of Shares comprised in the Option during the Exercise Period in relation to that Option to be determined by the Committee on the Date of Grant of that Option.
"**S$**"	:	Singapore dollar.
"**%**"	:	Per centum or percentage.

2.2 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.

2.3 Any reference to a time of a day in the MindChamps PreSchool SOP is a reference to Singapore time.

2.4 Any reference in the MindChamps PreSchool SOP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the MindChamps PreSchool SOP and used in the MindChamps PreSchool SOP shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

3. OBJECTIVES OF THE PLAN

The MindChamps PreSchool SOP is a share incentive scheme. The MindChamps PreSchool SOP is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and directors of the Group who have contributed to the growth of the Group. The MindChamps PreSchool SOP will give Participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

(a) to motivate the Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;

(b) to retain key executives and executive directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;

(c) to instil loyalty to, and a stronger identification by employees with the long-term prosperity of, the Company;

(d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders of the Company;

(e) to give recognition to the contributions made or to be made by Group Non-Executive Directors to the success of the Group; and

(f) to align the interests of employees with the interests of the shareholders of the Company.

4. ELIGIBILITY OF PARTICIPANTS

4.1 The following persons shall be eligible to participate in the MindChamps PreSchool SOP at the absolute discretion of the Committee:

(a) Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time;

(b) Group Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and

(c) Controlling Shareholders and Associates of Controlling Shareholders who qualify under paragraph (a) or (b) above.

4.2 The number of Shares comprised in Options to be offered to a Participant in accordance with the MindChamps PreSchool SOP shall be determined at the absolute discretion of the Committee, which shall take into account such criteria as it considers fit, including (but not limited to) his rank, job performance, years of service, potential for future development and his contribution to the success and development of the Group.

5. GRANT AND ACCEPTANCE OF OPTIONS

5.1 Subject as provided in Rule 10, the Committee may grant Options to Group Employees, Group Non-Executive Directors, Controlling Shareholders (who are eligible to participate under Rule 4.1) and/or Associates of Controlling Shareholders (who are eligible to participate under Rule 4.1), in each case, as the Committee may select, in its absolute discretion, at any time during the period when the MindChamps PreSchool SOP is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the 4th Market Day after the date on which such announcement is released.

5.2 The Letter of Offer to grant an Option shall be in, or substantially in, the form set out in Schedule A, subject to such modification as the Committee may from time to time determine. An Option may be granted subject to such conditions as may be determined by the Committee, in its absolute discretion, on the Date of Grant of that Option.

5.3 An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Option without the prior approval of the Committee, that Option shall immediately lapse.

5.4 The grant of an Option under this Rule 5 shall be accepted by the Grantee within 30 days from the Date of Grant of that Option and, in any event, not later than 5.00 p.m. on the 30th day from such Date of Grant by completing, signing and returning the Acceptance Form in, or substantially in, the form set out in Schedule B, subject to such modification as the Committee may from time to time determine, accompanied by payment of S$1.00 as consideration.

5.5 If a grant of an Option is not accepted in the manner as provided in Rule 5.4, such offer shall, upon the expiry of the 30-day period, automatically lapse and become null, void and of no effect.

6. ACQUISITION PRICE

6.1 The Acquisition Price for each Share in respect of which a Market Price Option is exercisable shall be determined by the Committee in its absolute discretion, on the Date of Grant, to be a price equal to the Market Price.

6.2 The Acquisition Price for each Share in respect of which a Discount Price Option is exercisable shall be determined by the Committee in its absolute discretion, on the Date of Grant, to be a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price or such other percentage or amount as may be prescribed or permitted for the time being by the Singapore Exchange. In making any determination under this Rule 6.2 on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, in its absolute discretion, deem appropriate, including but not limited to:

(a) the performance of the Group;

(b) the years of service and the individual performance of the Participant;

(c) the contribution of the Participant to the success and development of the Company and/or the Group; and

(d) the prevailing market conditions.

6.3 The Acquisition Price shall be subject to adjustment pursuant to Rule 11.

7. RIGHT TO EXERCISE OPTIONS

7.1 Subject as provided in Rules 7 and 8, an Option shall be exercisable, in whole or in part, during the Exercise Period applicable to that Option and in accordance with the Vesting Schedule and the conditions (if any) applicable to that Option.

7.2 An Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company:

(a) in the event that an order is made for the winding-up of the Company on the basis of, or by reason of, its insolvency;

(b) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion; or

(c) subject to Rule 7.3(b), upon the Participant ceasing to be in the employment of the Group, for any reason whatsoever.

For the purposes of Rule 7.2(c), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date.

7.3 In any of the following events, namely:

(a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Option;

(b) where the Participant ceases at any time to be in the employment of the Group, as the case may be, by reason of:

(i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

(ii) redundancy;

(iii) retirement at or after the legal retirement age;

(iv) retirement before the legal retirement age with the consent of the Committee;

(v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;

(vi) his transfer to any Ministry, governmental or statutory body or corporation at the direction of the Company; or

(vii) any other event approved by the Committee;

(c) where a Participant, being a Group Non-Executive Director, ceases at any time to be a director of any company within the Group;

(d) the death of a Participant; or

(e) any other event approved by the Committee, an Option then held by that Participant shall, to the extent unexercised, lapse without any claim whatsoever against the Company, unless otherwise determined by the Committee in its absolute discretion. In exercising such discretion, the Committee may:

(aa) determine the number of Shares comprised in that Option which may be exercised and the period during which such Option shall be exercisable, being a period not later than the expiry of the Exercise Period in respect of that Option. Such Option may be exercised at any time notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Exercise Period in respect of such Option. Upon the expiry of such period as determined by the Committee, the Option, to the extent unexercised, shall lapse; or

(bb) allow that Participant to exercise any unexercised Option(s) in the manner and at the times provided in Rule 7.1.

7.4 Notwithstanding any provision to the contrary, the Committee may, in its absolute discretion, by notice to the Participants, suspend the exercise of any Option for such period or periods as the Committee may determine, provided that the period(s) of suspension shall not exceed in aggregate 60 days in any one calendar year.

8. TAKE-OVER AND WINDING-UP OF THE COMPANY

8.1 Notwithstanding Rule 7 but subject to Rule 8.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(a) the expiry of six months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee, the Singapore Exchange and/or such other relevant regulatory authority, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or

(b) the date of expiry of the Exercise Period relating thereto,

whereupon the Option then remaining unexercised shall lapse.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse, provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 7, remain exercisable until the expiry of the Exercise Period relating thereto.

8.2 If under the Act, the court sanctions and/or the shareholders of the Company approve a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled, notwithstanding Rule 7 but subject to Rule 8.5, to exercise any Option then held by him, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Exercise Period relating thereto), whereupon the Option shall lapse and become null and void.

8.3 In the event of an order being made or a resolution passed for the winding-up of the Company (other than as provided in Rule 7.2(a) or for reconstruction or amalgamation), the Participant shall be entitled, within 30 days of the making of the order or the passing of the resolution of such winding-up (but not after the expiry of the Exercise Period relating thereto), as the case may be, to exercise any unexercised Option in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, after which such unexercised Option shall lapse and become null and void.

8.4 If, in connection with the making of a general offer referred to in Rule 8.1 or the scheme referred to in Rule 8.2 or the winding-up referred to in Rule 8.3, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 8.

8.5 To the extent that an Option is not exercised within any period referred to in this Rule 8, it shall lapse and become null and void.

9. EXERCISE OF OPTIONS

9.1 Subject to Rule 7.1, an Option may be exercised, in whole or in part.

9.2 An Option may be exercised by a Participant giving notice in writing to the Company in, or substantially in, the form set out in Schedule C, subject to such modification as the Committee may from time to time determine. Such notice must be accompanied by payment in cash for the Aggregate Acquisition Cost in respect of the Shares for which that Option is exercised and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, and the Aggregate Acquisition Cost. All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.

9.3 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the MindChamps PreSchool SOP, the Constitution of the Company, the Company shall, within 10 Market Days after the exercise of an Option, allot the relevant Shares or, as the case may be, procure the transfer of existing Shares (which may include, where desired, any Shares held by the Company as treasury shares) and, where required, despatch to CDP the relevant share certificates or, as the case may be, share transfer forms by ordinary post or such other mode as the Committee may deem fit.

Where new Shares are allotted upon the exercise of an Option, the Company shall, as soon as practicable after such allotment, apply to the Singapore Exchange for permission to deal in and for quotation of such Shares.

9.4 Shares which are allotted or transferred to a Participant on the exercise of an Option by that Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

9.5 New Shares allotted and issued, and existing Shares procured by the Company for transfer, upon exercise of an Option shall:

(a) be subject to all the provisions of the Constitution of the Company; and

(b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the later of (i) the relevant date upon which such exercise occurred; and (ii) the date of issue of the Shares, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

9.6 Subject to the Act and the rules of the Listing Manual, the Company shall have the flexibility to deliver Shares to Participants upon the exercise of their Options by way of:

(a) an allotment of new Shares; and/or

(b) the transfer of existing Shares, including any Shares held by the Company in treasury.

10. LIMITATION ON THE SIZE OF THE PLAN

10.1 Subject to Rule 10.2, the total number of Shares over which the Committee may grant new Options on any date, when added to:

(a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Options already granted under the MindChamps PreSchool SOP;

(b) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the MindChamps PSP; and

(c) the total number of Shares subject to any other share option or share schemes of the Company,

shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the date preceding the date of grant of the relevant new Option.

10.2 The total number of Shares over which the Committee may grant new Options on any date during each of the years for which the MindChamps PreSchool SOP is in force, when added to:

(a) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Options already granted under the MindChamps PreSchool SOP during the same year;

(b) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the MindChamps PSP during the same year; and

(c) the total number of Shares subject to any other share option or share schemes of the Company,

shall not exceed 3% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the date preceding the date of grant of the relevant new Option.

10.3 The total number of Shares which may be delivered pursuant to Options granted under the MindChamps PreSchool SOP to Controlling Shareholders and/or Associates of Controlling Shareholders, shall not exceed 25 per cent. of the total number of Shares available under the MindChamps PreSchool SOP.

10.4 The total number of Shares which may be delivered pursuant to Options granted under the MindChamps PreSchool SOP to each Controlling Shareholder and each Associate of a Controlling Shareholder, shall not exceed 10 per cent. of the total number of Shares available under the MindChamps PreSchool SOP.

10.5 Shares which are the subject of Options which have lapsed for any reason whatsoever may be the subject of further Options granted by the Committee under the MindChamps PreSchool SOP.

11. ADJUSTMENT EVENTS

11.1 If a variation in the ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then the Committee may, in its sole discretion, determine whether:

(a) the Acquisition Price of the Shares, class and/or number of Shares comprised in an Option to the extent unexercised; and/or

(b) the class and/or number of Shares over which future Options may be granted under the MindChamps PreSchool SOP,

shall be adjusted and if so, the manner in which such adjustments should be made. Any adjustment must be made in a way that a Participant will not receive a benefit that a shareholder of the Company does not receive.

11.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the Singapore Exchange during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

11.3 Notwithstanding the provisions of Rule 11.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

11.4 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Acquisition Price thereafter in effect and the class and/or number of Shares thereafter to be acquired on the exercise of the Option. Any adjustment shall take effect upon such written notification being given or on such date as may be specified in such written notification.

12. ADMINISTRATION OF THE PLAN

12.1 The MindChamps PreSchool SOP shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him. The Committee shall comprise directors of the Company (including directors who may be Participants of the MindChamps PreSchool SOP).

12.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the MindChamps PreSchool SOP) for the implementation and administration of the MindChamps PreSchool SOP, to give effect to the provisions of the MindChamps PreSchool SOP and/or to enhance the benefit of the Options to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the MindChamps PreSchool SOP and any dispute and uncertainty as to the interpretation of the MindChamps PreSchool SOP, or any rule, regulation or procedure thereunder or any rights under the MindChamps PreSchool SOP shall be determined by the Committee.

12.3 Neither the MindChamps PreSchool SOP nor Options granted under the MindChamps PreSchool SOP shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:

(a) the lapsing or early expiry of any Options pursuant to any provision of the MindChamps PreSchool SOP;

(b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the MindChamps PreSchool SOP; and/or

(c) any decision or determination of the Committee made pursuant to any provision of the MindChamps PreSchool SOP.

12.4 Any decision or determination of the Committee made pursuant to any provision of the MindChamps PreSchool SOP (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the MindChamps PreSchool SOP or any rule, regulation or procedure hereunder or as to any rights under the MindChamps PreSchool SOP). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

13. NOTICES AND COMMUNICATIONS

13.1 Any notice required to be given by the Participant to the Company shall be sent or made to the registered office of the Company or such other address (including an electronic mail address) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to the Participant in writing.

13.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and a Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to a Participant by hand or sent to a Participant at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number provided by the Participant to the Company.

13.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by the Participant, when left at the address specified in Rule 13.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

13.4 Any Communication under the MindChamps PreSchool SOP may be communicated electronically through the use of a Security Device, or through an electronic page, site, or environment designated by the Company which is accessible only through the use of a Security Device, and such Communication shall thereby be deemed to have been sent by the designated holder of such Security Device.

13.5 The Company may accept and act upon any Communication issued and/or transmitted through the use of the Participant's Security Device pursuant to Rule 13.4 (whether actually authorised by the Participant or not) as his authentic and duly authorised Communication and the Company shall be under no obligation to investigate the authenticity or authority of persons effecting the Communication or to verify the accuracy and completeness of the Communication and the Company may treat the Communication as valid and binding on the Participant, notwithstanding any error, fraud, forgery, lack of clarity or misunderstanding in the terms of such Communication.

13.6 All Communications issued and/or transmitted through the use of a Participant's Security Device pursuant to Rule 13.4 (whether authorised by the Participant or not) are irrevocable and binding on the Participant upon transmission to the Company and the Company shall be entitled to effect, perform or process such Communications without the Participant's further consent and without any further reference or notice to the Participant.

13.7 It shall be the Participant's sole responsibility to ensure that all information contained in a Communication is complete, accurate, current, true and correct.

13.8 A Participant shall ensure (and shall take all necessary precautions to ensure) that:

(a) he complies with the Company's procedural and/or operational guidelines relating to Security Devices;

(b) all his Security Devices are kept completely confidential and secure; and

(c) there is no unauthorised use or abuse of his Security Devices.

13.9 A Participant shall notify and/or contact the Company immediately if he becomes aware, has reason to believe, or suspects that any Security Device has become compromised, including but not limited to where:

(a) the security or integrity of any Security Device may have been compromised;

(b) such Security Device has become known or been revealed to any other person;

(c) there has been unauthorised use of the Security Device; and/or

(d) such Security Device is lost, damaged, defective or stolen, and the Participant shall immediately cease to use such compromised Security Device until further notice from the Company. The Participant shall be bound by all Communications and transactions resulting from any Communications made which are referable to any compromised Security Device until such time as the Company has received a notification from the Participant under this Rule 13.9.

13.10 The Company's records of the Communications, and its record of any transactions maintained by any relevant person authorised by the Company relating to or connected with the MindChamps PreSchool SOP, whether stored in electronic or printed form, shall be binding and conclusive on a Participant and shall be conclusive evidence of such Communications and/or transactions. All such records shall be admissible in evidence and the Participant shall not challenge or dispute the admissibility, reliability, accuracy or the authenticity of the contents of such records merely on the basis that such records were incorporated and/or set out in electronic form or were produced by or are the output of a computer system, and the Participant waives any of his rights (if any) to so object.

13.11 Any provision in these Rules requiring a Communication to be signed by a Participant may be satisfied in the case of an electronic Communication, by the execution of any on-line act, procedure or routine designated by the Company to signify the Participant's intention to be bound by such Communication.

14. MODIFICATIONS TO THE PLAN

14.1 Any or all of the provisions of the MindChamps PreSchool SOP may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:

(a) no modification or alteration shall adversely affect the rights attached to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in number of all the Shares which would fall to be acquired upon exercise in full of all outstanding Options;

(b) the definitions of "Acquisition Price", "Associated Company", "Committee", "Exercise Period", "Group", "Group Employee", "Group Executive Director", "Group Non-Executive Director" and "Participant" and the provisions of Rules 4, 5.1, 5.3, 5.4, 5.5, 6, 7, 8, 9.1, 9.5, 10, 11, 12 and this Rule 14 shall not be altered to the advantage of Participants except with the prior approval of the Company's shareholders by ordinary resolution in general meeting; and

(c) no modification or alteration shall be made without the prior approval of the Singapore Exchange and such other regulatory authorities as may be necessary.

For the purposes of Rule 14.1(a), the opinion of the Committee as to whether any modification or alteration would adversely alter the rights attached to any Option shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 14.1 shall affect the right of the Committee under any other provision of the MindChamps PreSchool SOP to amend or adjust any Option.

14.2 Notwithstanding anything to the contrary contained in Rule 14.1, the Committee may at any time by a resolution (and without any other formality, save for the prior approval of the Singapore Exchange) amend or alter the MindChamps PreSchool SOP in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the MindChamps PreSchool SOP to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the Singapore Exchange).

14.3 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Participants.

15. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the MindChamps PreSchool SOP, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

16. DURATION OF THE PLAN

16.1 The MindChamps PreSchool SOP shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the MindChamps PreSchool SOP may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

16.2 The MindChamps PreSchool SOP may be terminated at any time by the Committee or, at the discretion of the Committee, by ordinary resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the MindChamps PreSchool SOP is so terminated, no further Options shall be offered by the Company hereunder.

16.3 The expiry or termination of the MindChamps PreSchool SOP shall not affect Options which have been granted and accepted as provided in Rule 5.4 prior to such expiry or termination, whether such Options have been exercised (whether fully or partially) or not.

17. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the MindChamps PreSchool SOP shall be borne by that Participant.

18. COSTS AND EXPENSES OF THE PLAN

18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) or, as the case may be, share transfer form(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the MindChamps PreSchool SOP to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the MindChamps PreSchool SOP including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the exercise of any Option shall be borne by the Company.

19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company and the Company's directors and employees shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the Singapore Exchange in accordance with Rule 9.3.

20. DISCLOSURES IN ANNUAL REPORT

The Company will make such disclosures in its annual report for as long as the MindChamps PreSchool SOP continues in operation as from time to time required by the Listing Manual including the following (where applicable):

(a) the names of the members of the Committee administering the MindChamps PreSchool SOP;

(b) in respect of the following Participants of the MindChamps PreSchool SOP:

(i) Directors of the Company;

(ii) Participants who are Controlling Shareholders and/or Associates of Controlling Shareholders; and

(ii) Participants (other than those in paragraph (i) above) who have been granted Options under the MindChamps PreSchool SOP and/or who have received Shares pursuant to the release of awards granted under the MindChamps PSP which, in aggregate, represent 5% or more of the total number of Shares available under the MindChamps PreSchool SOP and the MindChamps PSP collectively,

the following information:

(aa) the name of such Participant referred to in paragraph (b) above;

(bb) the following particulars relating to Options granted under the MindChamps PreSchool SOP:

(1) Options granted during the financial year under review (including terms);

(2) the aggregate number of Shares comprised in Options granted since the commencement of the MindChamps PreSchool SOP to the end of the financial year under review;

(3) the aggregate number of Shares arising from Options exercised since the commencement of the MindChamps PreSchool SOP to the end of the financial year under review;

(4) the aggregate number of Shares comprised in Options outstanding as at the end of the financial year under review;

(5) the number of new Shares issued to such Participant during the financial year under review; and

(6) the number of existing Shares transferred to such Participant during the financial year under review; and

(cc) the following particulars relating to Shares delivered pursuant to the awards released under the MindChamps PSP:

(1) the number of new Shares issued to such Participant during the financial year under review; and

(2) the number of existing Shares transferred to such Participant during the financial year under review;

(c) the number and proportion of Shares comprised in Options granted under the MindChamps PreSchool SOP during the financial year under review:

(i) at a discount of 10% or less of the Market Price in respect of the relevant Option; and

(ii) at a discount of more than 10% of the Market Price in respect of the relevant Option; and

(d) in relation to the MindChamps PSP, the following particulars:

(i) the aggregate number of Shares comprised in awards granted under the MindChamps PSP since the commencement of the MindChamps PSP to the end of the financial year under review;

(ii) the aggregate number of Shares comprised in awards which have been released under the MindChamps PSP during the financial year under review and in respect thereof, the proportion of:

(1) new Shares issued; and

(2) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased,

upon the release of awards granted under the MindChamps PSP; and

(iii) the aggregate number of Shares comprised in awards granted under the MindChamps PSP which have not been released as at the end of the financial year under review.

21. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

22. GOVERNING LAW

The MindChamps PreSchool SOP shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the MindChamps PreSchool SOP, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B

No person other than the Company or a Participant shall have any right to enforce any provision of the MindChamps PreSchool SOP or any Option by virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

SCHEDULE A

MINDCHAMPS PRESCHOOL SHARE OPTION PLAN

LETTER OF OFFER

Serial No: ______________

Date: __________________

To: **[Name]**
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam,

1. We have the pleasure of informing you that, pursuant to the MindChamps PreSchool Share Option Plan (the "**MindChamps PreSchool SOP**"), you have been nominated to participate in the MindChamps PreSchool SOP as a __________________ *[insert eligibility of participant]* by the Committee (the "**Committee**") appointed by the Board of Directors of MindChamps PreSchool Limited (the "**Company**") to administer the MindChamps PreSchool SOP. Terms as defined in the MindChamps PreSchool SOP shall have the same meaning as used in this letter.

2. Accordingly, in consideration of the payment of a sum of S$1.00, an offer is hereby made to grant you an Option (the "**Option**"), to acquire __________________ Shares at the price of S$_______ for each Share (the "**Acquisition Price**"). *The Acquisition Price represents a discount of _______% to the Market Price.

3. The Option shall be exercisable at the relevant times, and in respect of that number of Shares specified, as set out in the Vesting Schedule attached to this letter. *[Include additional conditions to be attached to the Option (if any).]*

4. The Exercise Period applicable to the Option is as follows:

Exercise Period	
Commencing on	*Ending on*

5. The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Committee.

6. The Option shall be subject to the terms of the MindChamps PreSchool SOP, a copy of which is available for inspection at the registered address of the Company.

7. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S$1.00 not later than 5.00 p.m. on ____________________, failing which this offer will lapse.

Yours faithfully,

Note:

* ***To be inserted only if Acquisition Price is discounted from the Market Price on the Date of Grant.***

Vesting Schedule

Subject to the MindChamps PreSchool SOP and to the terms of the letter of offer dated ____________________, the Option may normally be exercised, during the Exercise Period, at the following times and in the following manner:

Vesting Schedule	*Percentage of Shares over which an Option is exercisable*
On or before *[date]*	Nil
[To set out vesting period]	*[To set out percentage]*
[To set out vesting period]	*[To set out percentage]*
[To set out vesting period]	*[To set out percentage]*

In relation to the Option, if the Participant, during any of the periods specified above, exercises that Option for such number of Shares which, in aggregate, represents less than the number of Shares for which the Participant may exercise in respect of such period, the balance of the Shares comprised in that Option for which the Participant could have exercised (but did not exercise) in that period shall be carried forward and added to the number of Shares (but shall not be taken into account in determining the number of Shares) which the Participant may exercise in the next succeeding period or periods.

SCHEDULE B

MINDCHAMPS PRESCHOOL SHARE OPTION PLAN

ACCEPTANCE FORM

Serial No: ______________

Date: __________________

To: The Committee,
MindChamps PreSchool Share Option Plan,
[*insert address*]

Eligibility of Participant under the MindChamps PreSchool SOP: ________________________

Closing Date for Acceptance of Offer: ____

Number of Shares Offered: ____

I have read your Letter of Offer dated _______________________ and agree to be bound by the terms of the Letter of Offer and the MindChamps PreSchool SOP referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to acquire ___________________ Shares at S$ ______________ for each Share. I enclose cash for S$1.00 in payment for the purchase of the Option.

I acknowledge that the Option shall be exercisable at the relevant times and in respect of that number of Shares specified, as set out in the Vesting Schedule attached to the Letter of Offer and on such conditions (if any) applicable to the Option.

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I agree to keep all information pertaining to the grant of the Option to me confidential.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

APPENDIX F – RULES OF THE MINDCHAMPS PRESCHOOL SHARE OPTION PLAN

Please print in block letters

Name in full	:	______________________
Designation	:	______________________
Address	:	______________________
Nationality	:	______________________
*NRIC/Passport No.	:	______________________
Signature	:	______________________
Date	:	______________________

Note:

*   ***Delete accordingly***

SCHEDULE C

MINDCHAMPS PRESCHOOL SHARE OPTION PLAN

FORM OF EXERCISE OF OPTION

Total number of ordinary shares (the "**Shares**") offered at S$ ________ for each Share (the "**Acquisition Price**") under the MindChamps PreSchool Share Option Plan on ______________________________ (Date of Grant)	:	______________________
Number of Shares previously acquired thereunder	:	______________________
Outstanding balance of Shares to be acquired thereunder	:	______________________
Number of Shares now to be acquired	:	______________________

To: The Committee,
MindChamps PreSchool Share Option Plan,
[*insert address*]

1. Pursuant to your Letter of Offer dated ______________ and my acceptance thereof, I hereby exercise the Option to acquire ______________ Shares in MindChamps PreSchool Limited (the "**Company**") at S$__________ for each Share.

2. I enclose a *cheque/cashier's order/banker's draft/postal order no. ________________ for S$__________ in payment for the total number of the said Shares.

3. I agree to acquire the said Shares subject to the terms of the Letter of Offer, the MindChamps PreSchool Share Option Plan and the Constitution of the Company.

4. I declare that I am acquiring the said Shares for myself and not as a nominee for any other person.

5. I request the Company to allot and issue or, as the case may be, procure the transfer of the Shares (including, where desired, Shares held by the Company as treasury shares) in the name of The Central Depository (Pte) Limited ("**CDP**") and (where required) to deliver to CDP the certificate(s) for the Shares for credit to my *Securities Account with CDP/Sub-Account with the Depository Agent specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP and any stamp duty payable in respect thereof:

*Direct Securities Account No. : ____________________

OR

*Sub-Account No. : ____________________

Name of Depository Agent : ____________________

Please print in block letters

Name in full : ____________________

Designation : ____________________

Address : ____________________

Nationality : ____________________

*NRIC/Passport No. : ____________________

Signature : ____________________

Date : ____________________

Note:

* ***Delete accordingly***

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The discussion below provides information about certain provisions of our Constitution and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Constitution.

The instrument that constitutes and defines our Company is the Constitution of our Company.

The following summarises certain articles of our Constitution relating to:

(a) power of a Director to vote on a proposal, arrangement or contract in which he is interested:

Article 105

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(b) the remuneration of our Directors:

Article 82

The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

Article 83

(A) Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

(B) The remuneration (including any remuneration under article 83(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.

Article 85

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Article 86

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

Article 91

The remuneration of a Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by the Directors and may subject to this Constitution be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Article 101(D)

An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct.

(c) the borrowing powers exercisable by our Directors and how such borrowing powers may be varied:

Article 112

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The borrowing powers exercisable by our Directors under article 112 of our Constitution may be varied by special resolution passed at a general meeting of shareholders of our Company.

(d) the retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in our Constitution relating to the retirement or non-retirement of a Director under an age limit requirement.

(e) the shareholding qualification of a Director:

Article 81

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

(f) the rights, preferences and restrictions attaching to each class of shares:

Article 54

Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of this Constitution and the Act entitled to receive such notices from the Company; Provided always that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

(a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and

(b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on any Stock Exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange.

Article 68

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to article 13(C), each member entitled to vote may vote in person or by proxy. Every member who is present in person or by proxy shall:

(a) on a poll, have one vote for every share which he holds or represents; and

(b) on a show of hands, have one vote, Provided always that:

(i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

(ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

Article 13(C)

The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

Article 126

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 150

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(g) any change in capital:

Article 7

Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 11, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:

(a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of article 11(A) with such adaptations as are necessary shall apply; and

(b) any other issue of shares, the aggregate of which would exceed the limits referred to in article 11(B), shall be subject to the approval of the Company in General Meeting.

Article 11

(A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this article 11(A).

(B) Notwithstanding article 11(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

(a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

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

Provided always that:

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules of the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and this Constitution; and

(3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).

(C) Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Article 12

(A) The Company may by Ordinary Resolution:

(a) consolidate and divide all or any of its shares;

(b) subdivide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and

(c) subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.

(B) The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares.

Articles 13(A) and (B)

(A) The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.

(B) The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

(h) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

Article 9

Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

Article 10

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

(i) any dividend restriction, the date on which the entitlement to dividends arises, any procedure for our Shareholders to claim dividends, any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates:

Article 124

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Article 125

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 126

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 127

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

Article 131

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the

Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.

Article 134

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Article 137

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

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APPENDIX H – LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF OUR DIRECTORS AND EXECUTIVE OFFICERS

The present principal and past directorships held by our Directors and Executive Officers in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

(A) DIRECTORS

(1) Mr David Chiem Phu An

Present Directorships

Group corporations

Champion Mindset Academy Pte. Limited
MindChamps Early Learning & Care @ Broadway Pty. Limited
MindChamps Early Learning & Care @ Cherrybrook Pty. Limited
MindChamps Early Learning & Care @ Eastwood Pty. Limited
MindChamps Early Learning & Care @ Hornsby Pty. Limited
MindChamps PreSchool @ Changi Business Park Pte. Ltd.
MindChamps PreSchool @ Leisure Park Kallang Pte. Limited
MindChamps PreSchool @ Paragon Pte. Limited
MindChamps PreSchool @ Serangoon Pte. Limited
MindChamps PreSchool @ Zhongshan Park Pte. Ltd.
MindChamps PreSchool Franchise Pte. Limited
MindChamps PreSchool @ TPY Pte. Limited (formerly known as MindChamps PreSchool Pte. Limited)
MindChamps Shanghai Pte. Limited

Other corporations

ACA Sydney Pty. Ltd.
Actors Centre Australia Pte. Limited
Beston MindChamps Kids Nutrition Pte. Limited
Champion Minds Pte. Limited
Champion Mindset Coaching Federation Limited
MindChamps (Malaysia) Sdn Bhd
MindChamps Allied Care @ Tiong Bahru Pte. Limited
MindChamps Allied Care Franchise Pte. Limited
MindChamps Education Coaching Academy Pte. Limited

Past Directorships

Group corporations

MindChamps Australia Pty. Ltd.

Other corporations

Financial Champs Pte. Limited
Intercultural Theatre Institute Ltd.

MindChamps Family Online Pte. Limited
MindChamps Holdings Pte. Limited
MindChamps Media Pte. Limited
MindChamps Medical @ One KM Pte. Limited
MindChamps Medical Pte. Limited
MindChamps Music Pte. Limited
MindChamps Parenting Pte. Limited
MindChamps Productions Pte. Limited
MindChamps Publishing Pte. Limited
MindChamps Singapore Pte. Limited
MindChamps WorldSchool Pte. Limited

(2) Ms Catherine Du

Present Directorships

Group corporations

Champion Mindset Academy Pte. Limited
MindChamps PreSchool @ Changi Business Park Pte. Ltd.
MindChamps PreSchool @ Leisure Park Kallang Pte. Limited
MindChamps PreSchool @ Paragon Pte. Limited
MindChamps PreSchool @ Serangoon Pte. Limited
MindChamps PreSchool @ Zhongshan Park Pte. Ltd.
MindChamps PreSchool Franchise Pte. Limited
MindChamps PreSchool @ TPY Pte. Limited (formerly known as MindChamps PreSchool Pte. Limited)
MindChamps Shanghai Pte. Limited

Other corporations

5 Senses Spa Studio Pte. Ltd.
Beston MindChamps Kids Nutrition Pte. Limited
Champion Minds Pte. Limited
Champion Mindset Coaching Federation Limited
Geoconcepts International (Singapore) Pte. Ltd.
MindChamps (Malaysia) Sdn Bhd
MindChamps Allied Care @ Tiong Bahru Pte. Limited
MindChamps Allied Care Franchise Pte. Limited
MindChamps Education Coaching Academy Pte. Limited

Past Directorships

Group corporations

MindChamps Australia Pty. Ltd.
MindChamps Early Learning & Care @ Broadway Pty. Limited
MindChamps Early Learning & Care @ Cherrybrook Pty. Limited
MindChamps Early Learning & Care @ Eastwood Pty. Limited
MindChamps Early Learning & Care @ Hornsby Pty. Limited

Other corporations

Nil

MindChamps Family Online Pte. Limited
MindChamps Holdings Pte. Limited
MindChamps Media Pte. Limited
MindChamps Medical @ One KM Pte. Limited
MindChamps Medical Pte. Limited
MindChamps Music Pte. Limited
MindChamps Parenting Pte. Limited
MindChamps Productions Pte. Limited
MindChamps Publishing Pte. Limited
MindChamps Singapore Pte. Limited
MindChamps WorldSchool Pte. Limited

(3) Ms Janice Wu Sung Sung

Present Directorships

Group corporations

Nil

Other corporations

701Sou (Hong Kong) Pte Ltd.
AsiaOne Investments Pte. Ltd.
Callisto 1 Pte. Ltd.
Callisto 2 Pte. Ltd.
Callisto 3 Pte. Ltd.
Callisto 8 Pte. Ltd.
CM Domain Pte. Ltd.
Digi Ventures Private Limited
Elara 1 Pte. Ltd.
Elara 2 Pte. Ltd.
Elara 3 Pte. Ltd.
Elara 8 Pte. Ltd.
Germanium Pte. Ltd.
Giosis Pte. Ltd.
Heritage Media Private Limited
Moon Holdings Pte. Ltd.
SG Domain Pte. Ltd.
SGCM Pte. Ltd.
SPH Interactive International Pte. Ltd.
SPH Radio Private Limited
StreetSine Singapore Pte. Ltd.
StreetSine Technology Group Pte. Ltd.
The Seletar Mall Pte. Ltd.
TPR Holdings Pte. Ltd.

Past Directorships

Group corporations

Nil

Other corporations

Blu Inc Media (Hong Kong) Limited
BNM Content Solutions Pte. Ltd.
Germanium 1 Pte. Ltd.
Germanium 2 Pte. Ltd.
Germanium 3 Pte. Ltd.
Germanium 4 Pte. Ltd.
Germanium 5 Pte. Ltd.
Germanium 6 Pte. Ltd.
MediaCorp Press Ltd
Shareinvestor Pte. Ltd.
Shareinvestor.com Holdings Pte Ltd.
Sphere Exhibits Pte. Ltd.
SPH Digital Media Pte. Ltd.
SPH Magazines Pte. Ltd.
SPH Media Fund Pte. Ltd.
SPH Pacom Pte. Ltd.
SPH Retail Property Management Services Pte. Ltd.
SPH Ventures Pte. Ltd.
StreetSine Singapore Pte. Ltd.
StreetSine Technology Group Pte. Ltd.
Times Property Management Pte. Ltd.

(4) Mr Philip Antony Jeyaretnam

Present Directorships

Group corporations

Nil

Other corporations

Dentons Rodyk & Davidson LLP
DNLE Singapore Pte. Ltd.
Maxwell Chambers Pte. Ltd.
Rodyk Services Private Limited
Singapore Art Museum Singapore Arts School Ltd.
Singapore University of Technology and Design
Surbana Jurong Private Limited

Past Directorships

Group corporations

Nil

Other corporations

Intercultural Theatre Institute Ltd.
Oswaldus Holdings Pte. Ltd.
Rodyk Compliance Pte. Ltd.

(5) Mr Lee Suan Hiang

Present Directorships

Group corporations

Nil

Other corporations

Advance SCT Limited
Anacle Systems Limited
CITIC Envirotech Ltd.
Global Business Advisers Pte. Ltd.
Global Cultural Alliance Limited
Lasalle College of the Arts Limited
Pasir Ris Resort Pte Ltd
Perennial Real Estate Holdings Limited
Singapore Institute of Directors
SLF Leisure Enterprises (Pte) Ltd
The Singapore Lyric Opera Limited
United Engineers Limited Viking Airtech Pte Ltd
Viking Offshore and Marine Limited

Past Directorships

Group corporations

Nil

Other corporations

INSEAD Singapore Fund Memstar Technology Ltd.
MindChamps Media Pte. Limited
MindChamps WorldSchool Pte. Limited

(6) Mr Phua Chin Chor

Present Directorships

Group corporations

Nil

Other corporations

Softcraft India Private Limited

Past Directorships

Group corporations

Nil

Other corporations

Asticom Technology Inc.
Computer Systems Holdings Pte. Ltd.
CVSI Pte Ltd
EC1 Pte Ltd
GDIS Pte. Ltd.
Globalbridge Resources Corporation
NCS Communications Engineering Pte. Ltd.
NCS Information Technology (Suzhou) Co., Ltd.
NCSI (Australia) Pty Limited
NCSI (Beijing) Co., Ltd.
NCSI (ChengDu) Co., Ltd.
NCSI (HK) Limited
NCSI (Korea) Co Limited
NCSI (Malaysia) Sdn Bhd
NCSI (ME) W.L.L.
NCSI (Philippines) Inc.
NCSI (Shanghai) Co., Ltd.
NCSI Holdings Pte Ltd
NCSI Lanka (Private) Limited
NCSI Solutions Pte. Ltd.
Pulse Logistics Systems Pty Ltd
SCS Computer Systems Pte. Ltd.
SCS Enterprise Systems Pte Ltd
SCS Information Technology Sdn Bhd
SCS MNP Pte. Ltd.
SCS Networks Pte Ltd
Singtel Data Centre Infrastructure Pte. Ltd.
TeleScience Singapore Pte Ltd
Trusted Hub Ltd
VA Dynamics Sdn Bhd
Viewers Choice Pte Ltd

(B) EXECUTIVE OFFICERS

(1) Mr David Chiem Phu An

See above.

(2) Mr Teo Wee Jone

Present Directorships	Past Directorships
Group corporations	***Group corporations***
Nil	MindChamps PreSchool @ Serangoon Pte. Limited MindChamps PreSchool @ Zhongshan Park Pte. Ltd.
Other corporations	***Other corporations***
Nil	Nil

(3) Ms Peh Poh Geok

Present Directorships	Past Directorships
Group corporations	***Group corporations***
Nil	Nil
Other corporations	***Other corporations***
MindChamps Singapore Pte. Limited	Nil

Rationale for the Share Purchase Mandate

In managing the business of our Group, our management will strive to increase Shareholders' value by improving, *inter alia*, the return on equity of our Company. In addition to growth and expansion of the business, Share purchases at the appropriate price levels may be considered as one of the ways through which the return on equity of our Company may be enhanced. Further, in line with international practice, the Share Purchase Mandate will provide our Company with greater flexibility in managing our capital and maximising returns to our Shareholders.

The Share Purchase Mandate will provide our Company the flexibility to undertake Share purchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases allow our Company greater flexibility over our capital structure.

Further, Shares which are purchased by our Company pursuant to the Share Purchase Mandate and held in treasury may be transferred for the purposes of the Share Plans and any other employee share schemes implemented by our Company. The use of treasury shares in lieu of issuing new Shares would mitigate the dilution impact on existing Shareholders.

The purchase or acquisition of Shares will only be undertaken when our Directors are of the view that it can benefit our Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit described below. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and/or the orderly trading of our Shares and/or the financial position of our Group as a whole.

Authority and Limits of the Share Purchase Mandate

Any purchase or acquisition of Shares by our Company would have to be made in accordance with and in the manner prescribed by the Companies Act and the Listing Manual and such other laws and regulations as may for the time being be applicable.

Our Company is also required to obtain approval of Shareholders at a general meeting if it wishes to purchase or acquire its own Shares. As set out in "*Share Capital and Shareholders*", Shareholder approval has been obtained for the Share Purchase Mandate and for our purchase or acquisition of our issued Shares.

The authority and limitations placed on purchases or acquisitions of Shares by our Company under the Share Purchase Mandate are summarised below:

(a) Maximum Number of Shares

Our Company may only purchase or acquire Shares which are issued and fully paid-up. The total number of Shares which may be purchased or acquired by our Company is limited to that number of Shares representing not more than 10% of our issued Shares upon completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares.

Purely for illustrative purposes, on the basis of 241,600,000 Shares (being the number of issued Shares upon completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares), our Company may not purchase or acquire more than 24,160,000 Shares (representing 10% of our post-Offering issued Shares) pursuant to the Share Purchase Mandate.

(b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the end of the Stabilising Period up to:

(a) the date on which the next annual general meeting of our Company is held or required by law to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

(c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

(c) Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted through the SGX-ST trading system and/or on any other securities exchange on which our Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by our Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on a securities exchange), in accordance with an equal access scheme.

Our Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act as they consider fit in the interests of our Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same (except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares).

If our Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(I) the terms and conditions of the offer;

(II) the period and procedures for acceptances; and

(III) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

(d) Purchase Price

The purchase price to be paid for a Share as determined by our Directors (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) (the "**Maximum Price**") must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five consecutive market days on which transactions in our Shares on the SGX-ST or, as the case may be, such other securities exchange on which our Shares may for the time being be listed or quoted, immediately preceding the date of the Market Purchase by our Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which our Company announces its intention to make an offer for the off-market purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

Status of Purchased Shares

Shares purchased or acquired by our Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to our Shares will expire on such cancellation) unless such Shares are held by our Company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by our Company, which are cancelled and are not held as treasury shares.

TREASURY SHARES

Under the Companies Act, Shares purchased or acquired by our Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and Other Rights

Our Company cannot exercise any right in respect of treasury shares. In particular, our Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of our Company's assets may be made, to our Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, our Company may at any time but subject always to the Singapore Code on Take-overs and Mergers (the "**Take-over Code**"):

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

Source of Funds

Our Company may only apply funds for the purchase or acquisition of the Shares as provided in our Constitution and in accordance with the applicable laws in Singapore.

Our Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Our Company may purchase or acquire its own Shares out of capital, as well as from its distributable profits so long as our Company is solvent.

Our Company intends to use internal sources of funds to finance our Company's purchase or acquisition of the Shares pursuant to the Share Purchase Mandate. Our Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would materially and adversely affect the financial position of our Group.

Financial Effects

The financial effects on our Company and our Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the number of Shares purchased or acquired and the price paid for such Shares. The financial effects on our Group, based on the audited consolidated financial statements of our Group for the financial year ended 31 December 2016, are based on the assumptions set out below:

(a) Purchase or Acquisition out of Capital or Profits

(i) if Shares are purchased or acquired entirely out of the capital of our Company, our Company shall reduce the amount of its share capital by the total amount of the purchase price paid by our Company for our Shares (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**") and the amount available for the distribution of cash dividends by our Company will not be reduced;

(ii) if Shares are purchased or acquired entirely out of profits of our Company, our Company shall reduce the amount of its profits by the total amount of the Purchase Price and correspondingly reduce the amount available for the distribution of cash dividends by our Company; or

(iii) where Shares are purchased or acquired out of both the capital and the profits of our Company, our Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

(b) The Offering

Completion of the Offering had taken place on 1 January 2016.

(c) Number of Shares Acquired or Purchased

Based on the enlarged number of issued and paid-up Shares upon completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares and on the assumptions set out in paragraph (a) above, the purchase by our Company of up to the maximum 10% limit will result in the purchase or acquisition of 24,160,000 Shares.

(d) Maximum Price Paid for Shares Acquired or Purchased

In the case of Market Purchases and assuming that our Company purchases or acquires 24,160,000 Shares at the Maximum Price of S$0.87 for each Share (being the price equivalent to 105% of the Offering Price), the maximum amount of funds required for the purchase or acquisition of 24,160,000 Shares is approximately S$21.02 million.

In the case of Off-Market Purchases and assuming that our Company purchases or acquires 24,160,000 Shares at the Maximum Price of S$1.00 for each Share (being the price equivalent to 120% of the Offering Price), the maximum amount of funds required for the purchase or acquisition of 24,160,000 Shares is approximately S$24.16 million.

(e) Illustrative Financial Effects

The financial effects on our Company and our Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

For illustrative purposes only and on the basis of the assumptions set out in paragraphs (b) and (c) above, and assuming the following:

(i) our Company had on 31 December 2016 purchased 24,160,000 Shares (representing 10% of our issued Shares upon completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares of 241,600,000 Shares; and

(ii) such Share purchases are made entirely out of capital and held as treasury shares,

the financial effects on the consolidated financial statements of our Group for the financial year ended 31 December 2016 would have been as follows:

	Market Purchase		Off-Market Purchase	
	Adjusted Balance Before Share Purchase	After Share Purchase	Adjusted Balance Before Share Purchase	After Share Purchase
	S$'000	S$'000	S$'000	S$'000
Profit attributable to equity holders of our Company as at 31 December 2016	**5,390**	**5,390**	**5,390**	**5,390**
Share capital	49,296	49,296	49,296	49,296
Currency translation reserve	37	37	37	37
Retained profits	3,187	3,187	3,187	3,187
Treasury shares	–	(21,019)	–	(24,160)
Shareholders' equity	**52,520**	**31,501**	**52,520**	**28,360**
Total equity	**52,962**	**31,943**	**52,962**	**28,802**
Net assets value (NAV)	**52,962**	**31,943**	**52,962**	**28,802**
Current assets(1)	5,485	5,485	5,485	5,485
Current liabilities(1)	7,791	7,791	7,791	7,791
Working capital	**(2,306)**	**(2,306)**	**(2,306)**	**(2,306)**
Total borrowings	96	96	96	96
Cash and cash equivalents	48,469	27,450	48,469	24,309
Net cash	**48,373**	**27,354**	**48,373**	**24,213**
Number of shares as at 31 December 2016(2) ('000)	241,600	241,600	241,600	241,600
Weighted average number of shares as at 31 December 2016(2) ('000)	241,439	241,439	241,439	241,439
Financial Ratios				
NAV per share(3) (S$)	0.22	0.13	0.22	0.12
Gearing ratio(4)	0.00	0.00	0.00	0.00
Current ratio(5)	6.89	4.21	6.89	3.80
Basic EPS (S$)(6)	0.02	0.02	0.02	0.02

Notes:

(1) Current Assets excluding cash and Current Liabilities excluding debt

(2) Adjusted to reflect the Share Split and the issue of the New Shares, the Cornerstone Shares and the Consideration Shares

(3) Total Equity divided by number of shares as of 31 December 2016

(4) Total Debt divided by Total Equity

(5) Current Assets divided by Current Liabilities

(6) Profit attributable to owners of our Company divided by the weighted average number of Shares as at 31 December 2016

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical numbers for the financial year ended 31 December 2016, and is not necessarily representative of future financial performance.

Although the Share Purchase Mandate would authorize our Company to purchase or acquire up to 10% of our post-Offering issued Shares, our Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of our post-Offering issued Shares. In addition, our Company may cancel or hold in treasury all or part of our Shares purchased or acquired.

Our Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of our Shares) in assessing the relative impact of a share purchase before execution.

Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by our Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisors.

Listing Rules

Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as of the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, our Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced.

In particular, our Company will not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of its full-year results and the period of two weeks before the announcement of the first quarter, half-year and third quarter results.

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by public shareholders. The term "public", as defined under the Listing Manual, is persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of our Company or its subsidiaries, as well as the associates of such persons. Immediately after completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares, approximately 25.02% of our issued Shares are expected to be held by public Shareholders (assuming the Over-allotment Option is not exercised) and approximately 25.77% (assuming the Over-allotment Option is exercised in full).

Assuming that immediately after completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares, our Company purchases or acquires through Market Purchases 24,160,000 Shares, being the full 10% limit pursuant to the Share Purchase Mandate, 15.02% of our issued Shares will be held by public Shareholders (assuming the Over-allotment Option is not exercised) and approximately 15.77% (assuming the Over-allotment Option is exercised in full). Accordingly, our Company is of the view that there will be a sufficient number of the Shares in issue held by public Shareholders which would permit our Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

Our Directors will use their best efforts to ensure that we do not effect purchases or acquisitions of Shares if the purchase or acquisition of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity, adversely affect the orderly trading of our Shares or adversely affect our listing status.

Take-over Implications

Appendix 2 of the Singapore Take-Over Code contains the Share Buy-Back Guidance Note as of the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by our Company of our Shares are set out below:

(a) Obligation to Make a Take-over Offer

If the proportionate interest of a Shareholder and persons acting in concert with such Shareholder in the voting capital of our Company increases as a result of any purchase or acquisition by our Company of our Shares, such increase will be treated as an acquisition for the purposes of Rule 14 of the Singapore Take-Over Code. If such increase results in a Shareholder or group of Shareholders acting in concert obtaining or consolidating effective control of our Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for our Company under Rule 14 of the Singapore Take-Over Code.

(b) Persons Acting in Concert

Under the Singapore Take-Over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will be presumed to be acting in concert:

(a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and

(b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company.

The circumstances under which Shareholders (including our Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Singapore Take-Over Code after a purchase or acquisition of Shares by our Company are set out in Appendix 2 of the Singapore Take-Over Code.

(c) Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Singapore Take-Over Code is that, unless exempted, our Directors and persons acting in concert with them will incur an obligation to make a take-over offer for our Company under Rule 14 if, as a result of our Company purchasing or acquiring our Shares, the voting rights of such Directors and their concert parties would increase to 30.0% or more, or if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of our Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2, a Shareholder not acting in concert with our Directors will not be required to make a take-over offer under Rule 14 if, as a result of our Company purchasing or acquiring our Shares, the voting rights of such Shareholder in our Company would increase to 30.0% or more, or, if such Shareholder holds between 30.0% and 50.0% of our Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of six months.

Based on their shareholding immediately after completion of the Offering and the issue of the Cornerstone Shares and the Consideration Shares as set out in "*Share Capital and Shareholders – Current Shareholders and Vendor*", and assuming that none of their shares are purchased, none of the substantial Shareholders would become obliged to make a take-over offer for our Company under Rule 14 of the Singapore Take-Over Code as a result of the purchase by our Company of the maximum limit of 10.0% of our post-Offering issued Shares.

Shareholders are advised to consult their professional advisors and/or the Securities Industry Council of Singapore at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases by our Company.

Shares Purchased by our Company

No purchases of Shares have been made by our Company in the 12 months preceding the Latest Practicable Date.

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APPENDIX J – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

Applications are invited for the subscription for and/or purchase of the Offering Shares at the Offering Price on the terms and conditions set out below and in the printed application forms to be used for the purpose of the Offering and which forms part of the prospectus (the "**Application Forms**") or, as the case may be, the Electronic Applications (as defined herein).

Investors applying for the Offering Shares by way of Application Forms or Electronic Applications are required to pay, in Singapore dollars, the Offering Price, subject to a refund of the full amount or, as the case may be, the balance of the applications monies (in each case without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and without any right or claim against us, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

(1) The minimum initial subscription is for 1,000 Offering Shares. You may subscribe for or purchase a larger number of Offering Shares in integral multiples of 100. Your application for any other number of Offering Shares will be rejected.

(2) You may apply for the Offering Shares only during the period commencing at 9.00 a.m. on 18 November 2017 and expiring at 12.00 p.m. on 22 November 2017. The Offering period may be extended or shortened to such date and/or time as we and MindChamps Holdings may agree with the Sole Issue Manager, Bookrunner and Underwriter, subject to all applicable laws and regulations and the rules of the SGX-ST.

(3) Your application for the Offering Shares offered:-

(a) in the Public Offering (the "**Public Offer Shares**") may be made by way of the printed **WHITE** Application Forms for Public Offer Shares or by way of Automated Teller Machines ("**ATM**") belonging to the Participating Banks ("**ATM Electronic Applications**") or the Internet Banking ("**IB**") website of the relevant Participating Banks, where available, ("**Internet Electronic Applications**", or the mobile banking interface of DBS Bank ("**mBanking Applications**"), which together with the ATM Electronic Applications and Internet Electronic Applications, shall be referred to as "**Electronic Applications**");

(b) in the Placement (the "**Placement Shares**"), other than the Reserved Shares, may be made by way of the printed **BLUE** Application Forms for Placement Shares (or in such other manner as the Sole Issue Manager, Bookrunner and Underwriter may in its absolute discretion deem appropriate); and

(c) as Reserved Shares may be made by way of the printed **PINK** Reserved Shares Application Forms.

UNLESS PERMISSIBLE IN SUCH OTHER JURISDICTION, YOU MUST BE IN SINGAPORE AT THE TIME OF MAKING THE APPLICATION FOR THE OFFERING SHARES. YOU MAY NOT USE YOUR CENTRAL PROVIDENT FUND OR CPF INVESTIBLE SAVINGS TO APPLY FOR THE OFFERING SHARES.

(4) **Only one application may be made for the benefit of one person for the Public Offer Shares in his own name. Multiple applications for the Public Offer Shares will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

You may not submit multiple applications for the Public Offer Shares whether by way of an Application Form for Public Offer Shares or an Electronic Application. A person who is submitting an application for the Public Offer Shares by way of an Application Form for Public Offer Shares may not submit another application for the Public Offer Shares by way of an Electronic Application and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Shares in his own name should not submit any other applications for the Public Offer Shares, whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Shares shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Shares may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore, and the SFA, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

(5) **Multiple applications may be made in the case of applications by any person for (i) the Placement Shares only (other than the Reserved Shares) (by way of Application Forms for Placement Shares or such other form of application as the Sole Issue Manager, Bookrunner and Underwriter may in its absolute discretion deem appropriate) or (ii) the Placement Shares (other than the Reserved Shares) together with a single application for the Public Offer Shares whether by way of an Application Form for Public Offer Shares or an Electronic Application. Multiple applications may also be made by any person entitled to apply for the Reserved Shares by making a single application for Reserved Shares and (a) a single application for the Public Offer Shares (other than the Reserved Shares), or (b) a single or multiple application(s) for the Placement Shares (whether by way of an Application Form for Placement Shares or such other form of application as the Sole Issue Manager, Bookrunner and Underwriter may in its absolute discretion deem appropriate) or both (a) and (b).**

(6) Applications from any person under the age of eighteen (18) years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.

(7) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.

(8) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 9 below.

(9) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

(10) **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.

(11) Subject to paragraphs 13 to 16 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("**NRIC**") number or passport number or company registration number, nationality or permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.

(12) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address that was last registered with CDP.**

(13) This Prospectus and its accompanying documents (including the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying documents (including the Application Forms) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Without limiting the generality of the foregoing, neither this Prospectus and its accompanying documents (including the Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer of securities for sale or a solicitation of an offer to buy any securities in the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Offering Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and may not be offered or sold within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. The Offering Shares are being offered and sold outside the United States (including institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Offering Shares in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

We and MindChamps Holdings reserve the right to reject any application for the Offering Shares where we and MindChamps Holdings believe or have reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Forms) may treat the same as an offer or invitation to subscribe for and/or purchase any Offering Shares unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

(14) We and MindChamps Holdings reserve the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs and IB websites of the relevant Participating Banks and the mobile banking interface ("**mBanking Interface**") of DBS Bank) or, in the case of an application by way of an Application Form, the contents of which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation.

(15) We and MindChamps Holdings further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof. Without prejudice to the rights of our Company and MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter, as an agent of our Company and MindChamps Holdings, has been authorised to accept, for and on behalf of our Company and MindChamps Holdings, such other forms of application as the Sole Issue Manager, Bookrunner and Underwriter may deem appropriate.

(16) We and MindChamps Holdings reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of our Company, MindChamps Holdings nor the Sole Issue Manager, Bookrunner and Underwriter will entertain any enquiry and/or correspondence on the decision of our Company and MindChamps Holdings. This right applies to applications made by way of Application Forms of Electronic Applications and by such other forms of application as the Sole Issue Manager, Bookrunner and Underwriter may, in consultation with our Company and MindChamps Holdings, deem appropriate. In deciding the basis of allocation, our Company and MindChamps Holdings, in consultation with the Sole Issue Manager,

Bookrunner and Underwriter, will give due consideration to the desirability of allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for the Offering Shares.

(17) In the event that we and MindChamps Holdings lodge a supplementary or replacement prospectus ("**Relevant Document**") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Offering, and the Offering Shares have not been issued and/or transferred to you, our Company and MindChamps Holdings will (as required by law) at our Company's and MindChamps Holdings' sole and absolute discretion either:

(a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make the Relevant Document available to you within a reasonable period of time if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(b) within seven (7) days of the lodgment of the Relevant Document, provide you with a copy of the Relevant Document and provide you with an option to withdraw your application; or

(c) treat your application as withdrawn and cancelled and refund all monies paid in respect of your application (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) to you within seven (7) days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(a) and 17(b) above to withdraw his application shall, within fourteen (14) days from the date of lodgment of the Relevant Document, notify us and MindChamps Holdings of this, whereupon we and MindChamps Holdings shall, within seven (7) days from the receipt of such notification, return to the applicant all monies paid by such applicant in respect of such application (without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) to the applicant.

(18) In the event that the Offering Shares have already been issued and/or transferred at the time of the lodgment of the Relevant Document but trading has not commenced, we and MindChamps Holdings will (as required by law) either:

(a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to us the Offering Shares which you do not wish to retain title in and take all reasonable steps to make the Relevant Document available to you within a reasonable period of time if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(b) within seven (7) days from the lodgment of the Relevant Document, provide you with a copy of the Relevant Document and provide you with an option to return to us and MindChamps Holdings those Offering Shares which you do not wish to retain title in; or

(c) subject to compliance with Singapore's Companies Act and our Constitution, treat the issue and/or transfer of the Offering Shares as void and return all monies paid in respect of your application (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) within seven (7) days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 18(a) and 18(b) above to return the Offering Shares issued and/or transferred to him shall, within fourteen (14) days from the date of lodgment of the Relevant Document, notify us and MindChamps Holdings of this and return all documents, if any, purporting to be evidence of title of those Offering Shares to us and MindChamps Holdings, whereupon we and MindChamps Holdings shall, within seven (7) days from the receipt of such notification and documents, if any, return to the applicant all monies paid by such applicant for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter), and the Offering Shares issued and/or transferred to him shall be treated as void.

Additional terms and instructions applicable upon the lodgment of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

(19) The Offering Shares may be reallocated between the Placement and the Public Offering for any reason, including in the event of excess applications in one and a deficit of applications in the other at the discretion of the Sole Issue Manager, Bookrunner and Underwriter, in consultation with our Company and MindChamps Holdings, subject to any applicable laws.

(20) Subject to your provision of a valid and correct CDP Securities Account number, share certificates in respect of the Offering Shares will be registered in the name of CDP or its nominee and will be forwarded only to CDP. If your application is successful, it is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Offering Shares, a statement of account stating that your CDP Securities Account has been credited with the number of Offering Shares allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company and/or MindChamps Holdings. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Offering Shares allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.

(21) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Offering Shares allocated to you pursuant to your application, to our Company MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter and any other parties so authorised by CDP, our Company, MindChamps Holdings and/or the Sole Issue Manager, Bookrunner and Underwriter.

(22) Any reference to "you" or the "Applicant" in this Appendix shall include an individual, a corporation, an approved nominee company and trustee applying for the Offering Shares by way of an Application Form or by way of Electronic Application or by such other manner as the Sole Issue Manager, Bookrunner and Underwriter may, in its absolute discretion, deem appropriate.

(23) By completing and delivering an Application Form and, in the case of: (i) an ATM Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM, (ii) in the case of an Internet Electronic Application or mBanking Application, by clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other button on the IB website screen of the relevant Participating Bank or the mBanking Interface of DBS Bank in accordance with the provisions therein, you:

(a) irrevocably agree and undertake to purchase the number of Offering Shares specified in your application (or such smaller number for which the application is accepted) at the Offering Price and agree that you will accept such number of Offering Shares as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and its accompanying documents (including the Application Forms), as well as the Constitution of the Company;

(b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Form) and those set out in the IB websites or ATMs of the relevant Participating Banks or the mBanking Interface of DBS Bank, the terms and conditions set out in this Prospectus and its accompanying documents (including the Application Forms) shall prevail;

(c) in the case of an application by way of an Application Form for Public Offer Shares or an Electronic Application, agree that the Offering Price for the Public Offer Shares applied for is due and payable to us and MindChamps Holdings upon application;

(d) in the case of an application by way of an Application Form for Placement Shares (other than the Reserved Shares) or such other forms of application as the Sole Issue Manager, Bookrunner and Underwriter may in its absolute discretion deem appropriate, agree that the aggregate Offering Price for the Placement Shares (other than the Reserved Shares) applied for is due and payable to us and MindChamps Holdings upon application;

(e) in the case of an application by way of an Application Form for Reserved Shares or such other forms of application as the Sole Issue Manager, Bookrunner and Underwriter may in its absolute discretion deem appropriate, agree that the aggregate Offering Price for the Reserved Shares applied for is due and payable to us and MindChamps Holdings upon application;

(f) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by us, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter in determining whether to accept your application and/or whether to allocate any Offering Shares to you;

(g) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, share application amount, share application details, the outcome of your application (including the number of Offering Shares allocated to you pursuant to your application) and other personal data ("**Personal Data**") by the Share Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd ("**SCCS**"), the SGX-ST, the Participating Banks, our Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter and/or other authorised operators (the "**Relevant Parties**") for the purpose of the processing of your application for the Offering Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**") and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Sole Issue Manager, Bookrunner and Underwriter considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the "**Personal Data Privacy Terms**");

(h) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, MindChamps Holdings, nor the Sole Issue Manager, Bookrunner and Underwriter will infringe any such laws as a result of the acceptance of your application;

(i) agree and confirm that you are not a US person and that you are outside the United States (within the meaning of Regulation S); and

(j) understand that the Offering Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States or for the account or benefit of US persons except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. There will be no public offer of the Offering Shares in the United States and the Offering Shares are only being offered and sold outside the United States in reliance on, Regulation S or pursuant to another exemption. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

(24) Acceptance of applications will be conditional upon, among others, our Company and MindChamps Holdings being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for the quotation of all our issued Shares, the Offering Shares, the Cornerstone Shares, the Consideration Shares, the Performance Shares and the Option Shares on the Mainboard of the SGX-ST;

(b) the Underwriting Agreement, referred to in "*Plan of Distribution*", has become unconditional and has not been terminated; and

(c) the MAS has not served a stop order pursuant to Section 242 of the SFA directing that no or no further Offering Shares to which this Prospectus relates be allotted, issued or sold ("**Stop Order**"). The SFA provides that the MAS shall not serve a Stop Order if all the Offering Shares have been issued, or sold, and listed for quotation on the SGX-ST and trading in them has commenced.

(25) In the event that a Stop Order in respect of the Shares is served by the MAS or other competent authority, and, subject to the laws of Singapore:

(a) where the Offering Shares have not been issued and/or transferred to the applicants, all applications shall be deemed to be withdrawn and cancelled and we and MindChamps Holdings shall, within 14 days of the date of the Stop Order, return to all applicants all monies paid by the applicants on account of their applications for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom, at their own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter); or

(b) where the Offering Shares have already been issued and/or transferred but trading has not commenced, the issue will be deemed void and we and MindChamps Holdings shall, within seven days of the date of the Stop Order, return to the applicants all monies paid by the applicants on account of their applications for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom, at their own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter).

The above shall not apply where only an interim Stop Order has been served.

(26) In the event that an interim Stop Order in respect of the Shares is served by the MAS or other competent authority, no Offering Shares shall be issued and/or transferred to you until the MAS revokes the interim Stop Order. The MAS is not able to serve a Stop Order in respect of the Offering Shares if the Offering Shares have been issued and listed on the SGX-ST and trading in them has commenced.

(27) Additional terms and conditions for applications by way of Application Forms are set out in "*– Additional Terms and Conditions for Applications using Printed Application Forms*" on pages J-10 to J-13 of this Prospectus.

(28) Additional terms and conditions for applications by way of Electronic Applications are set out in the "*– Additional Terms and Conditions for Electronic Applications*" on pages J-16 to J-23 of this Prospectus.

(29) All payments in respect of any application for Public Offer Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(30) All payments in respect of any application for Placement Shares (other than the Reserved Shares), and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(31) All payments in respect of any application for Reserved Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(32) No application will be held in reserve.

(33) This Prospectus is dated 17 November 2017. No Offering Shares shall be allotted and/or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the MAS.

Additional Terms and Conditions for Applications using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including, but not limited to, the terms and conditions set out below, in and elsewhere in this Appendix and the Constitution of our Company.

(1) Applications for the Public Offer Shares must be made using the printed **WHITE** Application Forms for Public Offer Shares and printed **WHITE** official envelopes "A" and "B", accompanying and forming part of this Prospectus.

Applications for the Placement Shares (other than the Reserved Shares) must be made using the printed **BLUE** Application Forms for Placement Shares (or in such manner as the Sole Issue Manager, Bookrunner and Underwriter may, in their absolute discretion, deem appropriate), accompanying and forming part of this Prospectus.

Applications for the Reserved Shares must be made using the printed **PINK** reserved Shares Application Forms (or in such manner as the Sole Issue Manager, Bookrunner and underwriter may, in their absolute discretion, deem appropriate), accompanying and forming part of this Prospectus.

Without prejudice to the rights of our Company, MindChamps Holdings, and the Sole Issue Manager, Bookrunner and Underwriter, the Sole Issue Manager, Bookrunner and Underwriter, as agent of our Company and MindChamps Holdings, has been authorised to accept, for and on behalf of our Company and MindChamps Holdings, such other forms of application, as the Sole Issue Manager, Bookrunner and Underwriter may (in consultation with our Company and MindChamps Holdings) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **Our Company and MindChamps Holdings reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation.**

(2) You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.

(3) You must complete all spaces in your Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" and you must write the words "**NOT APPLICABLE**" or "**N.A.**" in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your constitution or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your constitution or equivalent constitutive documents must be lodged with the Share Registrar. Our Company and MindChamps Holdings reserves the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraph 7(c) or 7(d) on page 1 of the Application Form. Where paragraph 7(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(c) or 7(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

(6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated, established or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Offering Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated, established or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

(7) You may apply and make payment for your application for the Public Offer Shares in Singapore currency using only cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price, in respect of the number of Public Offer Shares applied for. The remittance must be in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**MINDCHAMPS SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any

other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings will be rejected.

No acknowledgement of receipt will be issued for applications and application monies received.

The manner and method for applications and acceptances of payment under the Placement will be determined by the Sole Issue Manager, Bookrunner and Underwriter in its sole discretion.

(8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) to you by ordinary post, in the event of over-subscription for the Public Offer Shares, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account. Where your application is rejected or accepted or in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) to you by ordinary post within 14 Market Days after the close of the Offering, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) will be returned to you within three Market Days after the Offering is discontinued, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

(9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

(10) By completing and delivering the Application Form, you agree that:

(a) in consideration of us and MindChamps Holdings having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:

(i) your application is irrevocable;

(ii) your remittance will be honoured upon its first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter;

(iii) you represent and agree that you are not a U.S. person and that you are located outside the United States (within the meaning of Regulation S); and

(iv) you understand that the Offering Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to state securities laws. Accordingly, there will be no public offer of the Offering Shares in the United States and the Offering Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance of, Regulation S or pursuant to another exemption.

(b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Public Offer Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of our Company and MindChamps Holdings and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company and MindChamps Holdings;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of our Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other person involved in the Offering shall have any liability for any information not contained therein;

(f) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;

(g) for the purpose of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company and MindChamps Holdings, of your Personal Data to the Relevant Persons in accordance with the Personal Date Privacy Terms; and

(h) you irrevocably agree and undertake to subscribe for and/or purchase the number of Public Offer Shares applied for as stated in the Application Form or any smaller number of such Public Offer Shares that may be allocated to you in respect of your application. In the event that our Company and MindChamps Holdings decide to allocate any smaller number of Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final.

Procedures Relating to Applications for the Public Offer Shares by Way of Printed Application Forms

(1) Your application for the Public Offer Shares by way of printed Application Forms **MUST** be made using the **WHITE** Application Form for Public Offer Shares and **WHITE** official envelopes "**A**" and "**B**".

(2) You must:

(a) enclose the **WHITE** Application Form for Public Offer Shares, duly completed and signed, together with the correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the **WHITE** official envelope "**A**" provided;

(b) in appropriate spaces on the **WHITE** official envelope "**A**":

(i) write your name and address;

(ii) state the number of Public Offer Shares applied for; and

(iii) tick the relevant box to indicate form of payment;

(c) **SEAL THE WHITE OFFICIAL ENVELOPE "A"**;

(d) write, in the special box provided on the larger **WHITE** official envelope "**B**" addressed to MindChamps PreSchool Limited, c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898, the number of Public Offer Shares you have applied for;

(e) insert the WHITE official envelope "**A**" into the **WHITE** official envelope "**B**" and seal the **WHITE** official envelope "**B**"; and

(f) affix adequate Singapore postage on the **WHITE** official envelope "**B**" (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to MindChamps PreSchool Limited, c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898, so as to arrive by 12.00 p.m. on 22 November 2017 or such other date(s) and time(s) as our Company and MindChamps Holdings may agree with the Sole Issue Manager, Bookrunner and Underwriter. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation are liable to be rejected. Except for application for the Placement Shares where remittance is permitted to be submitted separately, applications for the Public Offer Shares not accompanied by any payment or any other form of payment will not be accepted.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Placement Shares (other than the Reserved Shares) by Way of Printed Application Forms

(1) Your application for the Placement Shares by way of printed Application Forms must be made using the **BLUE** Application Form for Placement Shares.

(2) The completed and signed **BLUE** Application Form for Placement Shares and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, as the case may be, for each Placement Share in respect of the number of Placement Shares applied for, with your name, Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be despatched by ordinary post or delivered by hand, at your own risk, to MindChamps PreSchool Limited, c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898, to arrive by 12.00 p.m. on 22 November 2017 or such other date(s) and time(s) as our Company and MindChamps Holdings may agree with the Sole Issue Manager, Bookrunner and Underwriter. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn remittance or a remittance which is not honoured upon its first presentation are liable to be rejected.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Reserved Shares by Way of Printed Application Forms

(1) Your application for the Reserved Shares by way of printed Application Forms must be made using the **PINK** Application Form for Reserved Shares.

(2) The completed and signed **PINK** Application Form for Reserved Shares and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, as the case may be, for each Reserved Share in respect of the number of Reserved Shares applied for, with your name, Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be despatched by ordinary post or delivered by hand, at your own risk, to MindChamps PreSchool Limited, c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898, to arrive by 12.00 p.m. on 22 November 2017 or such other date(s) and time(s) as our Company may agree with the Sole Issue Manager, Bookrunner and Underwriter. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn remittance or a remittance which is not honoured upon its first presentation are liable to be rejected.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including, but not limited, to the terms and conditions set out below and elsewhere in this Appendix, as well as the Constitution of the Company.

(1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the mBanking Interface of DBS Bank (in the case of mBanking Applications). Currently, DBS Bank, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited are the Participating Banks through which Internet Electronic Applications may be made and DBS Bank is the only Participating Bank through which mBanking Applications may be made.

(2) For illustration purposes, the procedures for Electronic Applications for Public Offer Shares through ATMs and the IB website and the mBanking Interface of DBS Bank (together the "**Steps**") are set out in pages J-23 to J-29 of this Prospectus. The Steps set out the actions that you must take at ATMs or the IB website or the mBanking Interface of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks or the mBanking Interface of DBS Bank are set out on the ATM screens or the IB website screens of the respective Participating Banks or the mBanking Interface of DBS Bank. Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Forms), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

(3) Any reference to "you" or the "Applicant" in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Shares through an ATM of one of the relevant Participating Banks or the IB website of a relevant Participating Bank or the mBanking Interface of DBS Bank.

(4) If you are making an ATM Electronic Application:

    (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Shares at an ATM belonging to other Participating Banks.

    (b) You must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

    (c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("**Transaction Record**"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

(5) If you are making an Internet Electronic Application or an mBanking Application:

(a) You must have an existing bank account with, and a User Identification ("**User ID**") as well as a Personal Identification Number ("**PIN**") given by, the relevant Participating Bank.

(b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.

(c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or your mBanking Application through the mBanking Interface of DBS Bank, there will be an on-screen confirmation ("**Confirmation Screen**") of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

(6) In connection with your Electronic Application for Public Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

(a) that you have received a copy of the Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Shares and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

(b) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;

(c) that, for the purposes of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company and MindChamps Holdings, of your Personal Data from your records with the Relevant Participating Bank to the Relevant Parties in accordance with the Personal Data Privacy Terms; and

(d) where you are applying for the Public Offer Shares, that this is your only application for the Public Offer Shares and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank. By doing so, you shall be treated as signifying your confirmation of each of the four statements above. In respect of statement 6(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Personal Data relating to your account(s) with that Participating Bank to the Relevant Parties.

By making an Electronic Application you confirm that you are not applying for the Public Offer Shares as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Shares and shall not make any other application for the Public Offer Shares whether at the ATMs of any Participating Bank, the IB websites of the relevant Participating Banks or the mBanking Interface of DBS Bank or by way of an the Application Form. Where you have made an application for the Public Offer Shares by way of an Application Form, you shall not make an Electronic Application for the Public Offer Shares and vice versa.

(7) You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which such Electronic Application will not be completed. Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank or the mBanking Interface of DBS Bank, as the case may be, through which your Electronic Application is being made, shall be rejected.

(8) You may apply and make payment for your application for the Public Offer Shares in Singapore currency in cash only. You may apply and make payment for your application in Singapore currency through any ATM or IB website of your Participating Bank or the mBanking Interface of DBS Bank (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

(9) You irrevocably agree and undertake to subscribe for and/or purchase and to accept the number of Public Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event that our Company and MindChamps Holdings decides to allocate any lesser number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank) of the number of Public Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Public Offer Shares that may be allocated to you and your agreement to be bound by the Constitution of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the transfer of the Public Offer Shares that may be allocated to you.

(10) Our Company and MindChamps Holdings will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Where your Electronic Application is accepted or rejected in full or in part only, the balance of the application monies, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) to you by being automatically credited to your account with your Participating Bank, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

In the case of the Public Offering, if the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) will be returned to you within three Market Days after the Offering is discontinued, provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Shares, if any, allocated to you before trading the Shares on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, our Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

(11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

(12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank Ltd. (including POSB) ("**DBS Bank**")	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	IB http://www.dbs.com[(1)]	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited ("**OCBC**")	1800 363 3333	Phone Banking/ATM/IB http://www.ocbc.com[(2)]	24 hours a day	Evening of the balloting day
United Overseas Bank Limited ("**UOB**")	1800 222 2121	ATM (Other Transactions "IPO Results Enquiry")/Phone Banking/IB http://www.uobgroup.com[(3)]	24 hours a day	Evening of the balloting day

Note:

(1) Applicants who have made Internet Electronic Applications through the IB websites of DBS Bank or mBanking Applications through the mBanking Interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.

(2) Applicants who have made Electronic Applications through the ATMs or the IB website of OCBC may check the results of their applications through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking services.

(3) Applicants who have made Electronic Applications through the ATMs or the IB website of UOB may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.

(13) ATM Electronic Applications shall close at 12.00 p.m. on 22 November 2017 or such other date(s) and time(s) as our Company and MindChamps Holdings may agree with the Sole Issue Manager, Bookrunner and Underwriter. All Internet Electronic Applications and mBanking Applications must be received by 12.00 p.m. on 22 November 2017, or such other date(s) and time(s) as our Company and MindChamps Holdings may agree with the Sole Issue Manager, Bookrunner and Underwriter. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.

(14) You are deemed to have irrevocably requested and authorised our Company and MindChamps Holdings to:

(a) register the Public Offer Shares allocated to you in the name of CDP for deposit into your Securities Account;

(b) send the relevant Share certificate(s) to CDP;

(c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) the full amount of the application monies, should your Electronic Application be unsuccessful, or if the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank, with the relevant amount within 24 hours after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account; and

(d) return or refund (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, MindChamps Holdings or the Sole Issue Manager, Bookrunner and Underwriter) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank, with the relevant amount within 14 Market Days after the close of the Offering, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account.

(15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, our Company, MindChamps Holdings and the Sole Issue Manager, Bookrunner and Underwriter, and if, in any such event, our Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter and/or the relevant Participating Bank for any Public Offer Shares applied for or for any compensation, loss or damage.

(16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. Our Company and MindChamps Holdings shall reject any application by any person acting as nominee (other than approved nominee companies).

(17) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.

(18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(19) By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of our Company and MindChamps Holdings making available the Electronic Application facility, through the Participating Banks acting as agents of our Company and MindChamps Holdings, at the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank:

(i) your Electronic Application is irrevocable;

(ii) your Electronic Application, the acceptance by our Company and MindChamps Holdings and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(iii) you represent and agree that you are not a U.S. person and that you are not located in the United States (within the meaning of Regulations S); and

(iv) you understand that the Offering Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the regulation requirements of the Securities Act and applicable state securities laws. Accordingly, there will be no public offer of the Offering Shares in the United States and the Offering Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S or pursuant to another exemption.

(b) none of our Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company, MindChamps Holdings, CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;

(c) in respect of the Public Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and MindChamps Holdings and not otherwise, notwithstanding any payment received by or on behalf of our Company and MindChamps Holdings;

(d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of our Company, MindChamps Holdings, the Sole Issue Manager, Bookrunner and Underwriter or any other person involved in the Offering shall have any liability for any information not contained therein; and

(f) you irrevocably agree and undertake to subscribe for and/or purchase the number of Public Offer Shares applied for as stated in your Electronic Application or any smaller number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event our Company and MindChamps Holdings decides to allocate any smaller number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final.

Steps for ATM Electronic Applications for Public Offer Shares through ATMs of DBS (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "amt", "appln", "&", "I/C", "No.", "SGX" and "Max" refer to "Account", "amount", "application", "and", "NRIC", "Number", "the SGX-ST" and "Maximum", respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB)), may differ slightly from those represented below.

Step 1: Insert your personal DBS Bank or POSB ATM Card.

2: Enter your Personal Identification Number.

3: Select "MORE SERVICES".

4: Select language (for customers using multi-language card).

5: Select "ESA-IPO/Rights Appln/Bonds/SSB/SGS/INVESTMENTS".

6: Select "ELECTRONIC SECURITIES APPLN (IPOS/BONDS/SECURITIES)".

7: Read and understand the following statements which will appear on the screen:

- (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE

STATEMENT) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH CAN BE OBTAINED FROM THE ISSUE MANAGER(S) OR, AS THE CASE MAY BE, THE MANAGER(S) FOR THE OFFER, OR IF APPLICABLE, DBS/POSB BRANCHES IN SINGAPORE AND THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS. WHERE APPLICABLE, A COPY OF THE SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH ARE AVAILABLE ON OUR WEBSITE HAS BEEN ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT TO BE LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED AND DOES NOT REQUIRE A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE RELEVANT SECURITIES EXCHANGE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A

NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES SHOULD READ THE NOTICE/CIRCULAR/DOCUMENT BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

8: Select "MINDCHAMPS" to display details.

9: Press the "ENTER" key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/ DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/ PRODUCTS HIGHLIGHT SHEET AND/OR NOTICE CIRCULAR.

- FOR THE PURPOSES OF FACILITATING YOUR APPLICATION, YOU CONSENT TO THE BANK COLLECTING YOUR NAME, NRIC/PASSPORT NUMBER, ADDRESS, NATIONALITY, CDP SECURITIES ACCOUNT NUMBER, CPF INVESTMENT ACCOUNT NUMBER, APPLICATION DETAILS AND OTHER PERSONAL DATA AND DISCLOSING THE SAME FROM OUR RECORDS TO SHARE REGISTRARS OF SECURITIES OF THE ISSUER, SGX, CDP, CPF, ISSUER/VENDOR(S) AND ISSUE MANAGER(S).

- THIS APPLICATION IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- FOR FIXED AND MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.

- FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/ PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/ OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/ SIMPLIFIED DISCLOSURE DOCUMENT AND/OR NOTICE/CIRCULAR.

- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY, YOU MAY BE ALLOTED/ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR.

10: Select your nationality.

11: Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

12: Enter the number of securities you wish to apply for using cash.

13: Enter or confirm (if your CDP Securities Account number has already been stored in DBS's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your CDP Securities Account Number has already been stored in DBS Bank's records).

14: Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.

15: Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Public Offer Shares through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

Step 1: Click on DBS Bank website (www.dbs.com).

2: Login to Internet banking.

3: Enter your User ID and PIN.

4: Enter your DBS iB Secure PIN.

5: Select "Electronic Security Application (ESA)".

6: Click "Yes" to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Bank Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")).

7: Select your country of residence and click "Next".

8: Click on "MINDCHAMPS" and click "Next".

9: Click on "Next" to confirm, among others:

- You have read, understood and agreed to all terms of application set out in the Prospectus/Offer Information Statement/Document/Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement.

- For the purposes of facilitating your application, you consent to the Bank collecting and using your name, I/C or Passport No., address, nationality, CDP Securities Account number, CPF investment account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, SCCS, CDP, CPF, issuer/vendor and issue manager(s).

- You are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "U.S. person" (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.

- For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

- For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the term of application and the time of refund of application monies may result in either a foreign exchange profit or loss. Alternatively, application monies may be debited and refunds credited in S$ at the same exchange rate.

- For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

10: Fill in details for securities application and click "Next".

11: Check the details of your securities application, your CDP Securities A/C No. and click "Confirm" to confirm your application.

12: Print the Confirmation Screen (optional) for your reference and retention only.

Steps for mBanking Applications for Public Offer Shares through the mBanking Interface of DBS Bank

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated from ("A/C", "&", "amt", "I/C", "SGX" and "No." refer to "Account", "and", "Amount", "NRIC", "SGX-ST" and "Number", respectively).

Step 1: Click on DBS Bank mBanking application using your User ID and PIN.

2: Select "Investment Services".

3: Select "Electronic Securities Application".

4: Select "Yes" to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933 as amended).

5: Select your country of residence.

6: Select "MINDCHAMPS".

7: Select "Yes" to confirm, among others:

- You have read, understood and agreed to all terms of application set out in the Prospectus/Offer Information Statement/Document/Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement.

- For the purposes of facilitating your application, you consent to the Bank collecting and using your name, NRIC/passport number, address, nationality, CDP Securities Account Number, CPF Investment Account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, SCCS, CDP, CPF, issuer/vendor(s) and issue manager(s).

- You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "US person" (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.

- For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

- FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss. Alternatively, application monies may be debited and refund credited in S$ at the same exchange rate.

- FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

8: Fill in details for securities application and click "Submit".

9: Check the details of your securities application, your CDP Securities Account No. and click "Confirm" to confirm your application.

10: Where applicable, capture Confirmation Screen (optional) for your reference and retention only.

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