MindChamps® preschool

ANNUAL REPORT 2017

LARGEST OPERATOR AND FRANCHISOR OF PREMIUM RANGE PRESCHOOL CENTRES IN SINGAPORE

Our Vision
To nurture the power of human potential for a better tomorrow

Our Mission
To build a world of MindChampions who possess the 3 Minds (Champion, Learning & Creative Minds) and are empowered with the mindset of 100% RESPECT, Zero Fear

Social Charter
Education Enables
MindChamps is committed to the creation of educational opportunities where they would not otherwise exist.

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*DBS Bank Ltd. was the sole issue manager, bookrunner and underwriter (the "**Sole Issue Manager, Bookrunner and Underwriter**") for the initial public offering of shares in, and listing of, the Company on the Mainboard of the SGX-ST in November 2017. The Sole Issue Manager, Bookrunner and Underwriter assumes no responsibility for the contents of this annual report.*

CORPORATE PROFILE

TAKING THE MINDCHAMPS EDUCATION MOVEMENT FROM SINGAPORE TO THE WORLD

The only preschool brand to be listed on the Singapore Exchange with stature to command the world stage

MindChamps PreSchool grew from a vision to provide the world's best early childhood curriculum and care.

First launched as an educational research centre in Sydney, Australia in 1998. MindChamps established its global headquarters in Singapore in 2002.

MindChamps is helmed by a highly-experienced management team and an esteemed World Advisory Board, chaired by world-renowned neuroscientist Professor Emeritus Allan Snyder (Fellow of the Royal Society).

MindChamps is the only educational institute to collaborate with Professor Snyder on the empirical research of the 3 Minds model of education – the Champion, the Creative and the Learning Minds, which is uniquely built into the MindChamps curriculum.

Its cutting-edge 'Learning How-to-learn' and 'Champion Mindset' programmes introduced a unique approach to learning, and MindChamps rapidly grew to become a leader in the field of enrichment programmes for primary to tertiary school students.

Today, MindChamps PreSchool holds the Number One position in market share of premium range preschools in Singapore. Its growing global presence includes premium preschools and enrichment centres in Australia, UAE, Philippines and soon Vietnam, Myanmar and China.

Founder Chief Executive Officer & Executive Chairman, Mr David Chiem Phu An and MindChamps Chair of Research, Professor Emeritus Allan Snyder (Fellow of the Royal Society) at The University of Sydney, Australia

AWARDS AND ACCOLADES

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

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

Most notably, MindChamps PreSchool clinched 8th position in the prestigious 2017 Enterprise 50 Awards. The annual award is jointly organised by The Business Times and KPMG, and supported by the International Enterprise Singapore, Singapore Business Federation, Singapore Exchange and SPRING Singapore. MindChamps was a first-time entrant in the award which recognises organisations that have contributed to economic development in Singapore and overseas.

For the fourth consecutive year, MindChamps was also awarded the Superbrands Mark of Distinction (in the categories of early childhood and enrichment programmes) and the Influential Brands Top Brand Award (Pre-school Education Category) in 2017.

Superbrands is an independent arbiter on branding which identifies the most valued brands internationally, while Influential Brands is a think-tank that raises awareness of desirable brands and identifies and recognises brand excellence.

These awards are testament to the strength and reputation of our brand as reflected by our growing presence and number of preschool centres in Singapore.

This adds on to other honours such as the Dun & Bradstreet Business Eminence Awards (2017). 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).

Our Founder Chief Executive Officer (CEO) & Executive Chairman, 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 Brands Top Brand 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.

David 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, David also received the Entrepreneur of the Year Award – the oldest award in Singapore that honours outstanding local entrepreneurs.

EXECUTIVE CHAIRMAN'S MESSAGE

Dear Valued Shareholders,

Many global leaders have spoken of the need for educational change in the face of rapid and accelerating technological growth. The great news is that at MindChamps, we are ahead of the curve on this issue. I can say this with confidence, because we have been addressing this critical issue for the past 20 years.

MindChamps PreSchool was established in 2008, using the insights and strategies drawn from a decade of extensive research (both empirical and secondary) which has always underpinned our programme-development.

When we began our research in 1998, it was to create educational strategies to fill the gaps which existed in education systems worldwide – gaps which the burgeoning information revolution was exposing at an accelerating rate. What differentiates us – what enables us to maintain our prominence in the field – is our unique synthesis of 'the 3 Minds' model of education.

Our children are our most important resource and if they are to survive and thrive in the unpredictable environment of the 21st Century, the quality of their education is paramount – especially in the early years. This provides us, as leaders in the early childhood education sector, with significant opportunities for growth and expansion.

On behalf of the Board of Directors, I present to you the annual report for the financial year ended 31 December 2017 (FY2017).

The group saw its revenue grow by 24% to $22.8 million, up from $18.4 million in the previous year.

In preparation for our global expansion, to ensure that we were prepared for the internal demands that would accompany it, we have built up both our operations team and our training this year.

In spite of this expenditure, however, through FY2017, the group maintained an operating profit of $6.3 million.

This was before taking into consideration $1.1 million in costs mainly related to the acquisition of early childhood centres in Australia and one-off IPO expenses.

The group also celebrated several milestone firsts, namely winning prominent awards such as the Enterprise 50 Award and the Dun & Bradstreet Business Eminence Award, thus increasing our industry standing globally.

Our strategy of taking the number one position in the premium range Singapore preschool market was designed to provide a strong platform for global expansion. With four centres already in Australia, two in the UAE, three in the Philippines and two more in Vietnam (opening by the second half of 2018), preparations are well underway for our expansion into China in collaboration with our JV Fund Partner China First Capital Group Limited. This fund targets to raise an initial tranche of US$200 million for the acquisition of existing preschools in China – to be converted into MindChamps branded preschools.

I would like to express my appreciation to you, the shareholders, for believing in the MindChamps vision of taking the "3 Minds" movement proudly from Singapore to the world.

Finally, I would also like to thank the Board members for their invaluable insights and counsel throughout the process of our listing.

I look forward to continuing this exciting journey with you all in 2018 and beyond.

Mr David Chiem Phu An
Executive Chairman

BOARD OF DIRECTORS

MR DAVID CHIEM PHU AN

FOUNDER CHIEF EXECUTIVE OFFICER & EXECUTIVE CHAIRMAN

MR DAVID CHIEM has been a **DIRECTOR** of our Company since 25 July 2008.

David's approach of always 'staying ahead of the curve' has taken the organisation from its foundation in 2008 to the number one brand position in the highly-competitive Singapore premium preschool space, and a successful listing on the Singapore Exchange in 2017, creating, in the process, a globally recognised preschool brand.

His vision for MindChamps was to create an organisation to fill the educational gaps and make a difference world-wide. The international expansion of MindChamps PreSchool is the first important step towards achieving that goal.

David has been honoured with numerous awards, including:

1. 2008: *Entrepreneur of the Year* (Rotary~ASME)
2. 2010: *Outstanding Entrepreneur of the Year* (Asia Pacific Entrepreneurship Awards)
3. 2014: *Peak Magazine Top 10 CEOs of the Year*
4. 2016: *CEO Brand Leader of the Year* (Influential Brands®)

The celebrated author of 6 acclaimed books, David came to business after a highly-successful career in the world of theatre and film since he was 14 years old. It was a career that proved the perfect preparation for leading an innovative organisation with depth of research and strategic planning and execution.

David holds a Bachelor of Arts in Communication from the University of Technology, Sydney and a Specialist Certificate in Producing from the Australian Film Television and Radio School.

He is also Chairman of Actors Centre Australia, one of the top acting schools in Australia, with Hugh Jackman as its patron.

MR PHILIP ANTONY JEYARETNAM

LEAD INDEPENDENT DIRECTOR

MR PHILIP ANTONY JEYARETNAM was appointed as our **LEAD INDEPENDENT DIRECTOR** on 8 November 2017. 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.

MS CATHERINE DU
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 1 June 2010.

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. She was the interim Chief Executive Officer of MindChamps Australia during its setup phase.

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 Pte Limited (from 2007 to 2008 and 2012 to 2016).

Ms Du was also an accountant at QBE Insurance Ltd from 1994 to 1998.

MS JANICE WU SUNG SUNG
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 20 August 2014. Ms Wu joined Singapore Press Holdings Limited ("SPH") 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 deal terms and structure, due diligence and supervision of valuation analysis. Ms Wu also heads the Corporate Planning and Risk functions and oversees SPH's venture capital fund, SPH Ventures.

Prior to joining Singapore Press Holdings, she was a legal counsel in the Ministry of Defence and in private practice. She is currently a director of several companies, including SGCM Pte. Ltd., SPH Interactive International Pte. Ltd. and The Seletar Mall Pte. Ltd. and SPH's joint venture companies for the mixed development at Bidadari estate.

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.

BOARD OF DIRECTORS

MR LEE SUAN HIANG
INDEPENDENT DIRECTOR

MR LEE SUAN HIANG was appointed as our **INDEPENDENT DIRECTOR** on 8 November 2017. 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.

MR PHUA CHIN CHOR
INDEPENDENT DIRECTOR

MR PHUA CHIN CHOR was appointed as our **INDEPENDENT DIRECTOR** on 8 November 2017. He has more than 30 years of experience in the technology, media and telecommunications sector, serving as the Chief Financial Officer of Singapore Computer Systems Ltd (SCS) from 2005 up till its acquisition by NCS Pte Ltd, a wholly owned subsidiary of Singtel, in 2008. He was then appointed as Chief Financial Officer of NCS Pte Ltd until 2013. Prior to joining SCS, he was the Senior Vice President of MediaCorp Pte Ltd from 2001 to 2005 and Director of Finance (Asia) for EDS International (Singapore) Pte Ltd from 1993 to 2001.

Mr Phua holds a Bachelors of Accountancy from the then 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. He was previously a member of the Chartered Institute of Management Accountants of the United Kingdom.

BOARD OF DIRECTORS

(front, from left to right) Ms Catherine Du, Mr David Chiem Phu An, Ms Janice Wu Sung Sung
(back, from left to right) Mr Phua Chin Chor, Mr Lee Suan Hiang, Mr Philip Antony Jeyaretnam

EXECUTIVE OFFICERS

MR DAVID CHIEM PHU AN

FOUNDER CHIEF EXECUTIVE OFFICER & EXECUTIVE CHAIRMAN

MR DAVID CHIEM is our **FOUNDER CEO & EXECUTIVE CHAIRMAN** since the company's creation in 2008. See "Board of Directors".

MR TEO WEE JONE

CHIEF FINANCIAL OFFICER

MR TEO WEE JONE is our **CHIEF FINANCIAL OFFICER**. He joined MindChamps in 2008 and was promoted to Chief Financial Officer in 2010, where he is responsible for our financial management, taxation and corporate acquisition initiatives.

Mr Teo 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.

MS PEH POH GEOK

CHIEF BRAND OFFICER &
GROUP GENERAL MANAGER

MS PEH POH GEOK is our **CHIEF BRAND OFFICER & 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 responsible for driving the visibility, values and strength of the brand across all touch-points in Singapore and across the world. Under her dynamic leadership, MindChamps received the following branding and marketing accolades:

- The Influential Brands Top Brand Award (Pre-school Education Category). MindChamps has won this award for 4 consecutive years, 2014-2017, as a top-of-the-mind brand that is well-loved and voted for by Gen Y parents;
- The Superbrands Mark of Distinction from 2014-2017 (Early Learning and Preschool category), its 4th consecutive award from Superbrands;
- The Established Brand – Singapore Prestige Brand Award 2011, organised by the Association of Small and Medium Enterprises and Chinese Newspaper Lianhe Zaobao.

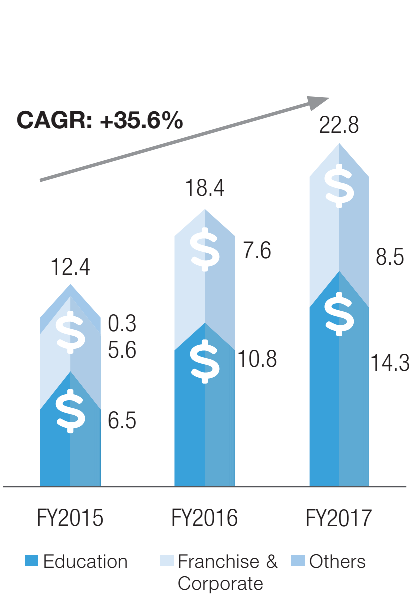
Ms Peh is a highly experienced strategic leader in branding, sales, marketing, business growth and operations in Singapore and the region, having been Marketing Director at Sentosa Development Corporation from 1997 to 2003 prior to joining MindChamps.

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.

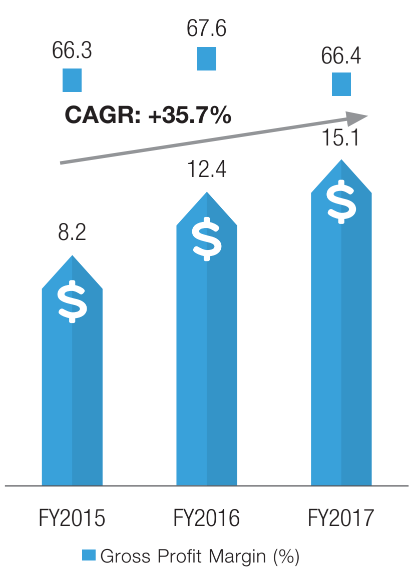
FINANCIAL HIGHLIGHTS

(i) Healthy Operating Performance

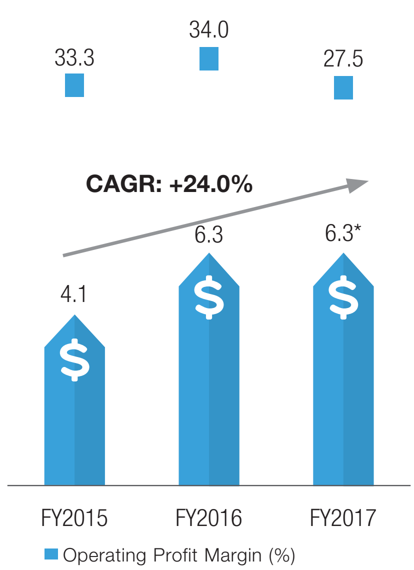
REVENUE ($M)



GROSS PROFIT ($M) **AND GROSS PROFIT MARGIN** (%)



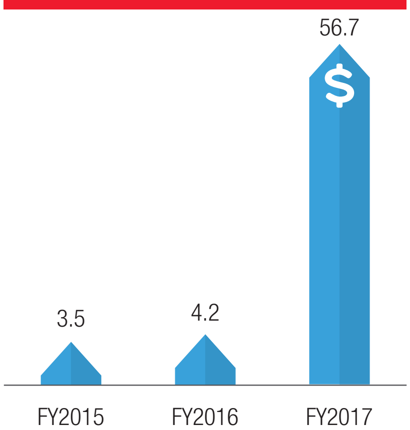
OPERATING PROFIT ($M) **OPERATING PROFIT MARGIN** (%)



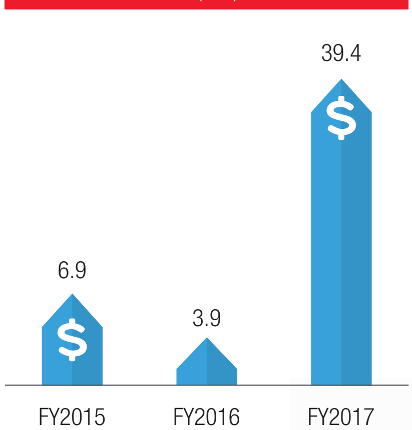
* Excluding IPO and Mergers and Acquisitions Expenses

(ii) Solid Financial Position

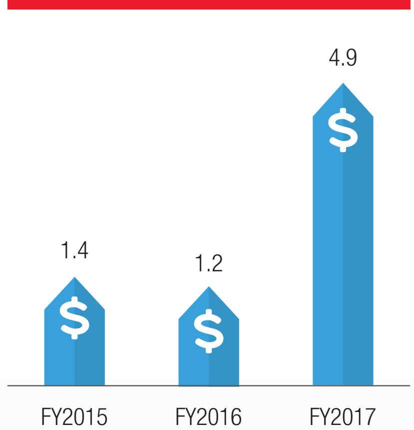
NET ASSETS ($M)



CASH AND CASH EQUIVALENTS ($M)



QUICK RATIO (LIQUIDITY)



FINANCIAL HIGHLIGHTS

SUMMARY OF KEY FINANCIALS

OPERATING RESULTS	2017 ($'000)	2016 ($'000)
Revenue	**22,791**	18,418
Gross profit	**15,135**	12,444
Operating EBITDA	**7,152**	6,806
Operating profit	**6,275**	6,269
Profit before tax	**5,202**	6,280
Operating cash inflow	**5,494**	3,975

FINANCIAL POSITION	2017 ($'000)	2016 ($'000)
Current assets	**47,411**	9,358
Non-current assets	**23,792**	6,576
Current liabilities	**9,718**	7,831
Non-current liabilities	**4,817**	3,938
Net assets	**56,668**	4,165

REVENUE CONTRIBUTION BY SEGMENT	2017 ($'000)	2016 ($'000)
Education	**14,313**	10,840
Franchise & Corporate	**8,478**	7,559
Others	**–**	19

OPERATING EBITDA BY SEGMENT	2017 ($'000)	2016 ($'000)
Education	**4,271**	3,749
Franchise & Corporate	**2,888**	3,081
Others	**(7)**	(24)

OPERATIONAL AND FINANCIAL REVIEW

A YEAR OF MANY FIRSTS

2017 was an exciting and fulfilling time for MindChamps PreSchool, as it was an amazing year filled with many firsts.

Together the team achieved some remarkable milestones:

- Opening our First centre in the **UAE**.
- First-time winner at the inaugural **Dun & Bradstreet Business Eminence Awards**, the only education provider amongst all the winning organisations. This award was in recognition for our business growth and profitability over the past year.

MindChamps Nursery at Abu Dhabi

- First-time winner at the **Enterprise 50 (E50) Awards**, taking **8th position** among other top performing organisations across all industries.

  To achieve this, MindChamps PreSchool went through a rigorous assessment process and scrutiny by judges from KPMG, The Business Times, International Enterprise (IE) Singapore, Singapore Business Federation, and SPRING Singapore, who evaluated MindChamps PreSchool against a set of quantitative and qualitative criteria.
- First preschool to have won the **Superbrands Mark of Distinction Award** 4 years in a row.
- First preschool to be **voted the No.1 Choice by Singapore Parents** and awarded the **Influential Brands Top Brand – Winner**, 4 years in a row. The selection criteria for the Influential Brands is backed by more than 5 years of consumer insights and surveys covering 5 countries and more than 5,000 participants.
- First to launch the **global event – "I'm Proud of You" Day**. The movement kicked off in Singapore, with over 15,000 in attendance, giving parents the opportunity to appreciate their children's little victories and encourage them to spend quality time with their young kids.

MindChamps PreSchool Limited IPO listing ceremony at SGX

Mrs Carmee Lim, MindChamps Mentor Principal, dancing with our mascots, Luv & Lyte, and our young Champs at "I'm Proud of You" Day at Singapore Expo

Apart from the many firsts, we also grew;

5 new PreSchool Centres in Singapore

- One Raffles Place
- Raffles Town Club
- Cecil Street (Chinese PreSchool)
- Thomson (Chinese PreSchool)
- Concorde Hotel

4 new Early Learning Centres in Australia

- Broadway
- Cherrybrook
- Eastwood
- Hornsby

1 new International PreSchool Centre in the Philippines

- Nuvali

Our global family now consists of 48 early childhood centres and 12 Reading & Writing centres, spanning 4 countries.

MindChamps Early Learning @ Hornsby, Australia

OPERATIONAL AND FINANCIAL REVIEW

Signing ceremony with Ms Kyi Kyi Moe, Director of Passion Capital Venture Pte Ltd, master franchisee for Myanmar

Signing ceremony with Mr Pham Tuan Son, Chairman & CEO of Evergrande Group, master franchisee for Vietnam

We will be adding another 2 countries into our network, with the signing of **2 Master Franchises** in Vietnam and Myanmar.

We also welcomed 2 new family members – Makaia and Nupela – both endangered Goodfellow's tree-kangaroos from the Singapore Zoo. We adopted them with the help of our Champs as part of our social charter.

To top it all, MindChamps PreSchool became the **first preschool** to be listed on the mainboard of the **Singapore Exchange (SGX)**. Our listing on the SGX attracted a very strong response with the public offering shares 83 times subscribed.

Together we certainly ended 2017 stronger and better able to serve our Champs.

FY2017 FINANCIAL REVIEW

Since February 2017, the management has spent a significant amount of time and effort on the Group's IPO and the preparation for the Group's global expansion post-IPO.

For the financial year ended 31 December 2017, the Group maintained an operating profit of $6.3 million (FY2016: $6.3 million). Taking into consideration the IPO, mergers and acquisitions and other non-operating expenses, which amounted to approximately $1.1 million, the Group recorded a profit before tax of approximately $5.2 million in FY2017.

The key factors contributing to FY2017 financial results are as follow:

(1) Revenue increased by approximately $4.4 million or 24%, from $18.4 million in FY2016 to $22.8 million in FY2017. The increase was mainly attributable to:

   (a) an increase of approximately $3.2 million in school fees, resulting from the increased number of enrolled students following the acquisitions of two centres, MindChamps PreSchool @ Zhongshan Park and MindChamps PreSchool @ Serangoon in FY2016, the commencement of business operation of MindChamps PreSchool @ Leisure Park Kallang in January 2017 and the acquisitions of four preschool businesses in Broadway, Eastwood, Cherrybrook and Hornsby in Australia in November 2017; and

   (b) an increase of approximately $0.6 million in royalty fees received, resulting from the increased number of franchisee-owned-franchisee-operated ("FOFO") centres and the increase of school fees in FY2017.

(2) Cost of sales increased by approximately $1.7 million or 28% from $6.0 million in FY2016 to $7.7 million in FY2017. The increase in our cost of sales was mainly due to higher academic staff costs incurred by the centres indicated in (1)(a) above.

(3) Other income increased by approximately $0.2 million or 19%, from $1.2 million in FY2016 to $1.4 million in FY2017, mainly due to an increase in the service income generated from the provision of services to FOFO centres, as a result of the increased number of FOFO centres in FY2017.

(4) Operating administrative expenses increased by approximately $2.7 million or 39%, from $7.0 million in FY2016 to $9.7 million in FY2017. The increase was mainly attributable to:

   (a) an increase in other administrative costs of approximately $1.3 million incurred by the centres indicated in (1)(a), such as rental, utilities, depreciation, amortisation, repairs and maintenance and other day-to-day running costs; and

   (b) an increase in staff costs of approximately $1.3 million following an increase in the number of staff in FY2017, to support the Group's business expansion overseas and SGX compliance related matters.

(5) Operating marketing expenses increased by approximately $0.2 million or 56%, from $0.4 million in FY2016 to $0.6 million in FY2017. The increase in marketing expenses in FY2017 was in line with the increase in scale of operations and the branding of our overseas business.

MindChamps PreSchool Limited (the "Company" and together with its subsidiaries the "Group") is committed to ensuring and maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2012 (the "Code") and relevant sections of the Listing Manual issued by the Singapore Exchange Securities Trading Limited ("Listing Manual").

The Group's corporate governance practices and processes are guided by the principles and guidelines of the Code since our listing on 24 November 2017 and are continually reviewed for relevance and effectiveness by reference to the legal and regulatory environment in which the Group operates.

This Report sets out the Group's corporate governance practices that were in place since our listing till the financial year ended 31 December 2017 ("FY2017") with reference to the Code. Where there are deviations from any of the guidelines of the Code, an explanation has been provided within this Report.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:

The Company is headed by an effective Board of Directors (the "Board") to lead and control the Company. The Board is collectively responsible for the long-term success of the Company and works with key executives and senior management ("Management") to achieve this objective. Management remains accountable to the Board.

Guideline 1.1 of the Code
Board's Role

The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including risk management systems and internal controls to safeguard shareholders' interests and the Group's assets. All Board members bring their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct and ethics. The Board regularly reviews the Group's strategic business plans, the assessment of key risks by management and operational and financial performance of the Group to enable the Group to meet its objectives.

The primary roles of the Board include the following:

(a) To provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) To establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) To review Management performance;

(d) To identify key stakeholder groups and recognise that their perceptions affect the Group's reputation;

(e) To set the Group's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) To consider sustainability issues as part of its strategy formulation.

Guideline 1.2 of the Code
Directors' Duties and Responsibilities

All Directors discharge their duties and responsibilities objectively by exercising due diligence and independent judgment. Directors are obliged to act in good faith as fiduciaries in the best interests of the Company.

Guideline 1.3 of the Code
Delegation of Authority to Board Committees

The Board has delegated specific responsibilities to three Committees, namely the Audit, Nominating, and Remuneration Committees. Each of these Committees operates under delegated authority from the Board with the Board retaining overall oversight and each has its own terms of reference. Information on each of the three Committees is set out further in this Report.

Guideline 1.4 of the Code
Meetings of Board and Board Committees

The Board is required to meet at least once every quarter to consider the quarterly financial results. The schedule of all the Board and Board Committee meetings for the calendar year is given to all the Directors well in advance.

Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the Company allows Directors to participate in a Board meeting by telephone conference or video-conference. Matters arising from each meeting will be followed-up and reported to the Board. Minutes of all Board Committee and Board meetings are circulated to members for review and confirmation. These minutes could also enable Directors to be kept abreast of matters discussed at such meetings. Besides Board meetings, the Board exercises control on matters that require the Board's deliberation and approval through the circulation of Directors' resolution(s).

The number of Board and Board Committee meetings since the Company's listing up to the date of this report and the attendance of directors during these meetings are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	1	2	1	1
No. of meetings attended by respective Directors				
David Chiem Phu An	1	N.A.	N.A.	N.A.
Catherine Du	1	N.A.	N.A.	N.A.
Janice Wu Sung Sung	1	N.A.	N.A.	N.A.
Philip Antony Jeyaretnam(2)	1	1	1	1
Lee Suan Hiang(2)	1	2	1	1
Phua Chin Chor(2)	1	2	1	1

Notes:

1. N.A. = Not applicable
2. Appointed on 8 November 2017

Guideline 1.5 of the Code
Internal Guidelines on Matters Requiring Board Approval

While the Board Committees have the authority to examine particular issues, the Board Committees will report back to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the Board.

Matters requiring the Board's decision and endorsement include but are not limited to the following:

(a) Major funding proposals and capital expenditures, and strategic acquisitions and divestments;

(b) Annual budget, annual and interim financial statements;

(c) Ad-hoc, quarterly, and yearly company announcements;

(d) Appointment of suitable candidates to the Board and Board Committees;

(e) Appointment of key personnel, internal and external auditors;

(f) Matters involving a conflict of interest for a substantial shareholder or a Director;

(g) Corporate or financial restructuring;

(h) Share and bond issuances; and

(i) Interim dividends and other returns to shareholders.

The Board gives clear directions to Management on the abovementioned matters.

Guidelines 1.6 and 1.7 of the Code
Directors' Appointment, Induction and Trainings

New Directors are appointed by the Board upon recommendation of the Nominating Committee. All newly appointed Directors will be issued with a formal letter of appointment or service agreement setting out the scope of their duties and their obligations as a Director under the various relevant Singapore laws, and how to discharge those duties. The new directors appointed on 8 November 2017 have received a formal letter of appointment setting out their duties and responsibilities as a director. The Directors have been briefed on the roles and responsibilities of a director of a public-listed company in Singapore.

For incoming Directors, the Company will conduct an orientation programme to familiarise the incoming Directors with the business activities of the Group, its strategic direction and corporate governance practices, in particular the Group's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Group, prohibition on dealings in the Company's securities and restrictions on disclosure of price-sensitive information.

The Company will, as and when required, arrange for training or briefings for the Directors on new laws, regulations, changing commercial risks and financial reporting standards.

(B) BOARD COMPOSITION AND GUIDANCE

Principle 2:

There is a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals dominates the Board's decision making.

Guidelines 2.1 and 2.2 of the Code
Strong and Independent Element of the Board Composition

The present Board comprises six members who are business leaders and professionals with financial and other technical backgrounds (please refer to the "Board of Directors" section of this annual report). The composition of the Board is as follows:

Name	Title
David Chiem Phu An	Executive Chairman and Chief Executive Officer
Catherine Du	Non-Independent Non-Executive Director
Janice Wu Sung Sung	Non-Independent Non-Executive Director
Philip Antony Jeyaretnam	Lead Independent Director
Lee Suan Hiang	Independent Director
Phua Chin Chor	Independent Director

Under Guideline 2.2 of the Code, the Independent Directors should make up at least half the Board where the Chairman and Chief Executive Officer is the same person, the Chairman is part of the management team, or the Chairman is not an independent Director. The Board currently has six members, of which three are Independent Directors. There is therefore a strong independent element on the Board.

Guidelines 2.3 and 2.4 of the Code
Independence of Directors

The independence of each Director is reviewed by the Nominating Committee annually. The Nominating Committee adopts the definition of what constitutes an Independent Director from the Code, namely a Director who has no relationship with the Company, its related corporations, its 10% shareholders or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group.

All Directors are required to disclose any relationships or appointments which would impair their independence to the Board on a timely basis. Each Independent Director is also required to complete a Director's Independence Form annually to confirm his/her independence based on the guidelines as set out in the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code.

The Board has, based on the evaluations and results of a review conducted by the Nominating Committee, determined Mr Philip Antony Jeyaretnam, Mr Lee Suan Hiang and Mr Phua Chin Chor to be Independent Directors of the Company as each of them are regarded to be independent in character and judgement, and there are no relationships which are likely to affect or could appear to affect each such Director's judgement.

None of the Independent Directors have served the Company for a period exceeding nine years. As and when an Independent Director serves beyond nine years from the date of first appointment, the Nominating Committee will perform a particularly rigorous review to assess the independence of the relevant Director.

Guidelines 2.5 and 2.6 of the Code
Board Size and Experience

The Nominating Committee reviews the size of the Board on an annual basis, and considers the present size of the Board as appropriate to facilitate effective decision making for the current scope and nature of the Group's operations, the requirements of the Group's business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees.

As a group, the Directors bring with them a broad range of industry knowledge, skills, expertise and experience in areas such as legal, accounting, finance, business and management and strategic planning. A brief description of the background of each Director is presented in the "Board of Directors" section of this annual report. The Board has an appropriate balance of diversity of skills, experience, gender and knowledge of the Group.

Guidelines 2.7 and 2.8 of the Code
Role of the Non-Executive Directors

The Non-Executive Directors of the Company provide valuable support, input and business contacts, and also strategic or significant business alliances or opportunities. Although Non-Executive Directors are not involved in the day-to-day running of the Group's business, they, nonetheless, play an invaluable role in furthering the business interests of the Group by:

(a) contributing their experience and expertise in the making of Board decisions or strategies;

(b) constructively challenging and assisting in developing proposals on strategy;

(c) assisting the Board to review Management's performance in meeting agreed goals and objectives; and

(d) monitoring the reporting of the Group's performance.

Independent Directors (who are all also Non-Executive Directors) meet without the presence of Management during the course of Board meetings or outside of Board meetings.

(C) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3:

There is a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual represents a considerable concentration of power.

Guidelines 3.1 and 3.2 of the Code
Separation of the Role of Chairman and the Chief Executive Officer ("CEO")

Mr David Chiem Phu An is both the Chairman and CEO of the Company.

As the CEO, Mr David Chiem bears executive responsibility for the overall management and strategic development of the Group and ensuring that procedures are in place for compliance with the Code.

As the Chairman, Mr David Chiem is responsible for, but not limited to:

- leading the Board to ensure its effectiveness in all aspects of its role;
- setting Board meeting agendas and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- ensuring that the Directors receive complete, adequate and timely information;
- ensuring effective communication between the Company and its shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of Non-Executive Directors in particular; and
- promoting high standards of corporate governance.

Although both the Chairman and CEO are the same person, major decisions of the Group are made in consultation with the Board, which comprises a majority of Non-Executive Directors. All the Board committees are also chaired by Independent Directors of the Company. The Board believes that there is an appropriate balance of power, accountability and capacity for independent decision making within the Board.

Guidelines 3.3 and 3.4 of the Code
Lead Independent Director

The Board has appointed Mr Philip Antony Jeyaretnam to act as the Lead Independent Director. Shareholders with concerns may contact him directly through channels as described in the Company's website, when contact through the normal channels via the Chairman, CEO or CFO has failed to provide satisfactory resolution, or when such contact is inappropriate. All the Independent Directors including the Lead Independent Director, meet at least annually without the presence of the other Directors, for feedback to the Chairman thereafter.

(D) BOARD MEMBERSHIP

Principle 4:

There is a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Guideline 4.1 of the Code
Nominating Committee

The Nominating Committee was established on 9 November 2017 with written Terms of Reference.

The Nominating Committee comprises the following three Independent Directors:

Mr Lee Suan Hiang (Chairman)
Mr Philip Antony Jeyaretnam
Mr Phua Chin Chor

Mr Philip Antony Jeyaretnam, the Lead Independent Director, is a member of the Nominating Committee.

Guideline 4.2 of the Code
Roles and Responsibilities of the Nominating Committee

The roles and 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 development of a process for evaluation of the performance of the Board, its board committees and directors;
  - the review of training and professional development programmes for the 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 if applicable, alternate Director (whether appointment or re-appointment) and membership of Board committees (including Audit Committee, Remuneration Committee and Nominating Committee), as well as appraising the qualifications and experience of any proposed new appointments to the Board and to recommend to the Board whether the nomination should be supported;
- ensuring that the Board and the Board committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience, genders and knowledge of the 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.

Guideline 4.3 of the Code
Determining Directors' Independence

The Nominating Committee is also responsible for determining annually, the independence of Directors. In doing so, the Nominating Committee takes into account the circumstances set forth in the Code and any other salient factors.

The independence of Directors is assessed annually by the Nominating Committee. On an annual basis, each Director is required to submit a return as to his independence to the Company Secretary. The Nominating Committee shall review the returns and determine whether the Director is to be considered independent.

The Independent Directors, Mr Philip Antony Jeyaretnam, Mr Lee Suan Hiang and Mr Phua Chin Chor have confirmed that they do not have any relationship with the Company, its related companies, its 10% shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company and Group.

Following its annual review, the Nominating Committee has determined and the Board has confirmed the following independence status of the following Directors:

Name	Independence Status
David Chiem Phu An	Non-Independent
Catherine Du	Non-Independent
Janice Wu Sung Sung	Non-Independent
Philip Antony Jeyaretnam	Independent
Lee Suan Hiang	Independent
Phua Chin Chor	Independent

Guideline 4.4 of the Code
Multiple Board Representations

The Nominating Committee is satisfied that sufficient time and attention is given by the Directors to the affairs of the Group, taking into consideration each Director's number of listed company board representations and other principal commitments. Although the Directors have directorships in other companies which are not in the Group, the Nominating Committee is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. Each of the Directors is aware that he should commit sufficient time, attention, resources and expertise to the affairs of the Company. These Directors widen the experience of the Board and give it a broader perspective. Considering that the current Directors' participation and involvement in various active discussions as well as commitment to the Company's affairs are satisfactory, the Board agreed not to determine maximum number of listed Company board representations which any Director may hold.

Guideline 4.5 of the Code
Appointment of Alternate Directors

As at the date of this annual report, the Company has no alternate Director in its Board.

Guideline 4.6 of the Code
Process for Selection, Appointment and Re-appointment of Directors

In the search, nomination and selection process for new Directors, the Nominating Committee identifies the key attributes that an incoming Director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the Nominating Committee taps on the resources of Directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. The Nominating Committee also oversees the re-appointment of Directors as and when their tenure of appointment is due. In assessing the Directors for re-appointment, the Nominating Committee evaluates several criteria including qualifications, contributions and independence of the Directors.

Guideline 4.7 of the Code
Key Information of Directors

PARTICULARS OF DIRECTORS AS AT 31 DECEMBER 2017

Name of Director	Date of first appointment	Date of last re-election	Nature of appointment	Membership of Board committees	Directorship and Chairmanship, both present and those held over the preceding three years, in other listed companies
David Chiem Phu An	25 July 2008	30 July 2015	Chief Executive Officer and Executive Chairman	None	NIL
Catherine Du	1 June 2010	30 June 2017	Non-Independent Non-Executive Director	None	NIL
Janice Wu Sung Sung	20 August 2014	28 July 2016	Non-Independent Non-Executive Director	None	NIL
Philip Antony Jeyaretnam	8 November 2017	N.A.	Lead Independent Director	Chairman of Remuneration Committee, Member of Audit Committee and Nominating Committee	NIL
Lee Suan Hiang	8 November 2017	N.A.	Independent Director	Chairman of Nominating Committee, Member of Audit Committee and Remuneration Committee	Chairman of Anacle Systems Limited, a company listed on the HKSE 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
Phua Chin Chor	8 November 2017	N.A.	Independent Director	Chairman of Audit Committee, Member of Remuneration Committee and Nominating Committee	NIL

The information on each Director's academic and professional qualifications, shareholdings in the Company and its related corporations and details of other principal commitments of the Directors have been set out under the "Board of Directors" and "Directors' Statement" sections of this annual report.

Pursuant to the Company's Constitution, newly appointed Directors must submit themselves for re-election at the next following Annual General Meeting of the Company. The Constitution also require 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) to retire by rotation at every Annual General Meeting. All Directors who are subject to retirement are eligible for re-election at the meeting. The Nominating Committee recommended to the Board that Mr David Chiem Phu An, Mr Lee Suan Hiang, Mr Philip Antony Jeyaretnam and Mr Phua Chin Chor, be nominated for re-appointment at the forthcoming Annual General Meeting. In making their recommendations, the Nominating Committee evaluates each Director's contribution and performance, such as his attendance at meetings of the Board or Board Committees, where applicable, participation, preparedness, candour and any special contributions. The Board has concurred with the Nominating Committee's recommendation.

(E) BOARD PERFORMANCE

Principle 5:

There will be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

Guidelines 5.1, 5.2 and 5.3 of the Code
Assessing Board Performance

The Board will implement a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole, the Board Committees and the contributions by the Chairman and each individual director to the effectiveness of the Board in the following year so as to allow a fair assessment to be made, as the members of the Board and the Board Committees have only recently been appointed and constituted respectively in early November 2017.

The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, to be approved by the Board, which address how the Board has enhanced long-term shareholder value.

Individual evaluation of Directors will aim to assess whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and Board committees, and any other duties). The Chairman will act on the results of the performance evaluation of the Board, and in consultation with the Nominating Committee, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of any matter in which he has an interest.

(F) ACCESS TO INFORMATION

Principle 6:

In order to fulfil their responsibilities, Directors are provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines 6.1 and 6.2 of the Code
Board's Access to Information

All Directors are furnished with information concerning the Company on a periodic and timely basis to enable them to be fully cognisant of the decisions and actions of the Company's executive management team. In addition, the Board has separate and independent access to the Company's executive management team, and may request from management such additional information as needed to make informed decisions.

All Directors receive a set of Board papers prior to or during the Board meetings. The Board papers are generally issued to Directors prior to the meeting with sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meeting.

The Board papers will include, where relevant, the following documents and details:

- Minutes of the previous Board meeting;
- Minutes of meetings of all Committees of the Board held since the previous Board meeting;
- Background or explanations on matters brought before the Board for decision or information, including issues being dealt with by Management, and relevant budgets, forecasts and projections. In respect of budgets, any material variance between the budgets or projections and actual results will be disclosed and explained to the Board; and
- Major operational and financial issues.

In carrying out its duties, the Board has unrestricted access to the Company's records and information.

Guidelines 6.3 of the Code
Board's Access to Company Secretary

The Directors have separate and independent access to the Company Secretary.

The Company Secretary attends and prepares minutes of all Board and Board Committee meetings and is responsible for ensuring that Board procedures are followed and that the Company's Constitution and relevant rules and regulations, including requirements of the Companies Act and the Listing Manual, are complied with. In addition, the Company Secretary's responsibilities include advising the Board on governance matters and facilitating the orientation of new Directors and assisting with professional development of Directors, as required.

Under the direction of the Chairman, the Company Secretary, with the support of the Management, ensures good information flows within the Board and the Board Committees and between Management and Non-Executive Directors.

Guidelines 6.4 of the Code
Appointment and Removal of Company Secretary

The appointment and replacement of the Company Secretary is a matter for the Board.

Guideline 6.5 of the Code
Board's Access to Independent Professional Advice

The Directors, either individually or as a group, have the authority to seek independent professional advice, if necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their roles and responsibilities as Directors.

(G) REMUNERATION MATTERS

Principle 7:

There is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director will be involved in deciding his own remuneration.

Guidelines 7.1, 7.2 and 7.3 of the Code
Remuneration Committee and Roles and Responsibilities of the Remuneration Committee

The Remuneration Committee was established on 9 November 2017 with written Terms of Reference.

The Remuneration Committee comprises the following three Independent Directors:

Mr Philip Antony Jeyaretnam (Chairman)
Mr Lee Suan Hiang
Mr Phua Chin Chor

The primary responsibilities of the Remuneration Committee include, among others:

- reviewing and recommending to the Board, in consultation with the Chairman of the Board, for endorsement:
  - o a comprehensive remuneration policy, and general framework and guidelines for remuneration of the Board and other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("Key Management Personnel"); and
  - o the specific remuneration packages for each of the Directors and Key Management Personnel;
- ensuring the remuneration policies and systems of the Group, as approved by the Board, support the Group's objectives and strategies, and are consistently administered and being adhered to within the Group;
- in the case of service contracts, reviewing the 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 the Board, appropriate and meaningful performance criteria to assist in the evaluation of the performance of the 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 the Board, for endorsement.

If a member of the Remuneration Committee has an interest in a matter being reviewed or considered by the Remuneration Committee, they will abstain from voting on that matter.

The Remuneration Committee may from time to time seek advice on the remuneration of all Directors from external remuneration consultants whose independence and objectivity are not affected by any existing relationships with the Company.

Guideline 7.4 of the Code
Termination Clauses in Service Contract

The Remuneration Committee reviews the reasonableness of the termination clauses of the contracts of service of the Company's Executive Directors and Key Management Personnel. Each of the Executive Directors and Key Management Personnel has a service agreement or employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on a long term basis and no onerous removal clauses are contained in the service agreement or employment contract.

(H) LEVEL AND MIX OF REMUNERATION

Principle 8:

The level and structure of remuneration is aligned with the long-term interest and risk policies of the Company, and is appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) Key Management Personnel to successfully manage the company.

Guideline 8.1 of the Code
Remuneration of Executive Director and Key Management Personnel

The remuneration of the Company's Executive Directors and Key Management Personnel has been formulated to attract, retain and motivate individuals the Group relies on to achieve its business strategy and create long-term value for its shareholders. The Remuneration Committee believes that fair performance-related pay should motivate good performance and that rewards should be closely linked to and commensurate with performance. A significant and appropriate proportion of the Executive Directors' and Key Management Personnel's remuneration will be structured so as to link rewards to performance.

The Chairman and CEO is the same person and he is consulted by the Remuneration Committee on matters relating to the other Key Management Personnel who report to him on matters relating to the performance of the Company. He abstains from participation in discussions and decisions in relation to his own remuneration.

Guideline 8.2 of the Code
Long-term Incentive Scheme

The Company has a Share Option Plan and a Performance Share Plan which the Remuneration Committee can recommend as long-term incentive schemes for Executive Directors and Key Management Personnel, whereby the shares or grant of options vest over a period of time pursuant to vesting schedules where only a portion of the benefits can be exercised each year.

Guideline 8.3 of the Code
Remuneration of Non-Executive Directors

The Remuneration Committee is of the view that the remuneration of the Company's Non-Executive Directors is appropriate to their level of contribution, taking into account factors such as effort and time spent and the role and responsibilities of the Non-Executive Directors, and the said remuneration does not compromise the independence of the Non-Executive and Independent Directors.

There is no policy to prohibit or require the Non-Executive Directors to hold shares in the Company. However, Non-Executive Directors are encouraged to acquire shares of the Company in order to align their interests with that of shareholders. Non-Executive and Independent Directors are also advised to acquire shares of the Company with due care and within a limit that does not comprise their independence.

Guideline 8.4 of the Code
Contractual Provisions

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company. If required, the Remuneration Committee will consider instituting such contractual provisions.

DISCLOSURE ON REMUNERATION

Principle 9:

The Company provides clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration. The Company provides disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

Guidelines 9.1, 9.2 and 9.3 of the Code
Remuneration Report

Remuneration of each Director and Chief Executive Officer for the financial year ended 31 December 2017 is set out below:

		Breakdown of Remuneration in Percentage (%)					Total Remuneration in Compensation Bands of $100,000
Name of Directors	**Position**	**Directors' Fee**	**Base Salary**	**Performance Bonus**	**Benefits in Kind**	**Total**	
David Chiem Phu An	Executive Chairman and Chief Executive Officer	–	**63.06%**	–	**36.94%**	**100.00%**	**$100,001 – $200,000****
Catherine Du	Non-Independent Non-Executive Director	**1.28%**	**98.72%***	–	–	**100.00%**	**$200,001 – $300,000**
Janice Wu Sung Sung	Non-Independent Non-Executive Director	**100.00%**	–	–	–	**100.00%**	**<$100,000**

Name of Directors	Position	Breakdown of Remuneration in Percentage (%)					Total Remuneration in Compensation Bands of $100,000
		Directors' Fee	Base Salary	Performance Bonus	Benefits in Kind	Total	
Philip Antony Jeyaretnam	Lead Independent Director	**100.00%**	**–**	**–**	**–**	**100.00%**	**<$100,000**
Lee Suan Hiang	Independent Director	**100.00%**	**–**	**–**	**–**	**100.00%**	**<$100,000**
Phua Chin Chor	Independent Director	**100.00%**	**–**	**–**	**–**	**100.00%**	**<$100,000**
The Aggregate Total Remuneration ($'000) of Directors						**331**	

* Ms Catherine Du was a Non-Executive Director of the Company with effect from November 2017 (please refer to the "Board of Directors" section of this annual report)

** For November and December 2017 only. Prior to November 2017, MCH was the employer (as set out on page 157 of the Company's Prospectus dated 17 November 2017)

The remuneration of the Directors and Chief Executive Officer is disclosed in bands of $100,000 instead of being rounded to the nearest thousand dollars, as the Board is of the view that such disclosure provides a balance between detailed disclosure and confidentiality. Given the confidentiality of and commercial sensitivity attached to remuneration matters, the Board believes that disclosing in the respective bands and disclosing the aggregate total remuneration of the Directors provides a sufficient overview of the remuneration of the Directors.

Remuneration of each Key Management Personnel (who are not Directors or the CEO) for the financial year ended 31 December 2017 is set out below:

Name of Key Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Total Remuneration in Compensation Bands of $250,000
		Base Salary	Performance Bonus	Benefits in Kind	Total	
Teo Wee Jone	Chief Financial Officer	**99.50%**	**–**	**0.5%**	**100.00%**	**<$250,000****
Peh Poh Geok	Chief Brand Officer and Group General Manager	**100.00%**	**–**	**–**	**100.00%**	**<$250,000****
The Aggregate Total Remuneration ($'000) of Key Management Personnel					**97**	

** For November and December 2017 only. Prior to November 2017, MCH was the employer (as set out on page 157 of the Company's Prospectus dated 17 November 2017)

Guideline 9.4 of the Code
Remuneration of employees who are immediate family members of a Director or the CEO

There is no immediate family member (defined in the Listing Manual as the spouse, child, adopted child, step-child, brother, sister and parent) of a Director or the CEO, who is not himself or herself also a Director or the CEO, in the employment of the Company during the financial year ended 31 December 2017.

Guideline 9.5 of the Code
Employee Share Option Scheme

The Company's MindChamps PreSchool Performance Share Plan and the MindChamps PreSchool Share Option Plan were approved by shareholders at an Extraordinary General Meeting held on 9 November 2017. There were no options granted or shares issued under these plans during the financial year.

Guideline 9.6 of the Code
Link between remuneration paid to the Executive Chairman and Chief Executive Officer and Key Management Personnel, and performance

(I) Executive Chairman and Chief Executive Officer

The Executive Chairman and Chief Executive Officer does not receive a Director's fee. The service agreement of the 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 the Company during the continuance of his employment, to be determined by the Board, based on his performance and the performance of the Company for that financial year.

(II) Key Management Personnel

The service agreements with our Key Management Personnel provide 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 the Company during the continuance of their employment, to be determined by the Board, based on their performance and the performance of the Company for that financial year.

(J) ACCOUNTABILITY AND AUDIT

Principle 10

The Board presents a balanced and understandable assessment of the company's performance, position and prospects.

Guideline 10.1 of the Code
Accountability for Company's Performance, Position and Prospects

The Board understands its responsibility to provide a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim financial results, full year financial results and other price sensitive public reports.

Guideline 10.2 of the Code
Compliance with Legislative and Regulatory Requirements

The Board also reviews operational and regulatory compliance reports from Management to ensure compliance with all of the Group's operational practices and procedures and relevant regulatory requirements.

Guideline 10.3 of the Code
Management Accounts

Management currently provides the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis and as and when deemed necessary.

(K) RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11:

The Board is responsible for the governance of risk. The Board ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines 11.1 and 11.2 of the Code
Risk Management and Internal Controls System

The Board is responsible for the overall risk management and internal control framework, but acknowledges that no cost-effective risk management and internal controls system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board (through the Audit Committee) monitors and reviews the effectiveness of the system of internal controls and risk management which includes:

(i) discussions with Management on risks identified by Management;

(ii) the audit processes;

(iii) the review of internal and external audit plans; and

(iv) the review of significant issues arising from internal and external audits.

The Group engaged external consultants from KPMG Services Pte Ltd in 2017 to set up an Enterprise Risk Management Framework (the "ERM Framework"), which governs the risk management process in the Group. The ERM Framework enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. The risk management process in place covers, inter alia, financial, operational, compliance and information technology risks faced by the Group. The key risks of the Group are deliberated by the Management and reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-à-vis the external and internal environment which the Group operates in.

Complementing the ERM Framework is a Group-wide system of internal controls, which includes documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes.

To ensure that internal controls and enterprise risk management processes are adequate and effective, the Audit Committee is assisted by various independent professional service providers. External auditors provide reasonable assurance on the true and fair presentation of the Group's financial statements. Outsourced Internal Auditors provide assurance that controls over the key risks of the Group are adequate and effective.

Guideline 11.3 of the Code
Board's Comment on Adequacy and Effectiveness of Internal Controls

In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them. In this respect, the Audit Committee reviews the audit plans, and the findings of the auditors and ensures that the Group follows up on auditors' recommendations raised, if any, during the audit process. The Audit Committee guides Management to check and ensure the adequacy of the internal controls.

The Board has also obtained written assurance from the CEO and CFO:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) regarding the effectiveness of the Group's risk management and internal control systems.

Based on the internal controls and risk management framework established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls and risk management systems, were adequate and effective as at 31 December 2017.

Guidelines 11.4 of the Code
Risk Committee

As the Group does not have a risk management committee, the Board and the Management assume the responsibility for the risk management function. Management is responsible for designing, implementing and monitoring the risk management and internal control systems. Management has put in place a financial risk management policy and regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and Audit Committee. Details of the Group's risk management policy are set out in Note 28 "Financial Risk Management" of the Notes to the Consolidated Financial Statements.

(L) AUDIT COMMITTEE

Principle 12:

The Board has established an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guideline 12.1 of the Code
Audit Committee

The Audit Committee was established on 9 November 2017 with written Terms of Reference.

The Audit Committee comprises the following Independent Directors:

Mr Phua Chin Chor (Chairman)
Mr Lee Suan Hiang
Mr Philip Antony Jeyaretnam

Guideline 12.2 of the Code
Expertise of Audit Committee Member

The Board is of the view that all the members of the Audit Committee are appropriately qualified to discharge their responsibilities. The majority of the Audit Committee members have recent and relevant accounting or financial management expertise and experience.

Guidelines 12.3 and 12.4 of the Code
Roles, Responsibilities and Authorities of Audit Committee

The Audit Committee has written Terms of Reference which are endorsed by the Board and set out the Committee's duties and responsibilities. The Audit Committee is authorised by the Board to investigate any matter within its Terms of Reference and has full access to, and cooperation of Management, with full discretion to invite any Director or executive officer to attend its meetings. The Audit Committee has adequate resources to enable it to discharge its functions properly.

The roles and responsibilities of the Audit Committee include, among others:

- assisting the Board in fulfilling its responsibility for overseeing the integrity of the 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 the 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 the Board, at least annually, on the adequacy and effectiveness of the Group's 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 the Group, if any;

- reviewing any interested person transactions as defined in the Listing Manual;

- 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);

- 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 the internal controls review plan;

- approving the hiring, removal, evaluation and compensation of the accounting/auditing firm or corporation to which the internal audit function is outsourced;

- making recommendations to the 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 the Directors as disclosed by them to the Board, exercising Directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by a Director, the Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of the Audit Committee will not participate in any proceedings of the 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 the 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 the Company's 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; and

- reviewing the report, to be submitted at the end of each quarter, on rejected applicants for franchise licences.

Apart from the duties listed above, the Audit Committee reviews the Company's policy and arrangements for employees and any other persons to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The 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.

Guideline 12.5 of the Code
Meeting with External and Internal Auditors without Presence of Management

The Audit Committee meets with both the external and internal auditors without the presence of the Management at least once a year. This meeting enables the Audit Committee to:

- obtain feedback on the competency and adequacy of the finance function;

- enquire into the root causes for major audit adjustments and issues; and

- inquire if there are any material weaknesses or control deficiencies over the Group's financial reporting process and the corresponding effect on the financial statements as well as over other operational, compliance and information technology areas.

This meeting also enables the external auditors and internal auditors to raise issues encountered in the course of their work directly to the Audit Committee.

Guideline 12.6 of the Code
Independence of External Auditors

The Company has appointed Messrs Nexia TS Public Accounting Corporation as its external auditors to meet its audit obligations and have assessed that they have the adequate resources and experience to audit the Company and its Group. The Company is in compliance with Rule 712 and 715 of the Listing Manual.

The Audit Committee assesses the independence of the external auditors annually. The aggregate amount of fees paid for or payable to the external auditors of the Group for the financial year ended 31 December 2017 was:

	$'000
Audit fees	90
Non-audit fees	155
Total	**245**

Although the non-audit fees exceed 50% of audit fees, the external auditors affirm that the audit team and Nexia TS Public Accounting Corporation are independent in respect of the audit of the Group in accordance with Accountants (Public Accountants) Rules 2004 as the significant non-audit fee is derived from the tax compliance and reporting accountant services provided to the Group for IPO purposes.

The Audit Committee has reviewed the non-audit services rendered by the external auditors for the financial year ended 31 December 2017 as well as the fees paid, and is satisfied that the independence of the external auditors has not been impaired.

Guideline 12.7 of the Code
Whistle-blowing Policy

A whistle-blowing policy has been established for staff of the Group and any other persons to report and raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee reviews and oversees this policy to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The whistle-blowing policy has been posted on the Group's corporate website.

Guideline 12.8 of the Code
Audit Committee to Keep Abreast of Changes to Accounting Standards

The Audit Committee keeps abreast of changes in accounting standards and issues which impact the financial statements through briefings from external auditors during the Audit Committee meetings.

Guideline 12.9 of the Code
Partners or Directors of the Company's Auditing Firm

None of the members nor the Chairman of the Audit Committee are former partners or directors of the Group's auditing firm.

(M) INTERNAL AUDIT

Principle 13:

The Company has established an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines 13.1 and 13.2 of the Code
Internal Auditors

The Company has engaged KPMG Services Pte. Ltd. as its Internal Auditors. The Internal Auditors reports directly to the Chairman of the Audit Committee on all internal audit matters.

The Audit Committee, in consultation with Management, approves the hiring, removal, evaluation and the fees of the Internal Auditors. Procedures are in place for the Internal Auditors to report independently on their findings and recommendations to the Audit Committee for review. The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee.

Management will update the Audit Committee on the status of any remedial action plans recommended by the Internal Auditors.

The primary functions of internal audit are to help:

(a) assess if adequate systems of internal controls are in place to protect the assets of the Group and to ensure control procedures are complied with;

(b) assess if operations of the business processes under review are conducted efficiently and effectively; and

(c) identify and recommend improvement to internal control procedures, where required.

Guidelines 13.3 & 13.4 of the Code
Internal Audit Function

The Audit Committee is satisfied that the internal audit team from KPMG Services Pte. Ltd. is staffed by suitably qualified and experienced professionals. The internal audit work carried out is guided by the KPMG Global Internal Audit standard and the International Standards for the Professional Practice of Internal Auditing set out in the International Professional Practices Framework issued by the Institute of Internal Auditors.

Guideline 13.5 of the Code
Adequacy and Effectiveness of Internal Audit Function

The Audit Committee will review annually the adequacy and effectiveness of the Internal Auditors through:

(a) approving the internal audit plan prior to the commencement of the internal audit work; and

(b) reviewing the internal controls recommendations report subsequent to the completion of internal audit work.

(N) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14:

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights, and continually reviews and updates such governance arrangements.

Guidelines 14.1, 14.2 and 14.3 of the Code
Shareholder Rights

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the share price or value.

The Group will strongly encourage shareholder participation during the Annual General Meeting ("AGM"). Shareholders will be able to proactively engage the Board and Management on the Group's business activities, financial performance and other business-related matters. Resolutions are passed through a process of voting by shareholders in accordance with established voting rules and procedures.

Corporations which provide nominee or custodial services will be allowed to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

(O) COMMUNICATION WITH SHAREHOLDERS

Principle 15:

The Company actively engages its shareholders and has put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines 15.1, 15.2, 15.3 and 15.4 of the Code
Communication with Shareholders

The Group has a dedicated investor relations team which communicates with its shareholders and analysts on a regular basis and attends to their queries or concerns. The team also manages the dissemination of corporate information to the media, public, institutional investors and public shareholders, and acts as a liaison point for such entities and parties. Shareholders can avail themselves of a telephone or email feedback line that goes directly to the Group's investor relations team.

The Group also monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Results and annual reports are announced or issued within the mandatory period. Briefings for the quarterly and full year results are conducted for analysts and the media following the release of the results via SGXNET. Presentations are made, as appropriate, to explain the Group's strategy, performance and major developments.

All material information and analysts' and media briefing materials are made available on SGXNET and on the Company's website https://investor.mindchamps.org/, for the information of shareholders.

The Group values dialogue with its shareholders and believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. Thus, the Group will support and encourage active shareholder participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet and interact with the Board and Key Management Personnel. Information on general meetings is also disseminated through notices in the annual reports or circulars sent to all shareholders, to encourage attendance from the shareholders.

Guideline 15.5 of the Code
Dividend Policy

The Company currently does not have a fixed dividend policy. The declaration and payment of future dividends may be recommended by the Board at their discretion, after considering a number of factors, including the 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 the Board, including expected financial performance.

The Board currently intends to utilise and/or reinvest any profits generated in FY2017 from operations in the Company's business (including financing acquisition activities), and does not intend to pay any dividends to Shareholders with respect to profits generated in FY2017.

(P) CONDUCT OF SHAREHOLDER MEETINGS

Principle 16:

The Company encourages greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guidelines 16.1, 16.2, 16.3, 16.4 and 16.5 of the Code
Conduct of shareholder meetings

The Group believes that strong participation from shareholders in general meetings will greatly enhance the shareholders' visibility of the Group's operations and performance. It will also further align the shareholders' interests with the Group's future directions and strategies.

A shareholder who is entitled to attend and vote may either vote in person or appoint not more than two proxies. For shareholders present in person, the Company will introduce the system of voting by poll and results of each resolution put to vote at the Annual General Meeting ("AGM") will be announced with details of percentages in favour and against. The total numbers of votes cast for or against the resolutions will also be announced after the meetings via SGXNET and the Company's website https://investor.mindchamps.org/.

At the AGM, the following agenda will generally take place:

(a) The Chairman of the Board presents the progress and performance of the Group and encourages shareholders to participate in the Question and Answer session.

(b) The external auditor is present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

(c) The Chairpersons of the Audit, Nominating and Remuneration Committees, or members of the respective Committees will be present to address shareholders' queries relating to the work of the Board Committees.

(d) Appropriate senior management personnel/members will also be present to respond, if necessary, to operational questions from shareholders.

(e) Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the Directors or the Management questions regarding the Company and its operations. The minutes of general meetings will be prepared and will be made available to shareholders upon their request.

(Q) OTHER CORPORATE GOVERNANCE MATTERS

1. Interested persons transactions

The Company has established review and approval procedures to ensure that interested person transactions ("IPT") entered into by the Group are conducted on normal terms and are not prejudicial to the interest of the shareholders.

Disclosure of interested person transactions is set out as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000
Fees received		
MindChamps Singapore Pte. Limited	610	–
Fees paid		
MindChamps Singapore Pte. Limited	420	–
MindChamps Holdings Pte. Limited	435	–
Beston MindChamps Kids Nutrition Pte. Limited	121	–
DBS Trustee Limited as trustee of SPH REIT	443	–

All of the transactions in the above table are covered under the following Agreements:

(a) The Corporate Services Agreement dated 9 November 2017 between the Company and MCH;

(b) The Franchise Agreement dated 11 November 2016 between MindChamps PreSchool Franchise Pte. Limited (a subsidiary of the Company) and MindChamps Singapore Pte. Limited (a subsidiary of MCH); and

(c) The lease agreement dated 25 October 2016 between MindChamps PreSchool @ Paragon Pte. Limited (a subsidiary of the Company) and DBS Trustee Limited as trustee of SPH REIT (of which approximately 70% of the issued units are owned by Singapore Press Holdings Limited.

As set out in the Company's Prospectus dated 17 November 2017 (the "Prospectus"), investors, upon subscription of the Offering Shares (as defined in the Prospectus), are deemed to have specifically approved the transactions with interested persons covered under the said Agreements, 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.

2. Material Contracts

Except as disclosed above and the contracts described in the "Interested Person Transactions and Potential Conflicts of Interest" section of the Prospectus, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, which are either still subsisting at the end of the financial year ended 31 December 2017 or, if not then subsisting, were entered into since the end of the previous financial year.

3. Dealings in Securities

Directors and employees of the Group are prohibited from dealing with the Company's securities on short-term considerations and also prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements, in compliance with Rule 1207(19) of the Listing Manual.

Memoranda are issued to all Directors and employees of the Group to remind them of, inter alia, the laws prohibiting insider trading and the importance of not dealing in the shares of the Company on short-term consideration or during prohibited periods. Directors and employees are expected to observe the insider trading laws at all times even when dealing in shares of the Company during permitted trading periods.

4. Update on Use of Proceeds

The Company had raised proceeds amounting to $47.6 million from its Initial Public Offering (IPO).

As at the date of this report, the use of the proceeds from the IPO is as follows:

Use of proceeds	Amount allocated ($ mil)	Amount utilised ($ mil)	Amount unutilised ($ mil)
Partial repayment of drawn down and outstanding amounts under the Acquisition Loan (as defined in the Prospectus)	6.1	6.1	–
For funding our expansion plans, including potential acquisitions	34.5	1.3	33.2
For general corporate and working capital purposes	4.0	–	4.0
For payment of underwriting commissions and IPO expenses	3.0	3.0	–
Total	**47.6**	**10.4**	**37.2**

The Company's use of IPO proceeds is in accordance with its stated use and in accordance with the percentage allocated in the Prospectus. The use of IPO proceeds is therefore in compliance with Rule 1207(20) of the Listing Manual.

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 52 to 110 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

David Chiem Phu An	
Catherine Du	
Janice Wu Sung Sung	
Philip Antony Jeyaretnam	(appointed on 8 November 2017)
Lee Suan Hiang	(appointed on 8 November 2017)
Phua Chin Chor	(appointed on 8 November 2017)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Plans" in this statement.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or any related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2017	At 1.1.2017	At 31.12.2017	At 1.1.2017
MindChamps PreSchool Limited				
(No. of ordinary shares)				
David Chiem Phu An	1,710,528	–	126,606,441(2)	390,000(1)
Catherine Du	1,710,528	–	126,606,441(2)	390,000(1)

(1) As at 1 January 2017, MindChamps Holdings Pte Limited ("MCH") directly held 390,000 shares ("Shares") in the Company. MCH is wholly-owned by Champion Minds Pte Limited ("CMPL"). 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. Each of Mr David Chiem Phu An and Ms Catherine Du holds 35.4% of the issued ordinary shares of CMPL, which in turn wholly-owns MCH. Accordingly, for purposes of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, each of Mr David Chiem Phu An and Ms Catherine Du is deemed to be interested in the Shares held by MCH.

(2) During the financial year, 500,000 shares in the capital of the Company were sub-divided into 180,000,000 shares. Post sub-division, MCH held 140,400,000 shares. MCH undertook some corporate exercises pursuant to the Company's Initial Public Offering in November 2017, which resulted in 124,895,913 shares ("Shares") being held by MCH as at 31 December 2017. As indicated in Note (1) above, each of Mr David Chiem Phu An and Ms Catherine Du is deemed to be interested in the Shares held by MCH. 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.

Directors' interests in shares or debentures (Continued)

(b) Each of Mr David Chiem Phu An and Ms Catherine Du, by virtue of his/her interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiary corporations and in the shares held by the Company in the following subsidiary corporations that are not wholly owned by the Group:

	At 31.12.2017	At 1.1.2017
MindChamps PreSchool @ Serangoon Pte Limited		
– No. of ordinary shares	300,000	300,000
MindChamps PreSchool @ Zhongshan Park Pte Ltd		
– No. of ordinary shares	600,000	600,000
MindChamps PreSchool @ Leisure Park Kallang Pte Limited		
– No. of ordinary shares	100	100
MindChamps Shanghai Pte Limited		
– No. of ordinary shares	200	200

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2018 were the same as those as at 31 December 2017.

Share-based incentive plans

On 9 November 2017, the shareholders approved 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").

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 the Group and to give recognition to outstanding employees and directors of the Group who have contributed to the growth of the Group. The Share Plans will give participants an opportunity to have a personal equity interest in the Group 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 Group;

(d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders; and

(e) to align the interests of employees with the interests of the shareholders.

Share Plans

During the financial year, there were:

(i) no options granted under the SOP to subscribe for unissued shares of the Company or its subsidiary corporations; and

(ii) no shares issued under the Share Plans to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under the Share Plans at the end of the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Phua Chin Chor (Chairman)
Philip Antony Jeyaretnam
Lee Suan Hiang

All members of the Audit Committee were non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;
- the remuneration and terms of engagement of the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

David Chiem Phu An
Executive Chairman

Catherine Du
Director

23 March 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MindChamps PreSchool Limited (formerly known as MindChamps PreSchool (Worldwide) Pte. Limited) (the "Company") and its subsidiary corporations (the "Group"), which comprise the balance sheets of the Group and of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 110.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Area of focus

The Group's revenue is primarily generated from school fees, royalty fees and franchise income. During the financial year ended 31 December 2017, the Group recognised revenue of $22,791,000. We focused on this area as a key audit matter as there is a presumed fraud risk with regards to revenue recognition and revenue is one of the key performance indicators of the Group. In addition, there is inherent risk that revenue could be misstated and recorded in the incorrect accounting period.

Key Audit Matters (Continued)

Revenue recognition (Continued)

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures have been performed:

- Discussed with management on the processes involved in the sales cycle for each revenue stream and performed walkthrough tests to consolidate our understanding.
- Performed test of controls to ascertain the reliabilities of the internal controls in place in the sales cycles.
- Performed substantive testing and sales cut-off tests to ascertain that the sales have been accurately taken up in the correct accounting period.
- Performed analytical review by comparing the current financial year performance to prior financial year.

Goodwill impairment assessment

Area of focus

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. We focused on goodwill arising from the preschool businesses in Singapore which amounted to $4,724,000 due to the level of subjectivity associated with the many assumptions used in estimating the value-in-use ("VIU") of the cash-generating unit ("CGU") that is required to be made by management, including expectations of future events that are believed to be reasonable under the circumstances.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures have been performed:

- Evaluated the reasonableness and challenged the appropriateness of management's estimate used in estimating the VIU, by taking into consideration of the CGU's past performance, current market condition and the industry trend;
- With the assistance of our internal valuation specialist, assessed the reasonableness of the discount rate used;
- Evaluated management's sensitivity analysis to assess the impact on the recoverable amount of each CGU by reasonable changes to the estimated growth rate and discount rate;
- Reviewed management's disclosure in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Chin Chee Choon.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
23 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 $'000	Group 2016 $'000
Revenue	4	**22,791**	18,418
Cost of sales		**(7,656)**	(5,974)
Gross profit		**15,135**	12,444
Other income	5	**1,442**	1,214
Expenses			
– Administrative		**(9,742)**	(7,031)
– Marketing		**(560)**	(358)
Operating profit		**6,275**	6,269
Other (loss)/gain – net	6	**(13)**	16
Non-operating expenses			
– Finance	9	**(58)**	(5)
– Initial public offering		**(507)**	–
– Mergers and acquisitions		**(495)**	–
Profit before income tax		**5,202**	6,280
Income tax expense	10	**(312)**	(447)
Net profit		**4,890**	5,833
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – (Loss)		**(212)**	(3)
Total comprehensive income		**4,678**	5,830
Profit attributable to:			
Equity holders of the Company		**4,565**	5,391
Non-controlling interests		**325**	442
		4,890	5,833
Total comprehensive income attributable to:			
Equity holders of the Company		**4,353**	5,388
Non-controlling interests		**325**	442
		4,678	5,830
Earnings per share for net profit attributable to equity holders of the Company			
– Basic earnings per share (cents per share)	25	**2.45**	2.99
– Diluted earnings per share (cents per share)	25	**2.45**	2.99

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

BALANCE SHEETS

AS AT 31 DECEMBER 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**39,377**	3,874	**32,803**	181
Trade and other receivables	12	**7,944**	5,404	**23,472**	3,982
Inventories	13	**90**	80	**–**	–
		47,411	9,358	**56,275**	4,163
Non-current assets					
Property, plant and equipment	14	**1,725**	1,147	**244**	283
Intangible assets	15	**21,679**	5,429	**639**	361
Deferred income tax assets	22	**388**	–	**67**	–
Investments in subsidiary corporations	16	**–**	–	**8,138**	6,755
		23,792	6,576	**9,088**	7,399
Total assets		**71,203**	15,934	**65,363**	11,562
LIABILITIES					
Current liabilities					
Trade and other payables	17	**5,046**	5,218	**7,937**	6,686
Deferred income	18	**1,635**	2,089	**–**	56
Borrowings	19	**2,315**	40	**2,315**	40
Current income tax liabilities		**722**	484	**–**	–
		9,718	7,831	**10,252**	6,782
Non-current liabilities					
Other payables	17	**–**	3,737	**–**	3,737
Borrowings	19	**4,636**	56	**4,636**	56
Deferred income tax liabilities	22	**17**	–	**–**	–
Provision for reinstatement costs	21	**164**	145	**–**	–
		4,817	3,938	**4,636**	3,793
Total liabilities		**14,535**	11,769	**14,888**	10,575
NET ASSETS		**56,668**	4,165	**50,475**	987
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	**49,301**	500	**49,301**	500
Currency translation reserve		**(175)**	37	**–**	–
Retained profits	24	**7,574**	3,187	**1,174**	487
		56,700	3,724	**50,475**	987
Non-controlling interests	16	**(32)**	441	**–**	–
TOTAL EQUITY		**56,668**	4,165	**50,475**	987

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to equity holders of the Company					
	Note	Share capital $'000	Currency translation reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total $'000
2017							
Beginning of financial year		500	37	3,187	3,724	441	4,165
Total comprehensive income for the financial year		–	(212)	4,565	4,353	325	4,678
Dividend paid to non-controlling interests		–	–	–	–	(110)	(110)
Acquisition of a preschool business	30	–	–	–	–	(186)	(186)
Acquisitions of non-controlling interests	16	–	–	(178)	(178)	(502)	(680)
New shares issued pursuant to initial public offering	23	51,128	–	–	51,128	–	51,128
Initial public offering expenses capitalised	23	(2,327)	–	–	(2,327)	–	(2,327)
End of financial year		49,301	(175)	7,574	56,700	(32)	56,668
2016							
Beginning of financial year		500	40	2,846	3,386	163	3,549
Total comprehensive income for the financial year		–	(3)	5,391	5,388	442	5,830
Dividend	26	–	–	(5,050)	(5,050)	(237)	(5,287)
Acquisitions of subsidiary corporations	30	–	–	–	–	73	73
End of financial year		500	37	3,187	3,724	441	4,165

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group FY2017 $'000	Group FY2016 $'000
Cash flows from operating activities			
Net profit			
Adjustments for:		**4,890**	5,833
– Amortisation of intangible assets	7	**509**	305
– Depreciation of property, plant and equipment	7	**421**	240
– Write-down of property, plant and equipment		**–***	–
– Interest expense	9	**58**	5
– Interest income	5	**(40)**	(24)
– Income tax expense	10	**312**	447
– Initial public offering expenses		**507**	–
– Mergers and acquisitions expenses		**495**	–
– Unrealised currency translation losses		**17**	1
		7,169	6,807
Change in working capital:			
– Trade and other receivables		**(2,387)**	(2,161)
– Inventories		**(9)**	(25)
– Trade and other payables		**2,042**	(205)
– Deferred income		**(876)**	(92)
Cash generated from operations		**5,939**	4,324
Income tax refund		**39**	36
Income tax paid		**(484)**	(385)
Net cash provided by operating activities		**5,494**	3,975
Cash flows from investing activities			
Additions to property, plant and equipment		**(419)**	(585)
Additions to intangible assets		**(723)**	(458)
Acquisitions of subsidiary corporations, net of cash acquired	30	**–**	(611)
Acquisitions of preschool businesses	30	**(16,629)**	–
Acquisitions of non-controlling interests	16	**(680)**	–
Interest received		**40**	24
Acquisitions related expenses paid	30	**(495)**	–
Net cash used in investing activities		**(18,906)**	(1,630)
Cash flows from financing activities			
Dividend paid to equity holders of the Company		**(2,500)**	(5,100)
Dividend paid to non-controlling interests		**(110)**	(237)
Interest paid		**(33)**	(5)
Repayments of finance lease liabilities		**(40)**	(38)
Repayments of bank borrowings		**(6,298)**	–
Proceeds from bank borrowings		**13,168**	–
Proceeds from initial public offering		**47,566**	–
Initial public offering expenses		**(2,834)**	–
Net cash provided by/(used in) financing activities		**48,919**	(5,380)
Net increase/(decrease) in cash and cash equivalents		**35,507**	(3,035)
Cash and cash equivalents			
Beginning of financial year		**3,874**	6,912
Effects of currency translation on cash and cash equivalents		**(4)**	(3)
End of financial year		**39,377**	3,874

* *Less than $1,000*

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Reconciliation of liabilities arising from financing activities

	Bank borrowings $'000	Finance lease liabilities $'000	Total $'000
As at 1 January 2017	–	96	96
Changes from financing cash flows			
– Proceeds from bank borrowings	13,168	–	13,168
– Repayments of bank borrowings	(6,298)	–	(6,298)
– Repayments of finance lease liabilities	–	(40)	(40)
– Interest paid	(30)	(3)	(33)
Total changes from financing cash flows	6,840	(43)	6,797
Liability – related other change			
– Interest expense	55	3	58
As at 31 December 2017	6,895	56	6,951

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

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.

On 24 November 2017, the Company was listed 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, and 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.

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 the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the Financial Statement.

2 Significant accounting policies (Continued)

2.2 Revenue recognition

Sales comprise 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 are 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 fees

Royalty fees are 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

(I) Unit franchise licences

Unit of franchise licences are recognised as revenue when a franchisee secures a lease for the premises to operate the franchise business and receives the Group's proprietary operation manual to operate such franchise 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 franchise business within the stipulated period stated in the franchise agreement.

2 Significant accounting policies (Continued)

2.2 Revenue recognition (Continued)

(f) Franchise income (Continued)

(II) Master franchise licences

Exclusivity to a territory is granted to a master franchisee upon execution of the master franchise agreement, prohibiting the 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.

(g) Commission income

Commission income is recognised on an accrual basis in accordance with the agreed terms.

(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.

2 Significant accounting policies (Continued)

2.4 Group accounting (Continued)

(a) Subsidiary Corporations (Continued)

(i) Consolidation (Continued)

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.

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 on "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.

2 Significant accounting policies (Continued)

2.4 Group accounting (Continued)

(a) *Subsidiary Corporations* (Continued)

(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 the paragraph on "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.

2.5 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. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

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 within “other gains and (losses)”.

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.

2 Significant accounting policies (Continued)

2.6 Intangible assets (Continued)

(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.

(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 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.8 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 Significant accounting policies (Continued)

2.9 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.

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.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2 Significant accounting policies (Continued)

2.10 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 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.

(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 assesses 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.

2 Significant accounting policies (Continued)

2.10 Financial assets (Continued)

(e) Impairment (Continued)

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.

2.11 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.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost.

2.13 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 Significant accounting policies (Continued)

2.14 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.

2.15 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.

2.16 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 Significant accounting policies (Continued)

2.17 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.

2.18 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.

2 Significant accounting policies (Continued)

2.18 Provisions for liabilities and charges (Continued)

(b) *Asset dismantlement, removal or restoration*

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

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, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

2.19 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.

2.20 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 and have been rounded to the nearest thousand (“$’000”).

2 Significant accounting policies (Continued)

2.20 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

(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.

Goodwill adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.21 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 Significant accounting policies (Continued)

2.22 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.

2.23 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.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements 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.

(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 and the Company would be higher/lower by $83,000 (2016: $93,000) and $6,000 (2016: $3,000) respectively.

3 **Critical accounting estimates, assumptions and judgements** (Continued)

(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 goodwill as at 31 December 2017 is $20,760,000 (2016: $4,724,000). The change in the estimated recoverable amount from any reasonable possible change on the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

4 **Revenue**

	Group	
	2017	**2016**
	$'000	**$'000**
School fees	**14,015**	10,578
Royalty fees	**4,566**	3,952
Franchise income	**2,978**	2,886
Sale of merchandise	**466**	433
Event income	**396**	166
Administrative income	**113**	74
Commission income	**257**	329
	22,791	18,418

5 **Other income**

	Group	
	2017	**2016**
	$'000	**$'000**
Service income	**1,089**	821
Government grants	**238**	322
Interest income – bank deposits	**40**	24
Others	**75**	47
	1,442	1,214

6 **Other (loss)/gain – net**

	Group	
	2017	**2016**
	$'000	**$'000**
Currency exchange (loss)/gain – net	**(13)**	16

7 Expenses by nature

	Group	
	2017	**2016**
	$'000	**$'000**
Advertising and marketing	**560**	358
Allowance for impairment of trade and other receivables (Note 28(b)(ii)&(iii))	**4**	219
Amortisation of intangible assets (Note 15(e))	**509**	305
Associate trainer fees	**96**	129
Commission	**298**	331
Change in inventories	**(9)**	(26)
Depreciation of property, plant and equipment (Note 14)	**421**	240
Employee compensation (Note 8)	**10,163**	7,388
Event and excursion expenses	**464**	118
Insurance	**18**	12
Professional fees	**627**	718
Purchase of merchandise	**326**	321
Rental – operating lease	**2,978**	2,159
Repair and maintenance	**81**	163
Student welfare	**527**	324
Telecommunication	**34**	23
Training	**96**	61
Travel expenses	**328**	137
Utilities	**129**	90
Other	**308**	293
Total cost of sales, administrative expenses and marketing expenses	**17,958**	13,363

8 Employee compensation

	Group	
	2017	**2016**
	$'000	**$'000**
Wages, salaries and other costs	**9,095**	6,635
Employer's contribution to Central Provident Fund	**1,068**	753
	10,163	7,388

9 Finance expenses

	Group 2017 $'000	Group 2016 $'000
Interest expenses:		
– Finance lease liabilities	**3**	5
– Term loan	**30**	–
	33	5
Amortisation of transaction cost	**25**	–
	58	5

10 Income tax expense

	Group 2017 $'000	Group 2016 $'000
Income tax expense attributable to profit is made up of:		
Profit for the financial year:		
– Current income tax – Singapore	**695**	483
Deferred income tax (Note 22)	**(371)**	–
Over provision in prior financial years		
– Current income tax – Singapore	**(12)**	(36)
	312	447

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:

	Group 2017 $'000	Group 2016 $'000
Profit before income tax	**5,202**	6,280
Tax calculated at a tax rate of 17%	**884**	1,068
Effects of:		
– expenses not deductible for tax purposes	**112**	146
– different tax rate in other country	**23**	–
– deferred tax assets not recognised	**31**	32
– recognition of previously unrecognised:		
• deductible temporary differences	**(136)**	–
• tax losses	**(235)**	–
– tax incentives	**(234)**	(210)
– income not subject to tax	**(6)**	–
– capitalisation of revenue expense	**(115)**	(72)
– utilisation of previously unrecognised:		
• capital allowance	**–**	(88)
• tax losses	**–**	(169)
– group relief	**–**	(224)
– over provision in prior financial years	**(12)**	(36)
– others	**–***	–*
	312	447

* *Less than $1,000*

10 Income tax expense (Continued)

Subject to agreement with the tax authorities, the Group has unutilised tax losses and capital allowances amounting to $2,673,000 and $125,000 (2016: $2,361,000 and $125,000) 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 Income Tax Act of Singapore and the Income Tax Assessment Act of Australia and meeting certain statutory requirements in Singapore and Australia.

11 Cash and cash equivalents

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks	**7,365**	3,041	**802**	181
Short-term bank deposits	**32,000**	822	**32,000**	–
Cash in hand	**12**	11	**1**	–*
	39,377	3,874	**32,803**	181

* *Less than $1,000*

12 Trade and other receivables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
– Non-related parties	**5,174**	3,866	**3,671**	2,341
– Related corporations	**31**	–	**4**	–*
	5,205	3,866	**3,675**	2,341
Less: Allowance for impairment of trade receivables – non-related parties (Note 28(b)(ii))	**(209)**	(205)	**–**	–
Trade receivables – net	**4,996**	3,661	**3,675**	2,341
Other receivables				
– Non-related parties	**577**	307	**265**	109
– Immediate holding corporation	**108**	–	**108**	–
– Related corporations	**164**	–	**–**	–
– Subsidiary corporations	**–**	–	**19,055**	1,308
– Shareholders of subsidiary corporations	**–**	6	**–**	–
	849	313	**19,428**	1,417
Less: Allowance for impairment of other receivables (Note 28(b)(iii))				
– non-related parties	**(66)**	(66)	**–**	–
– subsidiary corporation	**–**	–	**(343)**	(343)
Other receivables – net	**783**	247	**19,085**	1,074
Prepayments	**165**	98	**71**	32
Deposits	**2,000**	1,398	**641**	535
	7,944	5,404	**23,472**	3,982

* *Less than $1,000*

Non-trade amount due from immediate holding corporation, related corporations, subsidiary corporations and shareholders of subsidiary corporations are unsecured, interest-free and are repayable on demand.

13 Inventories

	Group 2017 $'000	Group 2016 $'000
Finished goods – merchandise for sale	**90**	80

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $317,000 (2016: $295,000).

14 Property, plant and equipment

	Furniture and office equipment $'000	Renovation $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Group					
2017					
Cost					
Beginning of financial year	904	1,153	194	435	2,686
Acquisitions of preschool businesses (Note 30)	423	139	7	–	569
Additions	150	163	125	–	438
Write-off	(3)	–	–	–	(3)
Currency translation differences	(6)	(2)	–	–	(8)
End of financial year	1,468	1,453	326	435	3,682
Accumulated depreciation					
Beginning of financial year	730	522	175	112	1,539
Depreciation charge (Note 7)	116	232	30	43	421
Write-off	(3)	–	–	–	(3)
End of financial year	843	754	205	155	1,957
Net book value					
End of financial year	**625**	**699**	**121**	**280**	**1,725**

14 **Property, plant and equipment** (Continued)

	Furniture and office equipment $'000	Renovation $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Group					
2016					
Cost					
Beginning of financial year	794	518	175	393	1,880
Acquisitions of subsidiary corporations (Note 30)	11	146	2	–	159
Additions	101	489	17	42	649
Write-off	(2)	–	–	–	(2)
End of financial year	904	1,153	194	435	2,686
Accumulated depreciation					
Beginning of financial year	598	493	139	71	1,301
Depreciation charge (Note 7)	134	29	36	41	240
Write-off	(2)	–	–	–	(2)
Currency translation differences	–	–	–	–*	–*
End of financial year	730	522	175	112	1,539
Net book value					
End of financial year	**174**	**631**	**19**	**323**	**1,147**

* *Less than $1,000*

Company	**2017 $'000**	**2016 $'000**
Motor vehicle		
Cost		
Beginning and end of financial year	**393**	393
Accumulated depreciation		
Beginning of financial year	**110**	71
Depreciation charge	**39**	39
End of financial year	**149**	110
Net book value		
End of financial year	**244**	283

The carrying amount of the Group's and the Company's motor vehicle held under finance leases liabilities is $244,000 (2016: $283,000) at the balance sheet date.

15 Intangible assets

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Composition				
Goodwill arising on consolidation (Note (a))	**20,760**	4,724	**–**	–
Franchise license (Note (b))	**24**	37	**–**	–
Courseware development costs (Note (c))	**854**	579	**617**	342
Computer software licenses (Note (d))	**41**	89	**22**	19
	21,679	5,429	**639**	361

(a) Goodwill arising on consolidation

	Group	
	2017	**2016**
	$'000	**$'000**
Cost		
Beginning of financial year	**4,810**	115
Acquisition of subsidiary corporations (Note 30)	**16,253**	4,695
Currency translation differences	**(217)**	–
End of financial year	**20,846**	4,810
Accumulated impairment		
Beginning and end of financial year	**86**	86
Net book value	**20,760**	4,724

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to each of the operating entities.

(i) Goodwill arising from the preschool businesses in Australia

Goodwill arising from the preschool businesses acquired on 10 November 2017 in Australia are provisionally determined as the Group is still in the midst of assessing the fair value of identified assets acquired. The fair value exercise is expected to be finalised within 12 months from date of acquisition; hence, the goodwill has not been allocated to the relevant CGU. The Group has not performed any impairment assessment on this acquisition as the initial allocation of goodwill has not been completed. Furthermore, there are no internal and external triggering events that warrant an impairment assessment, as these businesses are generating revenue and profit for the financial year ended 31 December 2017.

(ii) Goodwill arising from the preschool businesses in Singapore

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, MindChamps PreSchool @ Zhongshan Park Pte Ltd and MindChamps PreSchool @ Leisure Park Kallang Pte Limited.

15 Intangible assets (Continued)

(a) Goodwill arising on consolidation (Continued)

Impairment tests for goodwill (Continued)

(ii) Goodwill arising from the preschool businesses in Singapore (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 2017	**46.4%**	**3.0%**	**10.4%**
– As at 31 December 2016	47.0%	3.0%	14.1%
MindChamps PreSchool @ Serangoon Pte Limited			
– As at 31 December 2017	**48.9%**	**3.0%**	**10.5%**
– As at 31 December 2016	53.2%	3.0%	14.2%
MindChamps PreSchool @ Zhongshan Park Pte Ltd			
– As at 31 December 2017	**43.2%**	**3.0%**	**10.4%**
– As at 31 December 2016	42.8%	3.0%	14.1%
MindChamps PreSchool @ Leisure Park Kallang Pte Limited			
– As at 31 December 2017	**48.3%**	**3.0%**	**9.9%**

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 value-in-use calculations which would cause the recoverable amount falls below its carrying amount.

(b) Franchise license

	Group	
	2017	**2016**
	$'000	**$'000**
Cost		
Beginning of financial year	**46**	14
Acquisition of subsidiary corporations (Note 30)	**–**	32
End of financial year	**46**	46
Accumulated amortisation		
Beginning of financial year	**9**	1
Amortisation charge	**13**	8
End of financial year	**22**	9
Net book value	**24**	37

15 Intangible assets (Continued)

(c) Courseware development costs

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cost				
Beginning of financial year	**1,060**	639	**824**	455
Additions	**678**	421	**678**	369
End of financial year	**1,738**	1,060	**1,502**	824
Accumulated amortisation				
Beginning of financial year	**481**	254	**482**	254
Additions	**403**	227	**403**	228
End of financial year	**884**	481	**885**	482
Net book value	**854**	579	**617**	342

(d) Computer software

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cost				
Beginning of financial year	**171**	134	**38**	38
Additions	**45**	37	**38**	–
End of financial year	**216**	171	**76**	38
Accumulated amortisation				
Beginning of financial year	**82**	12	**19**	–
Additions	**93**	70	**35**	19
End of financial year	**175**	82	**54**	19
Net book value	**41**	89	**22**	19

(e) Amortisation expenses included in the statement of comprehensive income is analysed as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Administrative expenses	**509**	305

16 Investments in subsidiary corporations

	Company 2017 $'000	Company 2016 $'000
Equity investments		
Cost		
Beginning of financial year	**6,756**	1,832
Additions	**1,383**	4,924
End of financial year	**8,139**	6,756
Less: Allowance for impairment	**(1)**	(1)
	8,138	6,755

The Group had the following subsidiary corporations as at 31 December 2017 and 2016:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2017 %	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	Proportion of ordinary shares held by non-controlling interests 2016 %
Held by the Company						
MindChamps PreSchool Franchise Pte Limited[a]	Franchising of childcare services for preschool children	Singapore	**100**	93.58	**–**	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]	Childcare and related services	Singapore	**80**	80	**20**	20
MindChamps PreSchool @ Zhongshan Park Pte Ltd[a]	Childcare and related services	Singapore	**75**	75	**25**	25
MindChamps PreSchool @ Changi Business Park Pte Ltd[a]	Childcare and related services	Singapore	**100**	51	**–**	49
MindChamps PreSchool @ Leisure Park Kallang Pte Limited[a]	Childcare and related services	Singapore	**51**	51	**49**	49

16 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2017 and 2016: (Continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2017 %	2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	2016 %
Held by the Company (Continued)						
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	**–**	–
Held by a subsidiary corporation						
MindChamps Early Learning & Care @ Broadway Pty Limited[(b),(c)]	Childcare and related services	Australia	**100**	–	**–**	–
MindChamps Early Learning & Care @ Cherrybrook Pty Limited[(b),(c)]	Childcare and related services	Australia	**100**	–	**–**	–
MindChamps Early Learning & Care @ Eastwood Pty Limited[(b),(c)]	Childcare and related services	Australia	**100**	–	**–**	–
MindChamps Early Learning & Care @ Hornsby Pty Limited[(b),(c)]	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) Incorporated during the financial year

16 **Investments in subsidiary corporations** (Continued)

Carrying value of non-controlling interests

	2017 $'000	2016 $'000
MindChamps PreSchool Franchise Pte Limited ("MCF")	**–**	194
MindChamps PreSchool @ Serangoon Pte Limited ("SRG")	**210**	190
Other subsidiary corporations with immaterial non-controlling interests	**(242)**	57
Total	**(32)**	441

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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Assets	**–**	5,868	**2,036**	1,869
Liabilities	**–**	(2,981)	**(1,124)**	(1,032)
Total current net assets	**–**	2,887	**912**	837
Non-current				
Assets	**–**	133	**202**	157
Liabilities	**–**	–	**(62)**	(46)
Total non-current net assets	**–**	133	**140**	111
Net assets	**–**	3,020	**1,052**	948

Summarised income statement

	MCF		SRG	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Revenue	**–**	6,496	**3,464**	3,520
Profit before income tax	**–**	3,225	**746**	738
Income tax expense	**–**	(426)	**(93)**	(21)
Total comprehensive income, representing net profit	**–**	2,799	**653**	717
Total comprehensive income allocated to non-controlling interests	**–**	179	**131**	180
Dividends paid to non-controlling interests	**–**	237	**110**	–

16 **Investments in subsidiary corporations** (Continued)

Summarised financial information of subsidiary corporations with material non-controlling interests (Continued)

Summarised cash flows

	MCF		SRG	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash flows from operating activities				
Cash generated from operations	**–**	2,927	**818**	1,294
Income tax refund	**–**	36	**–**	–
Income tax paid	**–**	(385)	**(21)**	–
Net cash provided by operating activities	**–**	2,578	**797**	1,294
Net cash used in investing activities	**–**	(114)	**(100)**	(123)
Net cash (used in)/provided by financing activities	**–**	(4,973)	**(550)**	97
Net (decrease)/increase in cash and cash equivalents	**–**	(2,509)	**147**	1,268
Cash and cash equivalents at beginning of financial year	**–**	2,855	**1,588**	320
Cash and cash equivalents at end of financial year	**–**	346	**1,735**	1,588

Transactions with non-controlling interests – acquisitions of additional interests in subsidiary corporations

(i) *MindChamps PreSchool @ Changi Business Park Pte Ltd ("CBP")*

On 25 September 2017, the Group acquired the remaining 49% of the issued shares of CBP for a purchase consideration of $387,000. Following the transaction, CBP became a wholly-owned subsidiary corporation of the Group. The carrying amount of the non-controlling interests in CBP on the date of acquisition was $120,000. The Group derecognised non-controlling interests of $120,000 and recorded a decrease in equity attributable to owners of the parents of $267,000.

(ii) *MindChamps PreSchool Franchise Pte Limited ("MCF")*

On 9 November 2017, the Group acquired the remaining 6.42% of the issued shares of MCF for a purchase consideration of $293,000. Following the transaction, MCF became a wholly-owned subsidiary corporation of the Group. The carrying amount of the non-controlling interests in MCF on the date of acquisition was $382,000. The Group derecognised non-controlling interests of $382,000 and recorded an increase in equity attributable to owners of the parents of $89,000.

The effect of the changes in the ownership interest of CBP and MCF on the equity attributable to owners of the Company during the financial year is summarised as follows:

	CBP	**MCF**	**Total**
	$'000	**$'000**	**$'000**
Carrying amount of non-controlling interests acquired	120	382	502
Considerations paid to non-controlling interests	(387)	(293)	(680)
Excess of considerations paid recognised in parent's equity	(267)	89	(178)

17 Trade and other payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade payables to:				
– non-related parties	**99**	129	**–**	–
– related corporations	**50**	–*	**–**	–*
– subsidiary corporations	**–**	–	**–**	149
	149	129	**–**	149
Other payables to:				
– non-related parties	**1,077**	758	**429**	19
– related parties	**–**	81	**–**	76
– related corporations	**31**	150	**20**	–
– subsidiary corporations	**–**	–	**7,188**	4,925
– immediate holding corporation	**11**	1,357	**–**	1,357
– shareholders of a subsidiary corporation	**–**	157	**–**	–
	1,119	2,503	**7,637**	6,377
Deposit received	**2,089**	1,304	**32**	–
Accrued operating expenses	**1,689**	1,282	**268**	160
	5,046	5,218	**7,937**	6,686
Non-current				
Deferred consideration payables (Note 30(ii)(h))	**–**	3,737	**–**	3,737
Total trade and other payables	**5,046**	8,955	**7,937**	10,423

* *Less than $1,000*

Non-trade amounts due to subsidiary corporations, 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.

18 Deferred income

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Franchise income	**555**	1,081	**–**	56
School fees	**1,069**	983	**–**	–
Service income	**11**	25	**–**	–
	1,635	2,089	**–**	56

19 Borrowings

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Current		
Term loan	**2,273**	–
Finance lease liabilities (Note 20)	**42**	40
	2,315	40
Non-current		
Term loan	**4,622**	–
Finance lease liabilities (Note 20)	**14**	56
	4,636	56
Total borrowings	**6,951**	96

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are follows:

	Group and Company	
	2017	**2016**
	$'000	**$'000**
6 months or less	**1,157**	20
6 – 12 months	**1,158**	20
1 – 5 years	**4,636**	56
Total borrowings	**6,951**	96

(a) Security granted

Total borrowings include secured liabilities of $6,951,000 (2016: $96,000) for the Group and the Company. Term loan of the Group and the Company is secured by means of Memorandum of Charge/Assignment over shares in a subsidiary corporation, MindChamps Australia Pty Ltd and Deed of Guarantee and Indemnity for all monies from immediate holding corporation, MindChamps Holding Pte. Limited. Finance lease liabilities of the Group and the Company are effectively secured over the leased motor vehicle, as the legal title is retained by the lessor and will be transferred to the Group and the Company upon full settlement of the finance lease liabilities.

(b) Fair value of non-current borrowings

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Term loan	**3,944**	–
Finance lease liabilities	**13**	49

19 Borrowings (Continued)

(b) Fair value of non-current borrowings (Continued)

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group and Company	
	2017	**2016**
	%	**%**
Term loan	**5.28**	–
Finance lease liabilities	**5.28**	5.35

The fair values are within level 2 of the fair values hierarchy.

20 Finance lease liabilities

The Company leases a motor vehicle from non-related parties under finance leases. The lease agreements do not have renewal clauses as the Group and the Company is intending to use this asset until the end of the useful life.

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Minimum lease payments due		
– Not later than one year	**43**	43
– Between one and five years	**14**	57
	57	100
Less: Future finance charges	**(1)**	(4)
Present value of finance lease liabilities	**56**	96

The present values of finance lease liabilities are analysed as follows:

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Not later than one year	**42**	40
Between one and five years	**14**	56
Total	**56**	96

The effective interest rate for the Group and the Company is 3.96% (2016: 3.96%) per annum.

21 Provision for reinstatement cost

	Group	
	2017	**2016**
	$'000	**$'000**
Beginning of financial year	**145**	80
Addition	**19**	65
End of financial year	**164**	145

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.

22 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets				
– To be recovered within one year	**(235)**	–	**–**	–
– To be recovered after one year	**(153)**	–	**(67)**	–
	(388)	–	**(67)**	–
Deferred income tax liabilities				
– To be settled after one year	**17**	–	**–**	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $1,689,000 (2016: $2,361,000) and capital allowances of $125,000 (2016: $125,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

No deferred tax liabilities (2016: $nil) have been recognised for withholding and other taxes that would be payable on the unremitted earnings of the Group's oversea subsidiary corporations when remitted to the holding corporation as the oversea subsidiary corporations did not have unremitted profit (2016: $nil).

22 Deferred income taxes (Continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax assets

	Provisions $'000	Tax losses $'000	Total $'000
2017			
Beginning of financial year	–	–	–
Credited to profit or loss	(153)	(235)	(388)
End of financial year	(153)	(235)	(388)
2016			
Beginning and end of financial year	–	–	–

Deferred income tax liabilities

	Total $'000
Accelerated tax depreciation	
2017	
Beginning of financial year	–
Charged to profit or loss	17
End of financial year	17
2016	
Beginning and end of financial year	–

Company

Deferred income tax assets

	Total $'000
Tax losses	
2017	
Beginning of financial year	–
Credited to profit or loss	(67)
End of financial year	(67)
2016	
Beginning and end of financial year	–

The Company did not have deferred income tax liabilities as at 31 December 2017 and 2016.

23 Share capital

	Group and Company			
	2017		2016	
	No. of ordinary shares issued ('000)	**$'000**	**No. of ordinary shares issued ('000)**	**$'000**
Beginning of financial year	**500**	**500**	500	500
Sub-division of shares[(a)]	**179,500**	**–**	–	–
New shares issued pursuant to initial public offering[(b)]	**61,600**	**51,128**	–	–
Initial public offering expenses capitalised[(b)]	**–**	**(2,327)**	–	–
End of financial year	**241,600**	**49,301**	500	56

(a) On 9 November 2017, 500,000 shares in the capital of the Company were sub-divided into 180,000,000 shares.

(b) On 24 November 2017, the Company was listed on Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). 57,307,831 new shares were offered to the public at $0.83 per share and 4,292,169 new shares were issued to the minority shareholders of two subsidiary corporations as part of the deferred consideration payments for the acquisitions of two subsidiary corporations took place in 2016. Pursuant to the initial public offering exercise, the listing expenses of $2,327,000 were capitalised in the share capital of the Company.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

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.

24 Retained profits

Movement in retained profits for the Company is as follows:

	Company	
	2017 $'000	**2016 $'000**
Beginning of financial year	**487**	371
Net profit	**687**	5,166
Dividend (Note 26)	**–**	(5,050)
End of financial year	**1,174**	487

25 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017	**2016**
Net profit attributable to equity holders of the Company ($'000)	**4,565**	5,391
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**186,413**	180,000*
Basic earnings per share (cents per share)	**2.45**	2.99

* *Earnings per ordinary share for the corresponding period is calculated by dividing the net profit attributable to equity holders of the Company to 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 ordinary share for the corresponding period presented in accordance with FRS 33, assuming the subdivision of ordinary shares pursuant to the initial public offering exercise had been completed on 1 January 2016.*

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares.

26 Dividend

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Interim one-tier tax exempt dividend in respect of current financial year of nil (2016: $10.10) per share	**–**	5,050

27 Commitments

Operating lease commitments – where the Group is a lessee

The Group leases a motor vehicle under finance lease and 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:

	Group	
	2017	**2016**
	$'000	**$'000**
Not later than one year	**3,481**	2,242
Between one and five years	**5,744**	4,695
Later than five years	**957**	–
	10,182	6,937

28 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 authority levels, risk identification and measurement, oversight responsibilities, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by finance team. The finance team measures actual exposures against the limits set and prepares regular reports for the review of the key management team and the Board of Directors. The information presented below is based on information received from key management team.

(a) Market risk

(i) *Currency risk*

The Group operates in Singapore and Australia. Entities in the Group regularly transact in their respective functional currencies. Accordingly, the Group does not currently enter into any hedging arrangements or instruments for the purposes of hedging currency risk. In the event that the Group encounters any significant exposure or potential exposure to any currency risk, the Group may take precautionary measures including entering into hedging arrangements or instruments as may be prudent or necessary.

The Group does not have significant exposure to currency risk as the transactions, financial assets and financial liabilities are denominated in the currency of respective country where the business domiciles and operates.

The Company does not have exposure to currency risk as the transactions are predominantly denominated in Singapore Dollar.

(ii) *Price risk*

The Group and the Company are not exposed to equity price risk as the Group and the Company do 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 and the Company 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.

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 10% (2016: nil) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $2,000 (2016: nil) as a result of higher/lower interest expense on these borrowings.

28 Financial risk management (Continued)

Financial risk factors (Continued)

(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 and of the Company 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 and the Company 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.

The trade receivables of the Group and of the Company comprise four debtors (2016: three debtors) and four debtors (2016: three debtors) respectively that individually represented 9 – 24% (2016: 14 – 29%) of the Group's trade receivables and 13 – 33% (2016: 21 – 45%) of the Company's trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
By types of customer				
Non-related parties				
– Individuals	**424**	198	**–**	–
– Corporate customers	**4,541**	3,463	**3,671**	2,341
– Related corporations	**31**	–	**4**	–*
	4,996	3,661	**3,675**	2,341

* Less than $1,000

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 and the Company.

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.

28 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 is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Past due:				
Less than 3 months	**560**	657	**44**	11
3 to 6 months	**53**	105	**14**	17
Over 6 months	**217**	165	**2**	–
	830	927	**60**	28

(ii) The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Gross amount	**209**	205	**–**	–
Less:				
Allowance for impairment	**(209)**	(205)	**–**	–
	–	–	**–**	–
Beginning of financial year	**205**	–	**–**	–
Allowance made during the financial year (Note 7)	**4**	205	**–**	–
End of financial year (Note 12)	**209**	205	**–**	–

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.

28 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:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	\$'000	**\$'000**	**\$'000**	**\$'000**
Gross amount	**66**	66	**343**	343
Less:				
Allowance for impairment	**(66)**	(66)	**(343)**	(343)
	–	–	**–**	–
Beginning of financial year	**66**	52	**343**	343
Allowance made during the financial year (Note 7)	**–**	14	**–**	–
End of financial year (Note 12)	**66**	66	**343**	343

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 and of the Company 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 \$'000	**Between 2 and 5 years \$'000**
Group		
At 31 December 2017		
Trade and other payables	5,046	–
Borrowings	2,582	4,905
At 31 December 2016		
Trade and other payables	8,955	–
Borrowings	43	57

28 Financial risk management (Continued)

Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year $'000	Between 2 and 5 years $'000
Company		
At 31 December 2017		
Trade and other payables	7,937	–
Borrowings	2,582	4,905
At 31 December 2016		
Trade and other payables	10,423	–
Borrowings	43	57

(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 borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Net debt	**–**	5,177	**–**	10,338
Total equity	**56,668**	4,165	**50,475**	987
Total capital	**56,668**	9,342	**50,475**	11,325
Gearing ratio	**–**	55%	**–**	91%

The Group and the Company were in compliance with all externally imposed capital requirements for the financial year ended 31 December 2017 and were not subject to any externally imposed capital requirements for the financial year ended 31 December 2016.

(e) Fair value measurements

The carrying amount of financial assets and financial liabilities of the Group and of the Company are assumed to approximate their fair values.

28 **Financial risk management** (Continued)

Financial risk factors (Continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments disclosed as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	**47,156**	9,180	**56,204**	4,131
Financial liabilities at amortised cost	**12,161**	9,196	**14,888**	10,519

29 **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

	Group	
	2017	**2016**
	$'000	**$'000**
Fees received from fellow subsidiary corporations		
– Rental income	**241**	208
– Allocated staff costs	**145**	13
– Sale of merchandise and event income	**33**	39
– Service income	**25**	–
– Commission income	**3**	–
– Royalties	**369**	314
Fees paid to fellow subsidiary corporations		
– Purchase of merchandise and event expense	**121**	3
– Advertising and marketing fees	**291**	326
– Rental expense	**128**	106
– Employee related expenses	**4**	5
– Training expenses	**–***	–*
– Allocated staff costs	**24**	73
– IT services	**47**	47
Fees paid to immediate holding corporation		
– Management fee	**435**	485
– Allocated staff costs	**–**	35
Fees paid to a subsidiary corporation of controlling shareholder		
– Rental expense	**443**	443

* *Less than $1,000*

Outstanding balances at 31 December 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 17 respectively.

29 Related party transactions (Continued)

(b) Key management compensation

Key management personnel compensation is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Wages and salaries	**366**	120
Employer's contribution to defined contribution plan, including Central Provident Fund	**16**	6
Other benefit	**40**	9
	422	135

Included in the above is total compensation to directors of the Company amounting to $322,000 (2016: $135,000).

30 Business combination

(i) Acquisitions of preschool businesses in 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.

On 10 November 2017, the Group completed an acquisition of four preschool businesses ("MCEL") in Sydney, Australia. The principal activities of the four preschool businesses are those relating to provision of childcare, education and learning related services for preschool children

Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	LPK	**MCEL**	**Total**
	$'000	**$'000**	**$'000**
(a) Purchase consideration			
Consideration transferred for the business	–*	16,629	16,629
(b) Effect on cash flows of the Group			
Cash paid (as above)	–*	(16,629)	(16,629)
Less: cash and cash equivalents in preschool businesses acquired	–	–	–
Cash outflow on acquisition	–*	(16,629)	(16,629)

* *Less than $1,000*

30 Business combination (Continued)

(i) Acquisitions of preschool businesses in 2017 (Continued)

	LPK	MCEL	Total
		Provisional	
	At fair value	fair value	
	$'000	$'000	$'000
(c) Identifiable assets acquired and liabilities assumed			
Property, plant and equipment (Note 14)	–	569	569
Other receivables	153	–	153
Total assets	153	569	722
Other payables	(109)	–	(109)
Deferred income	(423)	–	(423)
Total liabilities	(532)	–	(532)
Total identifiable net (liabilities)/assets	(379)	569	190
Add: Non-controlling interests	186	–	186
Add: Goodwill (Note 15(a), (f) below)	193	16,060	16,253
Consideration transferred for the business	–*	16,629	16,629

* *Less than $1,000*

(d) Acquisition-related costs

<u>*LPK*</u>

There was no acquisition-related cost incurred as the transfer of business was a performance of the conditions specified in a loan agreement.

<u>*MCEL*</u>

Acquisition-related costs of $495,000 were expensed in the consolidated statement of comprehensive income and in investing cash flows in the consolidated statement of cash flows.

(e) Acquired receivables

<u>*LPK*</u>

The fair value of other receivables is $153,000, which comprises the rental, utilities and renovation deposits of $103,000 and a renovation down payment of $50,000.

30 **Business combination** (Continued)

(i) **Acquisitions of preschool businesses in 2017** (Continued)

(f) Goodwill

LPK

The goodwill of $193,000 arising from the acquisition is attributable to the synergies of the business combination, specifically from an increase in market share in Singapore.

The acquired businesses 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.

MCEL

Goodwill arising from the preschool businesses acquired on 10 November 2017 in Australia are provisionally determined as the Group is still in the midst of assessing the fair value of identified assets acquired. The fair value exercise is expected to be finalised within 12 months from date of acquisition.

(g) Revenue and profit contribution

LPK

The acquired business contributed revenue of $1,248,000 and net loss of $210,000 to the Group for the financial period from 9 January 2017 to 31 December 2017.

Had LPK been consolidated from 1 January 2017, there would be no significant impact to the consolidated revenue and consolidated profit for the financial year ended 31 December 2017.

MCEL

The acquired business contributed revenue of $841,000 and net profit of $242,000 to the Group for the financial period from 10 November 2017 to 31 December 2017.

Had MCEL been consolidated from 1 January 2017, consolidated revenue and consolidated profit for the financial year ended 31 December 2017 would have been $28,934,000 and $6,920,000 respectively.

(h) Non-controlling interests

LPK

The Group recognised the non-controlling interest at the proportionate share of the acquiree's identifiable net liabilities of $186,000.

(ii) **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.

30 Business combination (Continued)

(ii) 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 $'000	ZSP $'000	Total $'000
(a)	Purchase consideration			
	Cash paid	1,000	188	1,188
	Deferred consideration (Note 17, (h) below)	3,115	622	3,737
	Consideration transferred for the business	4,115	810	4,925
(b)	Effect on cash flows of the Group			
	Cash paid (as above)	1,000	188	1,188
	Less: cash and cash equivalents in subsidiary corporations acquired	(399)	(178)	(577)
	Cash outflow on acquisition	601	10	611

		SRG At fair value $'000	ZSP At fair value $'000	Total At fair value $'000
(c)	Identifiable assets acquired and liabilities assumed			
	Cash and cash equivalents	399	178	577
	Property, plant and equipment (Note 14)	3	156	159
	Intangible assets (Note 15(b))	–	32	32
	Inventories	–	2	2
	Trade and other receivables (Note (e) below)	167	94	261
	Total assets	569	462	1,031
	Trade and other payables	(522)	(194)	(716)
	Deferred income	–	(12)	(12)
	Total liabilities	(522)	(206)	(728)
	Total identifiable net assets	47	256	303
	Less: Non-controlling interests	(9)	(64)	(73)
	Add: Goodwill (Note 15(a), (f) below)	4,077	618	4,695
	Consideration transferred for the business	4,115	810	4,925

30 **Business combination** (Continued)

(ii) **Acquisitions of subsidiary corporations in 2016** (Continued)

(d) Acquisition-related costs

Acquisition-related costs of $14,000 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 $262,000, which mainly comprises the rental and utilities deposits of $227,000.

(f) Goodwill

The goodwill of $4,695,000 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 $3,277,000 and net profit of $937,000 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 $18,661,000 and $5,648,000 respectively.

ZSP

The acquired business contributed revenue of $823,000 and net profit of $73,000 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 $19,158,000 and $5,459,000 respectively.

(h) Deferred consideration

The carrying amount of deferred consideration amounting to $3,737,000 approximates its fair value as at balance sheet date.

30 Business combination (Continued)

(ii) Acquisitions of subsidiary corporations in 2016 (Continued)

(i) Non-controlling interests

The Group recognised the non-controlling interest at the proportionate share of the acquirees' identifiable net assets of $73,000.

31 Segment information

The Executive Officers Committee ("EOC") is the Group's chief operating decision-maker. The EOC comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Brand Officer and Group General Manager 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 EOC that are used to make strategic decisions, allocate resources, and assess performance.

The EOC considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the two primary geographic areas namely, Singapore and Australia. From a business segment perspective, management separately considers the education and franchise activities in these geographic areas.

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 & Corporate

Franchising of childcare services and enrichment classes, provision of administrative support services and corporate office.

(iii) Others

Provision of commercial schools offering higher education programmes, business and management consulting services.

31 Segment information (Continued)

	Singapore			Australia		Group
	Education $'000	Franchise & Corporate $'000	Others $'000	Education $'000	Franchise & Corporate $'000	Total $'000
2017						
Sales						
Total segment sales	13,472	9,789	–	841	76	24,178
Inter-segment sales	–	(1,311)	–	–	(76)	(1,387)
Sales to external parties	13,472	8,478	–	841	–	22,791
Adjusted operating EBITDA	**4,007**	**3,266**	**(7)**	**264**	**(378)**	**7,152**
Initial public offering expenses	–	(507)	–	–	–	(507)
Mergers and acquisitions expenses	–	–	–	–	(495)	(495)
Adjusted EBITDA	4,007	2,759	(7)	264	(873)	6,150
Depreciation	325	67	–*	23	6	421
Amortisation	15	475	19	–	–	509
Segment assets	11,757	41,291	279	17,737	139	71,203
Segment assets includes:						
Additions to:						
– property, plant and equipment	362	18	–*	58	–	438
– intangible assets	193	723	–	16,060	–	16,976
Segment liabilities	(4,122)	(9,684)	(173)	(416)	(140)	(14,535)
2016						
Sales						
Total segment sales	10,863	8,588	19	–	–	19,470
Inter-segment sales	(23)	(1,029)	–	–	–	(1,052)
Sales to external parties	10,840	7,559	19	–	–	18,418
Adjusted EBITDA	**3,749**	**3,170**	**(24)**	**–**	**(89)**	**6,806**
Depreciation	148	88	2	–	2	240
Amortisation	9	276	20	–	–	305
Segment assets	9,586	5,551	303	–	494	15,934
Segment assets includes:						
Additions to:						
– property, plant and equipment	513	95	–	–	41	649
– intangible assets	4,731	403	52	–	–	5,186
Segment liabilities	(3,490)	(8,089)	(184)	–	(6)	(11,769)

* *Less than $1,000*

31 **Segment information** (Continued)

(a) **Reconciliation**

Segment profits

A reconciliation of adjusted EBITDA to profit before income tax is as follows:

	2017 $'000	2016 $'000
Adjusted EBITDA for reportable segments	**6,157**	6,830
Adjusted EBITDA for other segments	**(7)**	(24)
Depreciation	**(421)**	(240)
Amortisation	**(509)**	(305)
Finance expense	**(58)**	(5)
Interest income	**40**	24
Profit before income tax	**5,202**	6,280

(b) **Revenue from major products and services**

Revenues from external customers are mainly school fees, royalty fees and franchise income. Breakdown of the revenue from respective segment is as follows:

	2017 $'000	2016 $'000
Revenue		
Education	**14,313**	10,840
Franchise	**8,478**	7,559
Others	**–**	19
	22,791	18,418

(c) **Geographical information**

The Group's three business segments operate in two geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally 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, business and management consulting services, investment holding and corporate services; and

31 Segment information (Continued)

(c) Geographical information (Continued)

- Australia – the operation in this area is principally 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 and corporate office.

	Revenue	
	2017	**2016**
	$'000	**$'000**
Singapore	**21,950**	18,418
Australia	**841**	–
	22,791	18,418

	Non-current assets	
	2017	**2016**
	$'000	**$'000**
Singapore	**7,157**	6,536
Australia	**16,635**	40
	23,792	6,576

There was no single external customer who contributed more than 10% of the Group's revenue during the financial years ended 31 December 2017 and 2016.

32 Events occurring after balance sheet date

(i) China PreSchool Fund

On 15 February 2018, the Group entered into a joint venture agreement with China First Capital Group Limited to establish a fund (the "China Preschool Fund") which has an investment objective of establishing and acquiring preschools in the People's Republic of China and operating them under the "MindChamps" brand.

The China Preschool Fund targets to raise an initial tranche of US$200 million from the offering and sale of limited partnership interests to limited partners of the China Preschool Fund.

As a result of the establishment of the China Preschool Fund structure, the Group expects to receive the following income streams:

(a) franchise income and royalty fees;

(b) profits from the master franchise company (in which the Group will have a 49% shareholding);

(c) returns from investment in the China Preschool Fund, if the Group invests as a limited partner; and

(d) profits from the operations of the general partner of the China Preschool Fund (in which the Group will have a 50% shareholding).

32 Events occurring after balance sheet date (Continued)

(ii) Acquisition of MindChamps PreSchool @ Woodlands Pte. Ltd.

On 1 March 2018, the Group acquired 100% of the issued shares of MindChamps PreSchool @ Woodlands Pte. Ltd. ("WDL") for a total consideration of approximately $1,309,000. Following the acquisition, WDL will be consolidated in the Group from 1 March 2018 onwards. The details of the assets acquired and liabilities assumed and the effect on the cash flows for the Group will be disclosed in the financial statements for the financial year ending 31 December 2018.

33 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 2018 and which the Group has not early adopted:

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

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 (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI reserve to retained profits.

Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI.

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 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 new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 34) and management does not expect the new expected credit losses model to have a significant impact on the impairment provisions.

33 New or revised accounting standards and interpretations (Continued)

- 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 Group is required to adopt a new accounting framework from 1 January 2018 (Note 34) and management does not expect the new expected credit losses model to have a significant impact on the impairment provisions.

- 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 reporting date, the Group has non-cancellable operating lease commitments of $10,182,000 (Note 27). 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.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note 34). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's financial statements.

33 New or revised accounting standards and interpretations (Continued)

- INT FRS 123: Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 Jan 2019)
- Amendments to FRS 103: Business Combinations (effective for annual periods beginning on or after 1 Jan 2019)
- Amendments to FRS 12: Income Taxes (effective for annual periods beginning on or after 1 Jan 2019)
- Amendments to FRS 23: Borrowing costs (effective for annual periods beginning on or after 1 Jan 2019)

34 Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 31 March 2018 in April 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 *First-time Adoption of IFRS*. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under IFRS 1. As at the date of this report, the Group does not intend to elect relevant optional exemptions.

(b) Adoption of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent of IFRS 9 on 1 January 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.

(i) Classification and measurement

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) equivalent of IFRS 9. The Group does not expect significant adjustments to the Group's balance sheet line items.

34 Adoption of SFRS(I) (Continued)

(b) Adoption of SFRS(I) equivalent of IFRS 9 (Continued)

(ii) *Impairment of financial assets*

The following financial assets will be subject to the expected credit loss model under the SFRS(I) equivalent of IFRS 9:

– trade receivables recognised under the SFRS(I) equivalent of IFRS 15; and

– loans to related parties and other receivables at amortised cost.

The Group does not expect to have significant adjustments on the provision for impairment for the above financial assets, which arise from the application of the expected credit loss impairment model.

(c) Adoption of SFRS(I) equivalent of IFRS 15

In accordance with the requirements of IFRS 1, the Group will adopt the SFRS(I) equivalent of IFRS 15 retrospectively.

(i) *Accounting for contracts with multiple performance obligations*

Under SFRS(I), the franchise agreements have been assessed with revenue recognised progressively by reference to the stage of completion of the performance obligations at the balance sheet date.

The Group has assessed the existing agreements under the requirements of SFRS(I) equivalent of IFRS 15 and concluded the revenue for each agreement was recognised when the Group has satisfied the performance obligation or to be recognised when the performance obligation is satisfied.

Moving forward, the Group will continue to assess the new agreements under the requirements of SFRS(I) equivalent of IFRS 15. The assessment will conclude the number of performance obligations to be satisfied at different timings. This will result in a different timings of revenue recognition for each performance obligation under each agreement.

(d) The Group does not expect significant impacts to the Group arising from the adoption of SFRS(I) as described above.

35 Authorisation of financial statements

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of MindChamps PreSchool Limited (formerly known as MindChamps PreSchool (Worldwide) Pte. Limited) on 23 March 2018.

Ordinary shareholdings

Total number of issued shares	:	241,600,000
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

The Company did not have treasury shares and shares held by a subsidiary as at 9 March 2018.

No. of ordinary shares held	No. of shareholders	%	No. of ordinary shares	%
1 – 99	–	–		
100 – 1,000	235	18.16	214,200	0.09
1,001 – 10,000	766	59.20	3,645,400	1.51
10,001 – 1,000,000	281	21.71	15,456,115	6.40
1,000,001 and above	12	0.93	222,284,285	92.00
Total	**1,294**	**100.00**	**241,600,000**	**100.00**

Substantial shareholders

As recorded in the Register of Substantial Shareholders as at 9 March 2018:

	Number of ordinary shares			
Name	Direct Interest	%(6)	Deemed Interest	%(6)
David Chiem Phu An	1,710,528	0.71	126,606,441(1)	52.40
Catherine Du	1,710,528	0.71	126,606,441(2)	52.40
MindChamps Holdings Pte. Limited	–	–	124,895,913(3)	51.70
Champion Minds Pte. Limited	–	–	124,895,913(4)	51.70
Invest Learning Pte. Ltd.	48,320,000	20.00	–	–
Singapore Press Holdings Limited	–	–	48,320,000(5)	20.00

Notes:

(1) Mr David Chiem Phu An holds 35.4% of the issued ordinary shares of Champion Minds Pte. Limited, which in turns wholly-owns MindChamps Holdings Pte. Limited ("MCH"). Accordingly, for purposes of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Mr David Chiem Phu An is deemed to be interested in the shares of the Listed Issuer ("Shares") held by MCH. In addition, Mr David Chiem Phu An is deemed to be interested in the Shares in which his spouse, Ms Catherine Du, has an interest, including the 1,710,528 Shares which she directly holds. As Mr David Chiem Phu An already has a deemed interest in the Shares held by MCH, such interest has not been additionally accounted for as his deemed interest in Shares in which his spouse, Ms Catherine Du, has an interest.

(2) Ms Catherine Du holds 35.4% of the issued ordinary shares of Champion Minds Pte. Limited, which in turns wholly-owns MCH. Accordingly, for purposes of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Ms Catherine Du is deemed to be interested in the shares of the Listed Issuer ("Shares") held by MCH. In addition, Ms Catherine Du is deemed to be interested in the Shares in which her spouse, Mr David Chiem Phu An, has an interest, including the 1,710,528 Shares which he directly holds. As Ms Catherine Du already has a deemed interest in the Shares held by MCH, such interest has not been additionally accounted for as her deemed interest in Shares in which her spouse, Mr David Chiem Phu An, has an interest.

(3) MindChamps Holdings Pte. Limited is deemed interested in the shares registered in the name of DBS Vickers Securities (Singapore) Pte. Ltd.

(4) Champion Minds Pte. Limited ("Champion Minds") wholly-owns MCH. Accordingly, for the purposes of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Champion Minds is deemed to be interested in the shares in which MCH has an interest.

(5) Singapore Press Holdings Limited ("SPH") wholly-owns Invest Learning Pte. Ltd. ("Invest Learning"). Accordingly, for the purposes of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, SPH is deemed to be interested in the shares held by Invest Learning.

(6) Percentage is based on 241,600,000 ordinary shares (excluding treasury shares) as at 9 March 2018.

SHAREHOLDERS' INFORMATION

AS AT 9 MARCH 2018

Twenty largest ordinary shareholders

As shown in the Register of Members and Depository Register:

	No. of ordinary shares	%
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	137,241,571	56.81
INVEST LEARNING PTE. LTD.	48,320,000	20.00
MERRILL LYNCH (SINGAPORE) PTE LTD	12,062,300	4.99
DBS NOMINEES PTE LTD	11,252,400	4.66
PHILLIP SECURITIES PTE LTD	1,964,700	0.81
CITIBANK NOMINEES SINGAPORE PTE LTD	1,924,400	0.80
TEOH MEI YIAN (ZHAO MEIYAN)	1,807,229	0.75
WONG WEI HSNG (WANG WEISHENG)	1,807,229	0.75
CATHERINE DU	1,710,528	0.71
DAVID CHIEM PHU AN	1,710,528	0.71
DBSN SERVICES PTE LTD	1,455,000	0.60
ABN AMRO CLEARING BANK N.V.	1,028,400	0.43
RAFFLES NOMINEES (PTE) LTD	702,500	0.29
ONG MIN KHIM	650,000	0.27
PEH POH GEOK	610,600	0.25
WATGLEN PTY LTD	589,504	0.24
ICH CAPITAL PTE LTD	455,000	0.19
MAYBANK KIM ENG SECURITIES PTE LTD	437,000	0.18
ADELINE QUEK AI LIAN (ADELINE GUO AILIN)	400,000	0.17
NOMURA SINGAPORE LIMITED	400,000	0.17
TAN THIAM CHYE (CHEN TIANCAI)	400,000	0.17
	226,928,889	93.95

Free float

Based on the information available to the Company as at 9 March 2018, approximately 25.14% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

MINDCHAMPS PRESCHOOL LIMITED
(Company Registration No.: 200814577H)
(Incorporated in the Republic of Singapore)
(the "**Company**")

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Pan Pacific Singapore, Pacific 1-2, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Monday, 16 April 2018 at 2.30 p.m., for the purpose of transacting the following businesses:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr David Chiem Phu An who is retiring by rotation pursuant to Regulations 94 and 95 of the Constitution of the Company. *(See Explanatory Note 1)* **(Resolution 2)**

3. To re-elect Mr Lee Suan Hiang who is retiring by rotation pursuant to Regulation 100 of the Constitution of the Company. *(See Explanatory Note 2)* **(Resolution 3)**

   Mr Lee Suan Hiang will, upon re-election as a Director of the Company, remain as the chairman of the Nominating Committee, and member of the Audit Committee and Remuneration Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To re-elect Mr Philip Antony Jeyaretnam who is retiring by rotation pursuant to Regulation 100 of the Constitution of the Company. *(See Explanatory Note 3)* **(Resolution 4)**

   Mr Philip Antony Jeyaretnam will, upon re-election as a Director of the Company, remain as the chairman of the Remuneration Committee, and member of the Audit Committee and Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To re-elect Mr Phua Chin Chor who is retiring by rotation pursuant to Regulation 100 of the Constitution of the Company. *(See Explanatory Note 4)* **(Resolution 5)**

   Mr Phua Chin Chor will, upon re-election as a Director of the Company, remain as the chairman of the Audit Committee, and member of the Remuneration Committee and Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

6. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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

As Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

8. Authority to issue Shares

"That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to: **(Resolution 7)**

(a) (i) issue shares in the capital 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,

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 the 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):

(i) by way of a renounceable rights issue on a pro rata basis ("Renounceable Rights Issue") to shareholders of the Company, shall not exceed 100 per cent. of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below); and

(ii) otherwise than by way of Renounceable Rights Issues, shall not exceed 50 per cent. of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings (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 the Company may not exceed 20 per cent. of the total number of issued Shares of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury Shares will not require further shareholder approval, and will not be included in the aforementioned limits;

(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 total number of issued Shares excluding treasury Shares and subsidiary holdings is based on the Company's total number of issued Shares excluding treasury Shares and subsidiary holding at the time this Resolution is passed, after adjusting for:

(i) 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

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." *(See Explanatory Note 5)*

9. Authority to grant options and issue Shares under the MindChamps PreSchool Share Option Plan **(Resolution 8)**

"That pursuant to Section 161 of the Companies Act, the Directors of the Company be and are hereby authorised to grant options in accordance with the provisions of the MindChamps PreSchool Share Option Plan and to allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of vested options granted under the MindChamps PreSchool Share Option Plan, provided that the total number of shares over which options may be granted 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 and subsidiary holdings) delivered and/or to be delivered, pursuant to awards already granted under the MindChamps PreSchool Share Option Plan; (ii) the total number of new Shares allotted and issued and/or to be allotted and issued Shares (including treasury shares and subsidiary holdings) delivered and/or to be delivered, pursuant to awards already granted under the MindChamps PreSchool Performance Share Plan (to be adopted by the Company); and (iii) the total number of Shares subject to any other share option or share schemes of the Company, shall not exceed 15 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant award." *(See Explanatory Note 6)*

10. Authority to allot and issue Shares under the MindChamps PreSchool Performance Share Plan **(Resolution 9)**

"That pursuant to Section 161 of the Companies Act, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the MindChamps PreSchool Performance Share Plan and to allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the vesting of awards granted under the MindChamps PreSchool Performance Share Plan, provided that the total number of shares over which awards may be granted 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 and subsidiary holdings) delivered and/or to be delivered, pursuant to awards already granted under the MindChamps PreSchool Performance Share Plan; (ii) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares and subsidiary holdings) delivered and/or to be delivered, pursuant to share options already granted under the MindChamps PreSchool Share Option Plan (to be adopted by the Company); and (iii) the total number of Shares subject to any other share option or share schemes of the Company, shall not exceed 15 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant award."
(See Explanatory Note 7)

11. Authority to renew Share Purchase Mandate **Resolution 10**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), 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 the 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, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the 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;

(c) in this Resolution:

"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 the Shares on the SGX-ST immediately preceding the date of the market purchase by the 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;

"date of the making of the offer" means the date on which the 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 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 issued Shares (excluding treasury shares and subsidiary holdings); and

"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."
(See Explanatory Note 8)

BY ORDER OF THE BOARD

Daryl Ong Toon Howe
Chan Lai Yin
Joint Company Secretaries

Singapore, 29 March 2018

Explanatory Notes on Business to be Transacted

1. The detailed information of Mr David Chiem Phu An can be found under Directors' Profile section of the Company's Annual Report. Ms Catherine Du is the spouse of Mr David Chiem Phu An. Mr David Chiem Phu An holds 35.4% of the issued ordinary Shares of Champion Minds Pte. Limited, which in turns wholly-owns MindChamps Holdings Pte. Limited ("MCH"). Mr David Chiem Phu An is deemed to be interested in the Shares of the Listed Issuer ("Shares") held by MCH. In addition, Mr David Chiem Phu An is deemed to be interested in the Shares in which his spouse, Ms Catherine Du, has an interest, including the Shares which she directly holds. Save for this relationship, Mr David Chiem Phu An has no relationship (including immediate family relationships) with the other Directors, the Company or its 10% shareholders.

2. The detailed information of Mr Lee Suan Hiang can be found under Directors' Profile section of the Company's Annual Report. There are no relationships (including immediate family relationships) between Mr Lee Suan Hiang and the other Directors and the Company or its 10% shareholders.

3. The detailed information of Mr Philip Antony Jeyaretnam can be found under Directors' Profile section of the Company's Annual Report. There are no relationships (including immediate family relationships) between Mr Philip Antony Jeyaretnam and the other Directors and the Company or its 10% shareholders.

4. The detailed information of Mr Phua Chin Chor can be found under Directors' Profile section of the Company's Annual Report. There are no relationships (including immediate family relationships) between Mr Phua Chin Chor and the other Directors and the Company or its 10% shareholders.

5. The Ordinary Resolution no. 7 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution by way of a renounceable rights issue on a pro rata basis ("Renounceable Rights Issue") will not exceed one hundred per cent. (100%) of the Company's total number of issued Shares excluding treasury Shares and subsidiary holdings of the Company (the "Enhanced Rights Issue Limit") and otherwise than by way of Renounceable Rights Issue will not exceed fifty per cent. (50%) of the Company's total number of issued Shares excluding treasury Shares and subsidiary holdings of the Company, provided that for issues of Shares other than on a pro rata basis to all shareholders, the aggregate number of Shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued Shares excluding treasury Shares and subsidiary holdings of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any Instrument made or granted under this authority. 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.
6. The Ordinary Resolution 8 proposed in item 9 above is to empower the Directors of the Company, to grant options and to allot and issue Shares upon the exercise of such share options in accordance with the MindChamps PreSchool Share Option Plan.
7. The Ordinary Resolution 9 proposed in item 10 above is to empower the Directors of the Company, to grant awards and to allot and issue such number of fully paid Shares from time to time as may be required to be issued pursuant to the MindChamps PreSchool Performance Share Plan.
8. The Ordinary Resolution 10 proposed in item 11 is to provide the Company with 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 the Company greater flexibility over its capital structure. Further, Shares which are purchased by the 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 the 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 the Directors are of the view that it can benefit the Company and its 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. 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. Please refer to the Appendix to this Notice of Annual General Meeting for more details. For the foregoing reasons, the Directors seek to renew the Share Purchase Mandate, which was approved by Shareholders at the Extraordinary General Meeting held on 9 November 2017.

Notes

i. A member who is not a relevant intermediary is entitled to attend and vote at this meeting and may appoint not more than two proxies to attend and vote in his stead.

ii. Where a member appoints two proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

iii. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or Shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

iv. A proxy need not be a member of the Company.

v. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.

vi. The instrument appointing a proxy must be deposited at the registered office of the Company at 480 Lorong 6 Toa Payoh #17-01 HDB Hub, Singapore 310480 not less than 72 hours before the time appointed for holding the meeting.

PERSONAL DATA PRIVACY

By lodging an instrument appointing a proxy(ies) and/or representative(s), a Shareholder (i) consents to the collection, use and disclose of the Shareholder's personal date by the Company (and its agents) for the purpose of the processing and administration by the Company (and its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and its agents) to comply with any applicable laws, listing rule, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company(and its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnity the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

APPENDIX DATED 29 MARCH 2018

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Appendix is circulated to the shareholders ("Shareholders") of MindChamps PreSchool Limited (the "Company") together with the Company's Annual Report 2017. Its purpose is to explain to the Shareholders the rationale and to provide information pertaining to the proposed renewal of the Share Purchase Mandate of the Company, and to seek Shareholders' approval of the same at the Annual General Meeting to be held on 16 April 2018 at 2:30 pm.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2017.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2017 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund ("CPF") monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

MINDCHAMPS PRESCHOOL LIMITED
(Company Registration Number: 200814577H)
(Incorporated in the Republic of Singapore)

APPENDIX

TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 29 MARCH 2018

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

LETTER TO SHAREHOLDERS

MINDCHAMPS PRESCHOOL LIMITED
(Company Registration Number: 200814577H)
(Incorporated in the Republic of Singapore)

Directors:
David Chiem Phu An *(Founder CEO and Executive Chairman)*
Catherine Du *(Non-Independent Non-Executive Director)*
Janice Wu Sung Sung *(Non-Independent Non-Executive Director)*
Philip Antony Jeyaretnam *(Lead Independent Director)*
Lee Suan Hiang *(Independent Director)*
Phua Chin Chor *(Independent Director)*

Registered Office:
480 Lorong 6 Toa Payoh
#17-01 HDB Hub
Singapore 310480

29 March 2018

To: The Shareholders of MindChamps PreSchool Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

Reference is made to the Notice of Annual General Meeting of MindChamps PreSchool Limited (the "Company") dated 29 March 2018, accompanying the Annual Report 2017, convening the Annual General Meeting which is scheduled to be held on 16 April 2018 at 2:30 pm and the Ordinary Resolution 10 in relation to the proposed renewal of the Share Purchase Mandate under the heading "Special Business" set out in the Notice.

The purpose of this Appendix is to provide Shareholders with details in respect of the proposed renewal of the Share Purchase Mandate.

1. 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.

2. 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.

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 (excluding treasury shares and subsidiary holdings).

Purely for illustrative purposes, on the basis of our Company having 241,600,000 issued Shares (excluding treasury shares and subsidiary holdings) as at 16 March 2018 (the "Latest Practicable Date"), and assuming that no further Shares are issued on or prior to the Annual General Meeting at which the resolution for the Share Purchase Mandate is passed, our Company may not purchase or acquire more than 24,160,000 Shares pursuant to the Share Purchase Mandate.

(b) **Duration of Authority**

Purchases or acquisitions of Shares by our Company may be made, at any time and from time to time, on and from the date of the passing of the resolution authorising the said purchases or acquisitions up to:

(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,

whichever is the earliest.

(c) **Manner of Purchases or Acquisitions of Shares**

Purchases or acquisitions of Shares may be made by way of:

(i) 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

(ii) off-market purchases ("Off-Market Purchases") (if effected otherwise than on a securities exchange), in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

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 as required under Rule 885 of the Listing Manual:

(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:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) 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.

3. 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.

4. 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"):

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; or

(v) 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.

5. **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.

6. 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 2017, 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) **Number of Shares Acquired or Purchased**

Based on our Company having 241,600,000 issued Shares as at the Latest Practicable Date, the purchase by our Company of up to the maximum 10% limit will result in the purchase or acquisition of 24,160,000 Shares.

(c) **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 $0.86 for each Share (being the price equivalent to 105% of the Average Closing Price as at the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 24,160,000 Shares would be approximately $20.78 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 $0.98 for each Share (being the price equivalent to 120% of the Average Closing Price as at the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 24,160,000 Shares would be approximately $23.68 million.

(d) **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 assuming the following:

(i) our Company had on 31 December 2017 purchased 24,160,000 Shares (representing 10% of our issued 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 2017 would have been as follows:

	Market Purchase		Off-Market Purchase	
	Before Share Purchase $'000	**After Share Purchase $'000**	**Before Share Purchase $'000**	**After Share Purchase $'000**
Profit attributable to equity holders of our Company as at 31 December 2017	**4,565**	**4,565**	**4,565**	**4,565**
Share capital	49,301	49,301	49,301	49,301
Currency translation reserve	(175)	(175)	(175)	(175)
Retained profits	7,574	7,574	7,574	7,574
Treasury shares	–	(20,778)	–	(23,677)
Shareholders' equity	**56,700**	**35,922**	**56,700**	**33,023**
Total equity	**56,668**	**35,890**	**56,668**	**32,991**
Net asset value (NAV)	**56,668**	**35,890**	**56,668**	**32,991**
Current assets(1)	8,034	8,034	8,034	8,034
Current liabilities(1)	7,403	7,403	7,403	7,403
Working capital	**631**	**631**	**631**	**631**
Total borrowings	6,951	6,951	6,951	6,951
Cash and cash equivalents	39,377	18,599	39,377	15,700
Net cash	**32,426**	**11,648**	**32,426**	**8,749**
Number of shares as at 31 December 2017 ('000)	241,600	241,600	241,600	241,600
Weighted average number of shares as at 31 December 2017 ('000)	186,413	186,413	186,413	186,413
Financial Ratios				
NAV per share(2) ($)	0.23	0.15	0.23	0.14
Gearing ratio(3)	0.12	0.19	0.12	0.21
Current ratio(4)	4.88	2.74	4.88	2.44
Basic EPS ($)(5)	0.02	0.02	0.02	0.02

Notes:

(1) Current Assets excluding cash and Current Liabilities excluding debt

(2) Net Assets Value divided by number of shares as of 31 December 2017

(3) Total Debt divided by Total Equity

(4) Current Assets divided by Current Liabilities

(5) Profit attributable to owners of our Company divided by the weighted average number of Shares as at 31 December 2017

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 2017, 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 issued Shares, our Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of our 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.

7. 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.

8. 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. As at the Latest Practicable Date, approximately 25.14% of our issued Shares are held by public Shareholders.

Assuming that our Company purchases or acquires as at the Latest Practicable Date through Market Purchases 24,160,000 Shares, being the full 10% limit pursuant to the Share Purchase Mandate and holds these shares as treasury shares, approximately 16.82% of our issued Shares (excluding treasury shares, preference shares and convertible equity securities) will be held by public Shareholders. 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.

9. Take-over Implications

Appendix 2 of the Singapore Take-Over Code contains the Share Buy-Back Guidance Note. 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:

(i) 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

(ii) 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 interests as disclosed in the "Shareholders' Information" section of the Company's Annual Report 2017 and assuming that none of their shares are purchased, none of our Company's 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 issued Shares. The shareholding interests of our Directors are also disclosed in the "Directors' Statement" section of the Company's Annual Report 2017.

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.

10. Shares Purchased by our Company

No purchases of Shares have been made by our Company in the 12 months preceding the Latest Practicable Date.

11. Directors Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

12. Directors' Recommendations

The Directors, having carefully considered the terms and rationale of the proposed renewal of the Share Purchase Mandate, are of the opinion that the proposed Share Purchase Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 10, being the Ordinary Resolution relating to the proposed Renewal of the Share Purchase Mandate at the Annual General Meeting.

Your faithfully,

For and on behalf of the Board of Directors
MindChamps PreSchool Limited

David Chiem Phu An
Founder CEO and Executive Chairman

MINDCHAMPS PRESCHOOL LIMITED
(Company Registration No.: 200814577H)
(Incorporated in Singapore)

PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy shares of MindChamps PreSchool Limited, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Personal Data Privacy
By submitting an instrument appointing a proxy (ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2018.

*I/We, ____________________

of ____________________

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

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

*and/or

or failing him/her, the Chairman of the meeting, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Pan Pacific Singapore, Pacific 1-2, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Monday, 16 April 2018 at 2.30 p.m. and at any adjournment thereof.

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
	Ordinary Business		
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors' Statement and the AUditors' Report.		
2.	To re-elect Mr David Chiem Phu An as Director pursuant to Regulations 94 and 95.		
3.	To re-elect Mr Lee Suan Hiang as Director pursuant to Regulation 100.		
4.	To re-elect Mr Philip Antony Jeyaretnam as Director pursuant to Regulation 100.		
5.	To re-elect Mr Phua Chin Chor as Director pursuant to Regulation 100.		
6.	To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
7.	To authorise Directors to issue Shares.		
8.	To authorise Directors to grant options, allot and issue Shares under the MindChamps PreSchool Share Option Plan.		
9.	To authorise Directors to grant awards, allot and issue Shares under the MindChamps PreSchool Performance Share Plan.		
10.	To authorise Directors to renew the Share Purchase Mandate.		

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

Dated this ________ day of ______________ 2018

Total Number of Shares Held

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

* Delete accordingly

IMPORTANT. Please read notes overleaf

Notes:

1. A member, who is not a relevant intermediary, entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, he should specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

5. The instrument appointing proxy or proxies must be deposited at the registered office of the Company at 480 Lorong 6 Toa Payoh #17-01 HDB Hub, Singapore 310480 not later than 72 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy and deposited at the registered office of the Company at 480 Lorong 6 Toa Payoh #17-01 HDB Hub, Singapore 310480 not later than 72 hours before the time set for the Meeting, failing which the instrument may be treated as invalid.

8. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

10. An investor who buys shares using CPF monies ("CPF Investors") and/ or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, if which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

AFFIX
STAMP

The Company Secretary
MINDCHAMPS PRESCHOOL LIMITED
480 Lorong 6 Toa Payoh
#17-01 HDB Hub
Singapore 310480

CORPORATE INFORMATION

BOARD OF DIRECTORS

David Chiem Phu An
(Founder CEO and Executive Chairman)

Catherine Du
(Non-Independent Non-Executive Director)

Janice Wu Sung Sung
(Non-Independent Non-Executive Director)

Philip Antony Jeyaretnam
(Lead Independent Director)

Lee Suan Hiang
(Independent Director)

Phua Chin Chor
(Independent Director)

AUDIT COMMITTEE

Phua Chin Chor *(Chairman)*
Philip Antony Jeyaretnam
Lee Suan Hiang

NOMINATING COMMITTEE

Lee Suan Hiang *(Chairman)*
Philip Antony Jeyaretnam
Phua Chin Chor

REMUNERATION COMMITTEE

Philip Antony Jeyaretnam *(Chairman)*
Lee Suan Hiang
Phua Chin Chor

REGISTERED OFFICE

480 Lorong 6 Toa Payoh
#17-01 HDB Hub
Singapore 310480
Tel: +65 6828 2688
Fax: +65 6828 2699
Website: www.mindchamps.org/preschool

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898
Tel: +65 6236 3333
Fax: +65 6236 3405
Website: www.sg.tricorglobal.com

JOINT COMPANY SECRETARIES

Daryl Ong Toon Howe *(LLB (Hons))*
Chan Lai Yin *(Practising Chartered Secretary of the Chartered Secretaries Institute of Singapore) (ACS)*

EXTERNAL AUDITORS

Nexia TS Public Accounting Corporation
(appointed on 19 October 2009)
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
Director-in-charge: Chin Chee Choon
Appointment since year ended 2009

INTERNAL AUDITORS

KPMG Services Pte. Ltd.
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

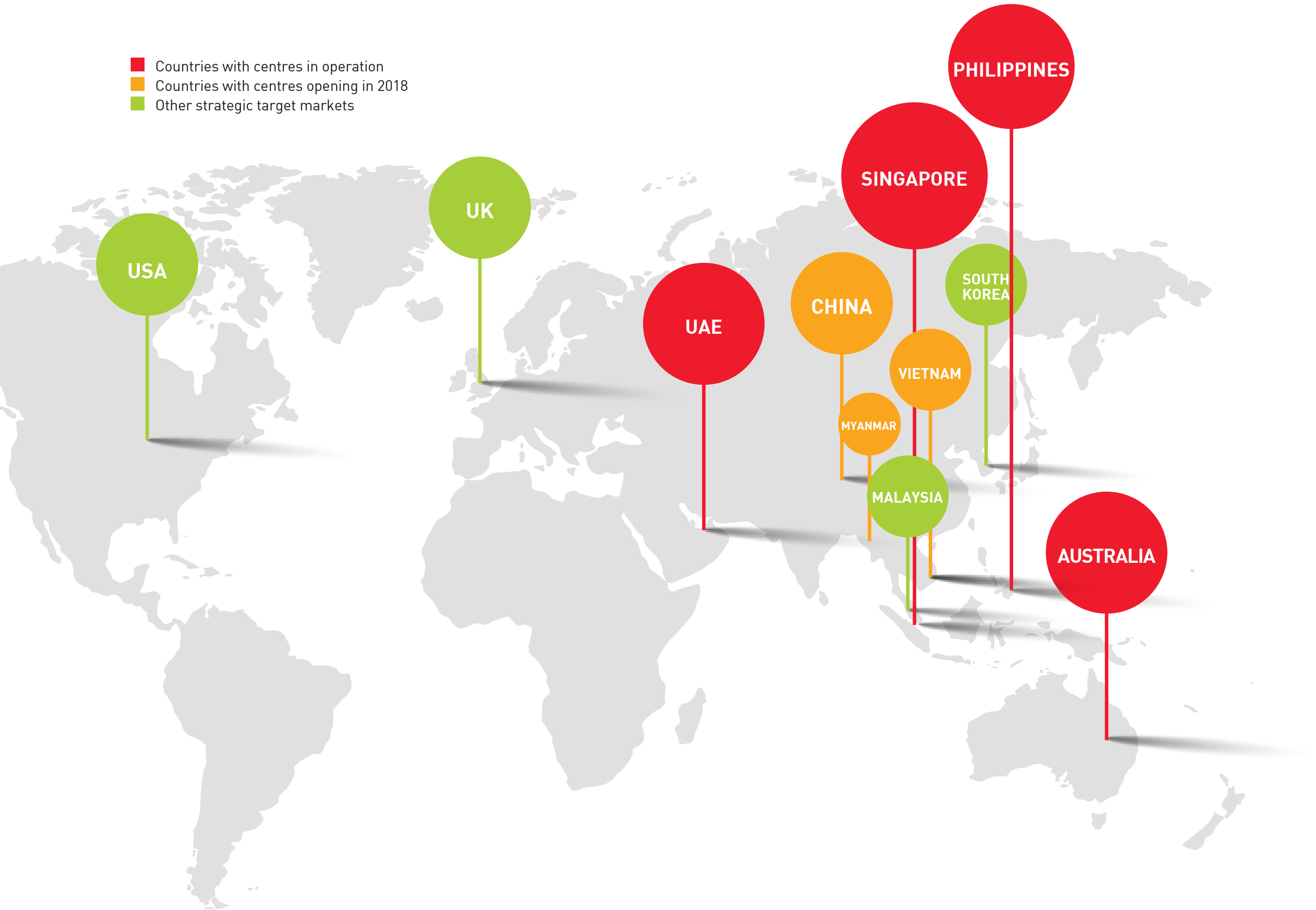
INVESTOR RELATIONS

480 Lorong 6 Toa Payoh
#17-01 HDB Hub
Singapore 310480
Tel: +65 6828 2688
Email: ir@mindchamps.org
Website: investor.mindchamps.org

STOCK CODE

CNE.SI

Bringing the Little Red Dot to the World



MindChamps® preschool

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