



MINDCHAMPS PRESCHOOL LIMITED
(Company Registration Number: 200814577H)
(incorporated in the Republic of Singapore on 25 July 2008)

**ESTABLISHMENT OF MINDCHAMPS PRESCHOOL GLOBAL FUND WITH PALACE INVESTMENTS
PTE LTD**

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 announcement.

1. Introduction

The Board of Directors of MindChamps PreSchool Limited (the "**Company**") is pleased to announce that the Company has on 9 April 2018 entered into a joint venture agreement with Palace Investments Pte. Ltd. ("**Palace Investments**") to establish the MindChamps PreSchool Global Fund.

The MindChamps PreSchool Global Fund will invest directly or indirectly in local education fund products that have the objective of establishing and acquiring preschools and operating them under the "MindChamps" brand, such as the MindChamps PreSchool China Fund referred to as the "China PreSchool Fund" in the Company's SGX announcement dated 18 February 2018.

Further details are set out below.

2. Palace Investments Pte. Ltd.

Palace Investments is an indirect wholly-owned subsidiary of Pavilion Capital Holdings Pte. Ltd.

3. MindChamps PreSchool Global Fund

The MindChamps PreSchool Global Fund will be established as a limited partnership in either the Cayman Islands or Singapore, and will be managed by its general partner (the "**General Partner**").

The MindChamps PreSchool Global Fund will raise funds from the offering and sale of limited partnership interests to limited partners ("**Limited Partners**" and each a "**Limited Partner**").

4. **The General Partner and the Holding Company**

The General Partner will be incorporated as a private limited company in either Singapore or the Cayman Islands, and will be wholly-owned by another Singapore private limited company (the “**Holding Company**”).

The Company will own 70% of the issued share capital of the Holding Company through ordinary shares and Palace Investments will own the remaining 30% of the Holding Company through convertible preference shares. Palace Investments will contribute capital of US\$1,700,000 to the Holding Company.

With reference to the Company’s SGX announcement dated 18 February 2018, the Holding Company will also hold the Company’s 50% stake in the General Partner of the MindChamps PreSchool China Fund.

5. **SLP Commitment**

Palace Investments will commit an aggregate of US\$50 million (the “**SLP Commitment**”) to the MindChamps PreSchool Global Fund. If the returns on the SLP Commitment (the “**SLP Returns**”) exceed an agreed threshold, the Company will be entitled to an agreed portion of the SLP Returns beyond the agreed threshold (the “**SLP Profit Share**”).

6. **The Investment Manager**

The Limited Partners from which funds will be raised by the MindChamps PreSchool Global Fund will also comprise third party investors. In relation to such fundraising, the General Partner will appoint an investment manager (the “**Investment Manager**”) to the MindChamps PreSchool Global Fund.

The Investment Manager will be incorporated by the Company with an initial share capital of US\$300,000. The Holding Company will thereafter contribute share capital of US\$1,700,000 to the Investment Manager in consideration for the issuance of a nominal number of shares in the Investment Manager. The Company will have a call option to purchase the Holding Company’s shares in the Investment Manager for a nominal amount.

The Investment Manager will apply for the required fund management licence to carry out the fund management activities referred to above.

7. **Management Fees and Carried Interest**

The General Partner and the Investment Manager will receive annual management fees from the MindChamps PreSchool Global Fund. The General Partner will also receive “carried interest” from the MindChamps PreSchool Global Fund, depending on the performance of the MindChamps PreSchool Global Fund.

8. Income Streams for the Company

As a result of the establishment of the MindChamps PreSchool Global Fund, the Company expects to receive the following income streams:

- a. profits from the operations of the Holding Company (in which the Company will have a 70% shareholding), which will receive dividends from the General Partners of the MindChamps PreSchool Global Fund and the MindChamps PreSchool China Fund, and any other funds or other similar arrangements which may be established subsequently;
- b. profits from the operations of the Investment Manager; and
- c. the SLP Profit Share.

9. Chapter 10 of the SGX-ST Listing Manual

The establishment of the MindChamps PreSchool Global Fund is in the ordinary course of expansion of the Company's business for the purposes of Chapter 10 of the Singapore Exchange Securities Trading Limited Listing Manual.

MindChamps PreSchool Limited
9 April 2018