

MindChamps®  
preschool



# A YEAR OF TRANSFORMATION

Annual Report and  
Sustainability Report 2022



## 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

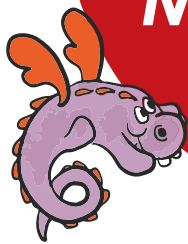
**Education Enables**  
MindChamps is committed to the creation of educational opportunities where they would not otherwise exist

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# The MindChamps Journey



## 1998

Launched as an educational research centre in Sydney, Australia. It was the start of our research and development.

## 2002

Established global headquarters in Singapore.

## 2008

Sold 22 franchise licenses prior to the operation of our first (company owned) centre in Toa Payoh HDB Hub.

Launched the first MindChamps PreSchool centre in Singapore. It was fully booked with a waiting list of three months.

## 2009

Launched six MindChamps PreSchool centres in Singapore.

## 2015

Expanded into global markets. Launched the first MindChamps International PreSchool centre in the Philippines.

## 2016



Launched MindChamps' first Chinese PreSchool in Singapore.

## 2017



Listed on the Mainboard of the Singapore Exchange. We are the first preschool to be listed.

Launched four Early Learning & PreSchool centres in Australia.

## 2018

Launched seven MindChamps Early Learning & PreSchool centres in Australia.

## 2019



Dr Joseph A. Michelli, #1 New York Times and Wall Street Journal Best Selling Author, released the book: *The MindChamps Way: How To Turn An Idea Into A Global Movement*.

Launched eight MindChamps Early Learning & PreSchool centres in Australia.

Opened MindChamps' first purpose-built flagship centre at Frenchs Forest in Sydney, Australia. This brings the total centres (including franchises) in Australia to 21.

Launched the first MindChamps PreSchool in Malaysia.

Launched the first MindChamps International PreSchool centre in Myanmar.

## 2020

Launched our 40<sup>th</sup> preschool centre in Singapore.



Opened our first Performing Arts PreSchool in Singapore. It is a collaboration with one of Australia’s top theatre schools, Actors Centre Australia (ACA), the alma mater of Hollywood actor Hugh Jackman.

## 2021

Expanded and upgraded MindChamps PreSchool @ Toa Payoh Central and MindChamps PreSchool @ Woodlands with MindChamps Version 2.0’s unique ‘WhiteSpace’ design classroom and curriculum.



Introduced the innovative, state-of-the-art indoor playground MindScape™, which is unique to MindChamps and supports Crafted Play™.

MindChamps Music™, a core part of the MindChamps Version 2.0 curriculum, achieved patent-pending status in the U.S. and Singapore (U.S. Patent Pending: 17/644,293, Singapore Patent Pending: 10202113952V).

Introduced MindChamps Académie of Stars to nurture a child’s potential through the performing arts.

Expanded MindChamps’ international footprint with:

- Another centre in Malaysia at the integrated township of Sunsuria City
- MindChamps announced new centres in Indonesia in 2022

## 2022

Launched the MindChamps Franchise System into Australia with a pioneer group of 10 franchisees.

Incorporated MindChamps USA in Florida.

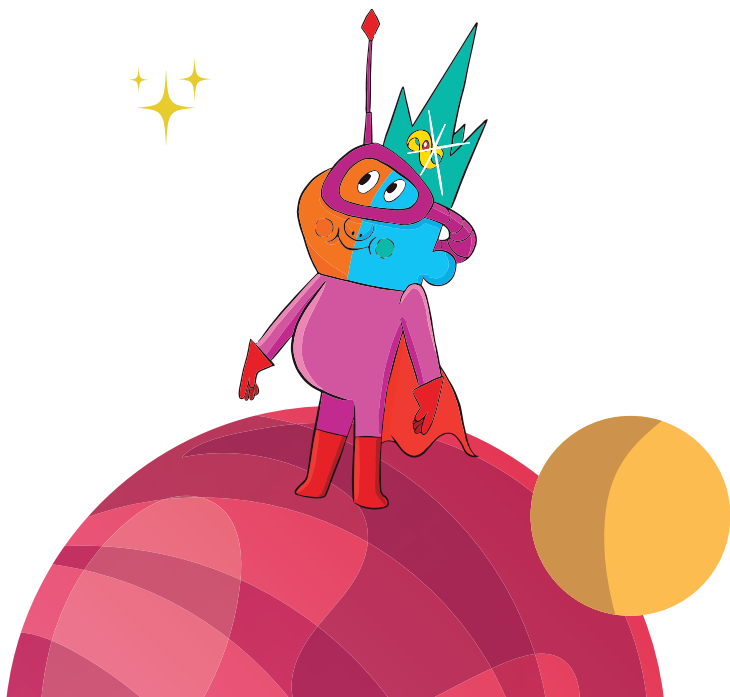
Partnered with the University of South Australia to research research multi-prong approaches to education-based research such as multiple literacies and the impact of augmented reality and technology on learning.



The first early learning organisation globally to appoint a Chief Nutrition Officer – Mandy Sacher, Australia’s leading paediatric nutritionist.

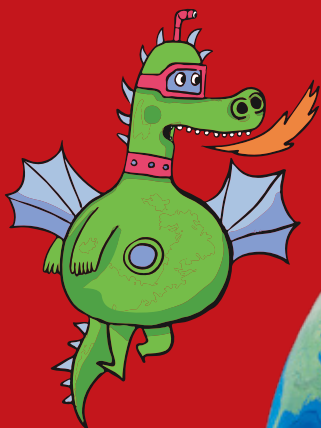


Hosted I’m Proud of You: ChampsFest 2022 at Marina Square, Singapore



# Corporate Profile

**Taking the MindChamps education movement  
from Singapore to the world**



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

MindChamps PreSchool grew from a passion for filling gaps in education systems worldwide. With a vision to provide the world's best early childhood curriculum and care, we focus on the skills and strategies of learning. We emphasise teaching the 'how to learn' rather than the 'what to learn'.

First launched as an educational research centre in Sydney, Australia in 1998, MindChamps established its global headquarters in Singapore in 2002. MindChamps subsequently listed on the Singapore Exchange in November 2017.

MindChamps is helmed by a highly experienced management team and an esteemed World Research,

Advisory & Education Team, chaired by world-renowned neuroscientist Emeritus Professor Allan Snyder (Fellow of the Royal Society). We are the only educational institute where Emeritus Professor Snyder's empirical research of the revolutionary 3 Minds model of education – the Champion Mind, the Creative Mind and the Learning Mind – is uniquely built into the MindChamps curriculum.

Based on a cutting-edge, scientifically researched curriculum, MindChamps draws inspiration and research from international experts from the domains of Education, Psychology, Neuroscience, and Theatre.

MindChamps PreSchool holds the Number One position in market share of premium range preschools in Singapore\*. Its growing global presence includes over 80 centres globally.

*\*Based on independent market research as of 15 September 2017*

# Awards & Accolades

We have won various industry-wide and regional awards in human resources and branding. Over the years we have consistently demonstrated that we have a proven track record and ability to grow our business both in Singapore and overseas.

## HUMAN RESOURCES

### Great Place to Work Great Place to Work Institute

We were certified as a 'Great Place To Work' by the Great Place To Work Institute.

## BRANDING

### The Superbrands Mark of Distinction (Early Learning and Preschool category) 2022 Superbrands

For the ninth year in a row, we won Singapore's Choice award from Superbrands. Superbrands is the world's largest international brand awards programme operating globally in more than 90 countries.

## BRANDING

### Top Brands Award (Preschool Education Category) Influential Brands

*MindChamps has attained the Influential Brands Top Brands Award for eight years running\*, cementing our status as a well-loved top-of-the-mind brand.*

*\*MindChamps was previously accorded this award in 2014, 2015, 2016, 2017, 2018 and 2019. In 2020, there was no Top Brands Award (Preschool Education Category).*

MindChamps was founded with the vision to fill educational gaps, improve education practices around the world and enable consistent quality education for every child. Together, at MindChamps, we are nurturing the power of human potential for a better tomorrow.

*For more information on our previous wins, please visit [www.mindchamps.org/about/awards/](http://www.mindchamps.org/about/awards/)*

**“In the best of times the  
Champion Mindset is a  
valuable commodity.  
In the worst of times,  
the Champion Mindset  
is an absolute necessity.”**

**Emeritus Professor Allan Snyder,  
Fellow of the Royal Society and  
David Chiem, Executive Chairman**

## **Executive Chairman’s Message**

Dear Valued Shareholders

### **A Year of Growth and Achievement**

After the immense challenges brought about by the COVID-19 pandemic in previous years, 2022 saw the return of confidence in the economy and the early education sector as a whole.

I am proud of how our team and organisation navigated previous challenges and placed MindChamps in a position to make the most of the resurging economy as we continued our growth in Singapore and exciting expansion in Australia and into the U.S.A. And throughout it all, we continued to set new standards for early education with our investments in new programmes, research and partnerships.

### **Growing in Singapore**

2022 saw the integration of MindChamps PreSchool @ Marina Square as a V2.0 preschool centre into our global corporate headquarters at Marina Square.

MindChamps Version 2.0 is the exciting evolution of our Integrative Learning approach which involves not only redesigning the physical environment of the MindChamps classroom, but also includes our spectacular indoor playground – MindScape™ which enhances learning by bringing together the elements of the unique and proprietary concept of learning-through-play called Crafted Play™. Crafted Play™ leads the imagination and optimises a child’s learning and development, nurturing the 3 Minds: The Champion Mind, Learning Mind, and Creative Mind.

In August 2022, I was delighted to give an annual address to almost 2,000 MindChamps parents at Marina Bay Sands Convention Centre, where I revealed that our Champs are literally part of not just one, but two global breakthroughs in early learning as part of MindChamps V2.0: MindChamps Music™ and MindChamps Nutrition.

Our revolutionary MindChamps Music™ programme, which is now patent pending in the U.S.A., Singapore, the U.K. and Australia, has been proven to optimise student performance in internationally recognised, standardised tests of language (TOPEL) and mathematical (TEMA) literacy. The findings of a 3-year empirical research study, involving hundreds of our Champs at our centres, on how MindChamps Music™ optimises children’s musical literacy and significantly improves performance in Maths and English, are due to be published in a leading US scientific journal, Arts Education Policy Review. This makes MindChamps the only education group in our sector to have our work peer reviewed and published.

Secondly, along with the appointment of Mandy Sacher, Australia’s leading paediatric nutritionist and bestselling author, as MindChamps Chief Nutrition Officer, we have also invested in the research and creation of our breakthrough ChampionGold™ Standard Nutrition Programme. This programme has already been launched in our MindChamps PreSchools in Australia to widespread acclaim by the major





(Back row, left to right): Peter Stevens: Director of Enterprise Partnerships, UniSA; Gun Lee: Senior Lecturer, Empathic Computing Lab, UniSA; Jett Heysen-Hicks: General Manager, MindChamps Innovations; Sebastien Herbert: Senior Manager, Business Development for Defence and Space, UniSA; Professor Ian Gwilt: Interim Director, IVE; Mark Billingham: Director of the Empathic Computing Lab, UniSA; Professor Craig Batty, Executive Dean, UniSA Creative

(Middle row, left to right): Kerry Heysen-Hicks AM: CEO, The Kino Film Co; Dr Scott Hicks: Senior Fellow, MindChamps Global Research, Advisory & Programme Development Team; Michelle Peh: Global Chief Branding Officer & Chief Operating Officer, MindChamps PreSchool Ltd; Brian Caswell: MindChamps Dean of Research & Programme Development; Professor Ina Bornkessel-Schlesewsky: Head of the Cognitive Neuroscience Laboratory, UniSA; Emeritus Professor Larry Scripp, Senior Fellow, MindChamps Global Research, Advisory & Programme Development Team and MindChamps Dean of Music in Education

(Front Row): David Chiem, Executive Chairman, MindChamps PreSchool Ltd; Professor David Lloyd, Vice Chancellor, UniSA

Australian press, including The Herald Sun, which proclaimed this initiative to be a 'Childcare Food Revolution'.

### Transforming to an Asset-Lite Strategy

Our focus is now to bring our research-based and patent pending 'software' – the unique MindChamps proprietary curriculum and teaching methodology – to the world. And, in doing so, we will focus not on operating our own centres but rapidly scaling our model through franchising and licensing, especially in major territories like the U.S.A.

Due to exchange rate conversions, our revenue was 2% lower for 2022. However, our net profit increased 12% year-on-year to S\$2.9 million for the full Financial Year of 2022. And with our new Asset-Lite Strategy, 2023 looks set to deliver better margins.

### A Breakthrough Partnership for Breakthrough Progress

Our strong focus on research has drawn the attention of major universities to partner with us. One of Australia's foremost universities, the University of South Australia (UniSA), is partnering with us to embark on multi-prong approaches to education-based research such as multiple literacies and the impact of augmented reality and technology on learning. This is the first partnership of its kind between an early education group and a government-backed tertiary institution.

### Taking Singapore's No 1 Premium Preschool to the world

With the cessation of pandemic-driven lock downs and precautionary measures in Australia, we continued to enhance our programmes, education resources and facilities. In FY2022, the MindChamps franchise strategy and strong business model attracted another 10 new franchise partners in Australia.

We are now registered in every major state in the US as a franchisor and have been approved by the US government under the SBA Scheme, enabling our franchisees to take up to 80% loans backed by the government. With this in place, two franchisees have already secured their licenses with many

more in the pipeline.

As at the end of 31 December 2022, we have 86 centres globally.

### In appreciation

I have always said to our team at MindChamps that we should never look at who are today but look at where we will be tomorrow and MindChamps is here for good – and *for good*.

To our shareholders, I would like to thank you for your trust and patience as we strongly prepare our team, our robust operating system and the only-of-its-kind 'software' to bring the MindChamps Movement to the US.

### Mr David Chiem

Executive Chairman

**"There are few things more important to invest in for the future than the wellbeing of our children and giving them the tool for success. And that tool is MindChamps."**

**Dr Joseph A. Michelli**

New York Times and Wall Street Journal

No. 1 bestselling author



# Board of Directors



## MR DAVID CHIEM

Founder Chief Executive Officer &  
Executive Chairman

Mr David Chiem has been our Director and Chief Executive Officer since 25 July 2008.

Mr Chiem's approach of always 'staying ahead of the curve' has taken the organisation from point zero in 2008 to the number one brand position in market share in the highly competitive Singapore premium preschool space and hailed as a global education movement.

MindChamps successfully listed on the Mainboard of the Singapore Exchange in 2017, leading to the creation of a globally recognised preschool brand. Hailed as a global education movement, MindChamps PreSchool has since expanded with over 80 centres internationally.

His vision for MindChamps was to create an organisation to fill the educational gaps and improve education practices across the world.

Mr Chiem's illustrious business achievements have gained him industry recognition and won him numerous international awards, including:

**2022: Asia's Most Influential Entrepreneur (Fortune Times Magazine)**

**2020: Master Entrepreneur (Enterprise Asia)**

**2019: Entrepreneur of the Year (Australian Chamber of Commerce, Singapore)**

**2018: Asia's Greatest Leaders (AsiaOne Magazine & PricewaterhouseCoopers)**

**2016: Top CEO Brand Leader of the Year (Influential Brands®)**

**2014: Top 10 CEOs of the Year (Peak Magazine)**

**2013: Franchisor of the Year (Franchising & Licensing Association [Singapore])**

**2010: Outstanding Entrepreneur of the Year (Enterprise Asia)**

**2008: Entrepreneur of the Year (Rotary Club of Singapore / ASME)**

Mr Chiem brings to his work in education, a rich background in the Arts. The celebrated author of 6 critically acclaimed books, he 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 to be the perfect preparation for leading an innovative organisation with depth of research and strategic planning and execution.

Mr Chiem sits on the boards of our non-listed subsidiaries and the MindChamps Holdings Pte. Limited group of companies. He is the Chairman of Actors Centre Australia, one of the top acting schools in Australia, with Hugh Jackman as its patron.

He studied Theatre at the Theatre Nepean and holds a Bachelor of Arts in Communication from the University of Technology, Sydney. He also graduated with a Specialist in Producing from the Australian Film Television and Radio School.



### **MS CATHERINE DU**

Non-Independent  
Non-Executive Director

Ms Catherine Du is the Co-Founder and Director of the MindChamps group. As a thoughtful leader who is dedicated to making a positive impact in the field of education, she has been instrumental in the company's growth and expansion globally, with a keen focus on addressing the global gap in early childhood education.

As a mother of two young children, Ms. Du recognises that the formative years of a child's life lay the foundation for shaping their character and instilling a lifelong love of learning. This realisation fueled the initiative to establish MindChamps Preschool, which provides an all-encompassing, high-quality schooling that inspires children to enjoy learning every day for which her children has benefited. Alongside a thoroughly researched curriculum, Ms. Du believes that teachers play a vital role in guiding children to develop their own character, having a curious and creative mind, empathy for others, and a positive outlook. Consequently, MindChamps is committed to providing continual teacher training and development to ensure that they are equipped to inspire each child's fullest potential.

With over 30 years of education and business experience, Ms Du's on the ground hands-on leadership approach has been instrumental in driving the growth and expansion of the Group in various areas, including operations, international franchise, and business development. During the set-up stage of MindChamps Australia, Ms Du served as its interim Chief Executive Officer, further highlighting her expertise in the field.

Ms Du's commitment to education and humanity extends beyond the MindChamps group, as she is actively involved in various charity and education initiatives, particularly for women and children in third world countries. Her passion and philosophy are evident in her continued research and advice on initiatives for the Group.



### **MR PHUA CHIN CHOR**

Independent Director  
Chairman of Audit Committee  
Member of Nominating Committee  
Member of Remuneration Committee

Mr Phua Chin Chor was appointed as our Independent Director on 8 November 2017.

Mr Phua 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 the 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 the Director of Finance (Asia) of EDS International (Singapore) Pte Ltd from 1993 to 2001.

Mr Phua holds a Bachelor of Accountancy from the then University of Singapore (now known as the 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.

**MR LEE SUAN HIANG**

Independent Director  
Chairman of Nominating Committee  
Member of Audit Committee  
Member of Remuneration Committee

Mr Lee Suan Hiang was appointed as our Independent Director on 8 November 2017.

Mr Lee had a varied career in public service spanning 36 years. He was the Chief Executive Officer of the National Arts Council, SPRING Singapore, National Productivity Board, Singapore Institute of Standards and Industrial Research as well as Deputy Managing Director of the Economic Development Board and Chairman of PSB Corporation. He was also the Chief Executive Officer of the Real Estate Developers' Association of Singapore.

Mr Lee is the immediate Past-President of the EDB Society and serves as a director in several listed companies. He is the Non-Executive Chairman of Anacle Systems Limited and Independent Non-Executive Director of Leader Environmental Technologies Limited. He is also the Chairman of Global Cultural Alliance Limited, a Director of LASALLE College of the Arts Limited, Global Business Advisers Pte. Ltd., The Singapore Lyric Opera Limited, Catholic Foundation Limited, Singapore Ballet Limited and a Member of the Board of Trustees of the University of the Arts Singapore Ltd.

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, the Advanced Management Programme at Harvard University and the International Executive Programme at INSEAD. Mr Lee is also a Fellow of the Singapore Institute of Directors, the Chartered Management Institute and the Chartered Institute of Marketing, United Kingdom.

Mr Lee has won several awards including the National Day Public Administration Gold Medal 1998, the World Association for Small and Medium Enterprises Special Honour Award 2001, the Japan External Trade Organisation Award 2002, the Chevalier d'Ordre des Arts et des Lettres from the Republic of France 2010, the NTUC Friend of Labour Award 2012, National Day Public Service Medal 2019 and the NTUC Meritorious Service Award 2020.



## **PROFESSOR PETRINA SUE COVENTRY**

Independent Director  
Chairman of Remuneration Committee  
Member of Audit Committee  
Member of Nominating Committee

Professor Petrina Sue Coventry was appointed as our Independent Director on 30 September 2022.

Professor Coventry has more than 20 years of experience developing and leading global business teams across the US, Asia, and Europe in Education, Healthcare, Digital, Nuclear, Energy, FMCG & Financial Service sectors, holding positions of VP for the Coca-Cola Company and the General Electric Company in the areas of HR, Governance, Health & Safety and Research. She was a Global Vice-President for Knowledge Universe and Senior Partner for COI Capital Asia and is an Industry Professor at Adelaide University, a Non-Executive Director for Regional Development Australia, the Australia Health Practitioner Regulatory Authority (AHPRA), Skin Cancer College Australasia and a Director for the Centre for Male Health & Wellbeing at the South Australian Health and Medical Research Institute (SAHMRI).

Professor Coventry holds a PhD from Melbourne University, a Global EMBA from Sydney University, an MBA from the University of South Australia, a Master of Ethics from the University of South Wales and a Bachelor's Degree in Education from the University of Technology in Sydney. She is a Fellow of the Australian Company of Board Directors (FAICD), a Fellow of the Australian Human Resource Institute (FAHRI), a Fellow of the College of Fellows of the Australian Institute of Health and Safety (FAIHS), a Vincent Fairfax Fellow (VFF), and a previous Chairperson of the Adelaide University Business School Advisory Board.

# Executive Officers



**MR DAVID CHIEM**

Founder Chief Executive Officer &  
Executive Chairman

Mr David Chiem has been our Founder CEO & Executive Chairman since the Company's creation in 2008. Please see "Board of Directors" on page 10.



**MR TEO WEE JONE**

Chief Financial Officer

Mr Teo Wee Jone is our Chief Financial Officer. He joined MindChamps in 2008 and assumed this role in 2010. He is responsible for the MindChamps Group's finance related functions including financial management, treasury, taxation and investor relations.

Mr Teo has over 20 years of experience in finance, corporate planning and mergers and acquisitions in the education and information and communication technology industries. Before joining MindChamps, he was most recently Finance Director, China Operations at Singapore Computer Systems Limited from 2006 to 2007.

Mr Teo holds a Master of Business Administration from the University of Melbourne, Australia and a Bachelor of Economics majoring in Accounting from Macquarie University, Australia. He is a Fellow Chartered Accountant of Singapore and a Fellow of CPA Australia.



**MS PEH POH GEOK**

Global Chief Brand Officer and  
Chief Operating Officer

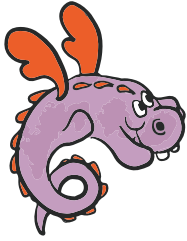
Ms Peh Poh Geok is our Global Chief Brand Officer and Chief Operating Officer. As one of the pioneers of MindChamps, Ms Peh is instrumental as the brand champion spearheading the MindChamps brand positioning, culture and business growth over the last 18 years.

She is responsible for driving the visibility, values and strength of the brand across all touchpoints in Singapore and across the world. Under her dynamic leadership, MindChamps received the following branding and marketing accolades:

- **In 2022, MindChamps was the only preschool brand to be awarded the Superbrands® Mark of Distinction for nine consecutive years, 2014 – 2022**
- **In 2022, MindChamps attained the Influential Brands® Top Brands Award for eight consecutive years\*. It is the only preschool brand to be inducted into the Influential Brands® Hall of Fame for winning the Top Brand award for five consecutive years, 2014 – 2018**
- **MindChamps is the only preschool to be recognised as an Inspirational Brand at the Asia Pacific Enterprise Awards 2020 Regional Edition**
- **2018 Asia's Greatest Brands Award presented by United Research Services and AsiaOne Magazine**
- **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 and diversified strategic leader in branding, sales, marketing, business growth and operations in Singapore and the region. She embodies MindChamps' commitment to the creation of educational opportunities where they would not otherwise exist. This stems from her strong belief in the vision of making the world a much better place to live in by nurturing generations of MindChampions who possess the 3 Minds and face the world with 100% Respect and Zero Fear.

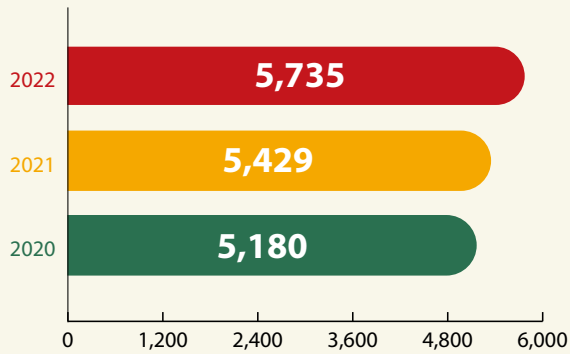
Ms Peh holds a Bachelor of Arts with a double major in Economics and Sociology and a minor in Statistics from the National University of Singapore.



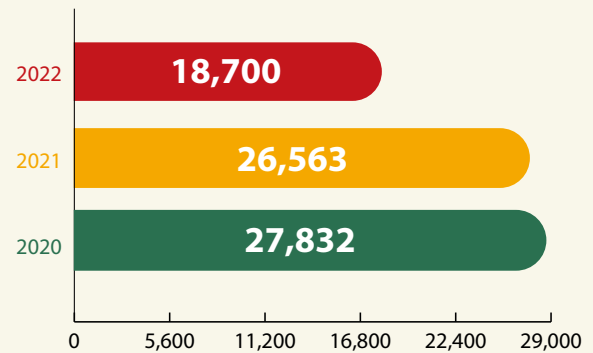
# Financial Highlights

## THREE-YEAR

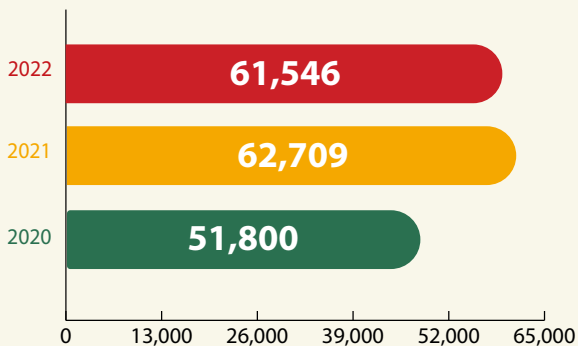
### Student Count



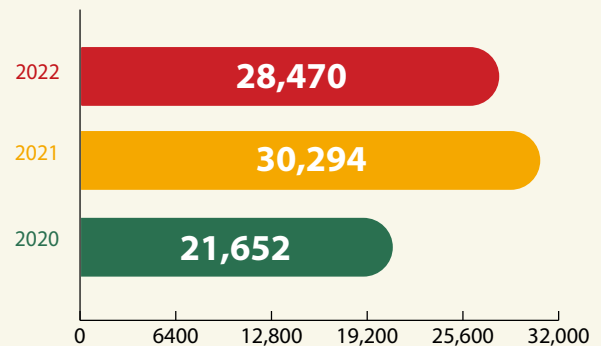
### Net Debt (\$S'000)



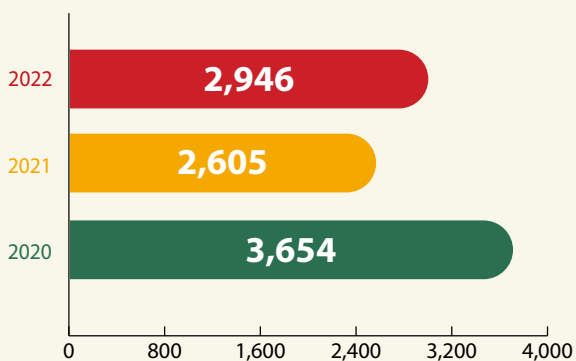
### Revenue (\$S'000)



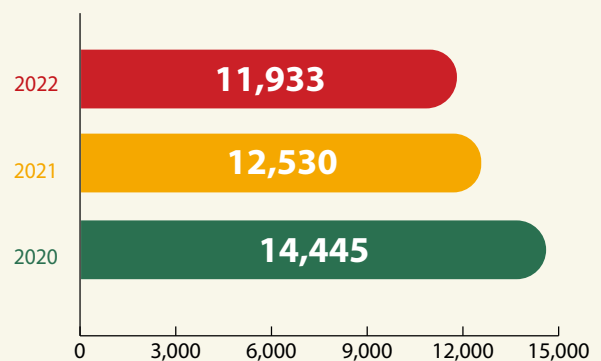
### Gross Profit (\$S'000)



### Net Profit (\$S'000)



### Net Cash Provided By Operating Activities (\$S'000)







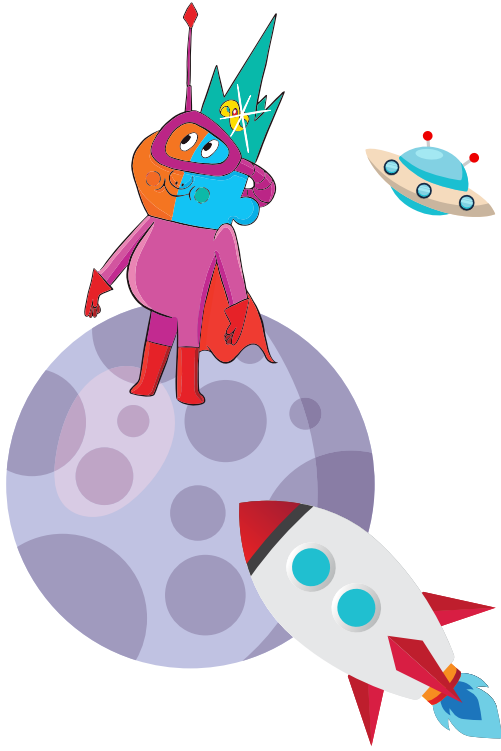
# Operating Review

## MindChamps: A Global Movement

After the challenges brought about by the COVID-19 global pandemic, MindChamps made the most of a resurging economy and moved strongly forward with our local and international growth plans.

2022 saw the integration of MindChamps PreSchool @ Marina Square as a V2.0 preschool centre into our global corporate headquarters at Marina Square. MindChamps Version 2.0 is the exciting evolution of our Integrative Learning approach, which involves not only redesigning the physical environment of the MindChamps classroom but also includes our state-of-the-art indoor playground, MindScape™, that enhances learning by bringing together the elements of Crafted Play™. Crafted Play™ leads the imagination and optimises a child's learning and development while nurturing their 3 Minds: The Champion Mind, Learning Mind, and Creative Mind.





Our revolutionary MindChamps Music™ programme, which is now patent pending in the U.S.A., Singapore, the U.K. and Australia, has been proven to optimise student performance in internationally recognised, standardised tests of language (TOPEL) and mathematical (TEMA) literacy. The findings of a 3-year empirical research study, involving hundreds of our Champs at our centres, has demonstrated that the integrative approach of this programme improves musical literacy scores by a significant 1.5 standard deviations and, remarkably, produced results which exceeded global averages beyond the subjects' age level. MindChamps Music™ is now being taught in all our Singapore centres.



In Australia, the ChampionGold™ Standard Nutrition Programme, developed with the expertise of our Chief Nutrition Officer Mandy Sacher, Australia's leading paediatric nutritionist and bestselling author, has been launched in our MindChamps PreSchools to widespread acclaim by the major Australian press.

We have also continued to invest heavily in research and publishing our research findings in leading science publications. As part of this, we have partnered with one of Australia's foremost universities – the University of South Australia to embark on multi-prong approaches to education-based research such as multiple literacies and the impact of augmented reality and technology on learning.



The MindChamps franchise strategy and strong business model attracted another 10 new franchise partners in Australia.

We are now registered in every major state in the US as a franchisor and have been approved by the US government under the SBA Scheme, enabling our franchisees to take up to 80% loans backed by the government. With this in place, two franchisees have already secured their licenses with many more in the pipeline.

As at the end of 31 December 2022, we have 86 centres globally. Together, the MindChamps team achieved some remarkable milestones:

- **We are the only preschool to be recognised as the Influential Brand® Top Brand for 8 years in a row and Superbrands Mark of Distinction Award for 9 consecutive years (2014 – 2022).**

- **We were also certified as a 'Great Place To Work' by the Great Place To Work Institute.**

We will continue to seize new opportunities and focus on continuing to make a difference to the lives of our young Champs and their families.

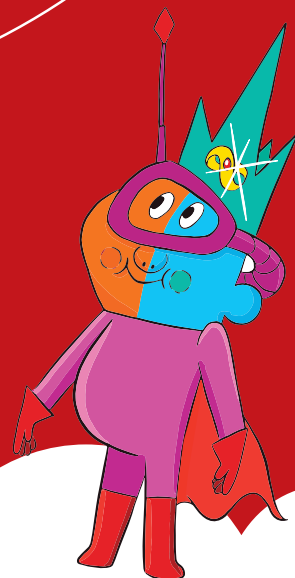
# Financial Review

For the full year ended 31 December 2022, the Group recorded a profit after tax of S\$2.9 million in 2022 (2021: S\$2.6 million).

The key factors contributing to the FY2022 financial results are as follows:

- (1) Revenue decreased by approximately S\$1.2 million or 2%, from S\$62.7 million in 2021 to S\$61.5 million in 2022. The decrease was mainly attributable to:
  - (a) an increase of \$0.4 million in school fees revenue mainly caused by organic increase in both preschool fees year on year and student enrolment numbers, offset by lower revenue due to divestment of subsidiary corporations;
  - (b) an increase of \$1.1 million in royalty revenue in 2022 mainly resulted from divestment of subsidiary corporations and higher number of students in other franchise centres; and
  - (c) an increase of \$0.6 million in commission income following the acquisition of a centralised childcare enrolment business in Australia in 2021; and
  - (d) a decrease of \$1.4 million in franchise income;
  - (e) a decrease of \$2.0 million which was attributable to the translation of the Group's Australian operations with the depreciation of the Australian dollar against the Singapore dollar during 2022. The Group's Australian operations is not exposed to currency risks as it receives and pays in Australian dollars.
- (2) Other income decreased by approximately \$2.0 million or 32%, from \$6.3 million in 2021 to \$4.3 million in 2022. The decrease was mainly attributable to reduced COVID-19 relief support packages extended by governments to the Group's operations in 2022.
- (3) Impairment of financial assets decreased by \$0.90 million or 97%, from \$0.93 million in 2021 to \$0.03 million in 2022. The decrease was attributable to the lower expected credit loss associated with the Group's financial assets applied in 2022 resulting from a trend towards recovery from the impact of COVID-19.
- (4) Impairment loss on intangible assets increased by \$0.6 million from nil in 2021 to \$0.6 million in 2022. The increase was attributable to goodwill impairment loss.
- (5) Administrative expenses increased by approximately \$1.5 million or 5%, from \$29.9 million in 2021 to \$31.4 million in 2022. The increase was mainly attributable to:
  - (a) an increase of approximately \$1.7 million of operating manpower costs mainly caused by rising manpower costs from Australia's operation; and
  - (b) a decrease of \$0.8 million which was attributable to the translation of the Group's Australian operations with the appreciation of the Australian dollar against the Singapore dollar during 2022. The Group's Australian operations is not exposed to currency risks as it receives and pays in Australian dollars.
- (6) Finance expenses increased by approximately \$0.2 million or 9%, from \$2.2 million in 2021 to \$2.4 million in 2022. The increase was attributable to the higher interest rate despite lower outstanding loan principals.
- (7) Currency translation loss arising from consolidation increased by approximately \$2.5 million, from loss of \$3.0 million in 2021 to a loss of \$5.5 million in 2022. These exchange differences arose from the translation of financial statements of the Group's Australian operations, whose functional currencies are different from the Group's presentation currency.

# Sustainability Report 2022



# Board Statement

MindChamps Preschool Limited (“MindChamps”) is pleased to present our Sustainability Report (this “Report”) for the financial year ended 31 December 2022 (“FY2022”).

At MindChamps, we strongly believe in the potential of education to drive positive social change. This belief gives us the impetus to move forward dynamically, as we strive for excellence in leadership and expertise. The vision of our organisation to revolutionise education is becoming a global reality. In Singapore, MindChamps has established its position as the Number One provider of premium preschool centres<sup>1</sup>, and we continue to transform and grow each day.

As the Board of Directors (the “Board”), we recognise the importance of sustainability and seek to contribute to our environment and society through our business activities as a responsible corporate citizen.

We are supported by the Sustainability Task Force (“STF”), which is comprised of C-suite and senior management, to ensure that MindChamps’ sustainability initiatives are aligned with the long-term business strategy of taking the MindChamps education movement from Singapore to the world. Through the STF, we oversee the management and monitoring of the Environment, Social and Governance (“ESG”) factors.

In FY2022, we stayed committed to prioritising the safety of our employees and students. We have implemented the safety protocols and educated our employees on the necessary measures to ensure that they are well-prepared in keeping themselves and our students safe.

We have also implemented initiatives to track and reduce our impact on the climate, including tracking our electricity and water consumption. We recognise that as a leader in the education sector, we play an important role in inculcating the right values in our students and will strive to impart the value of sustainability practices to our students through our curriculum.

This Report outlines MindChamps’ position on integrating sustainability into our strategies and operations and provides an overview of our policies, practices, sustainability initiatives, and performance during FY2022.

## **The Board of Directors MindChamps PreSchool Limited**

<sup>1</sup> Based on independent market research as of 15 September 2017.

# About This Report

This Report sets out MindChamps' sustainability initiatives and performance for our Singapore and Australian operations during FY2022.

This Report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards and the SGX-ST Listing Manual (Rules 711A and 711B).

Together with our Annual Report 2022, this Report aims to provide an overview of MindChamps' overall objectives and performance for our stakeholders.

MindChamps welcomes stakeholders' feedback on its sustainability initiatives. Please send your feedback to us at [sustainability@mindchamps.org](mailto:sustainability@mindchamps.org).



# Sustainability Governance

A sustainability governance structure, comprising the Board, the STF, a Working Team and employees, is set up to effectively manage MindChamps' sustainability initiatives and performance.



## BOARD OF DIRECTORS

- Responsible for setting MindChamps' sustainability strategies
- Oversees the management and monitoring of material ESG issues

## SUSTAINABILITY TASK FORCE

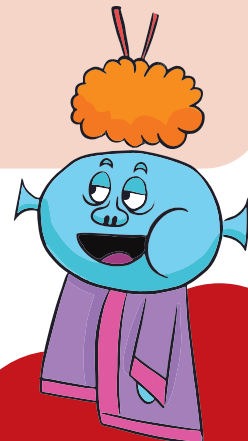
- Comprises C-suite and senior management
- Drives strategies, develops policies and practices and manages overall sustainability performance

## WORKING TEAM

- Implements policies and practices

## EMPLOYEES

- Participate in MindChamps' sustainability efforts



# Materiality Assessment

MindChamps conducted a materiality assessment guided by the GRI Materiality Principle.

The objective of the assessment was to identify the ESG factors that are material for both MindChamps' business and our stakeholders.

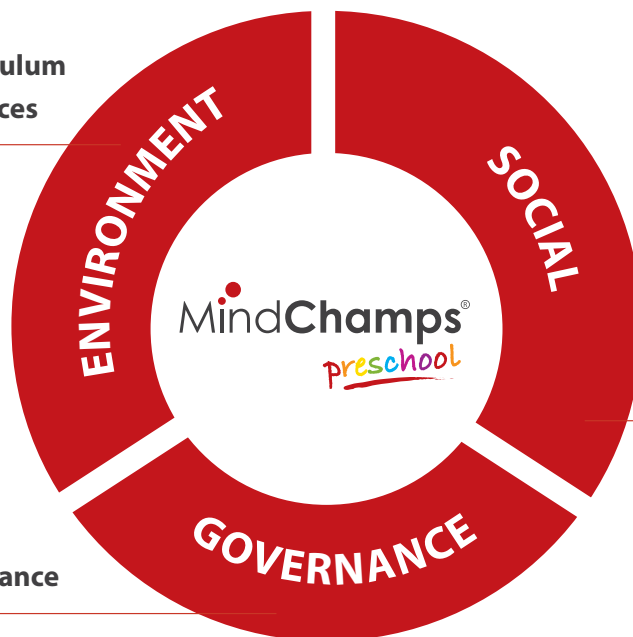
The Working Team facilitated the three-step assessment process which involved identifying, prioritising and validating ESG factors that are material to MindChamps.

The assessment process is summarised in the diagram below.



Nine material ESG factors were identified as topics that matter most to MindChamps' business and stakeholders. We categorised the material ESG factors as follow:

- Sustainability Curriculum
- Sustainability Practices



- Interaction with Stakeholders
- Talent Retention
- Quality of Education System<sup>2</sup>
- Quality of Teachers
- Health and Safety<sup>3</sup>
- Local Communities

- Regulatory Compliance

<sup>2</sup>Quality of Education System includes education innovation and technology.

<sup>3</sup>Health and Safety includes employees' and students' health and safety.



# Alignment with SGX Core Metrics

In this Report, MindChamps has considered the Core ESG Metrics defined by SGX and will disclose MindChamps' actions and responses consistent (where applicable) with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations. The scope of these disclosures covers Singapore and Australia, the two jurisdictions where we have the largest concentration of childcare centres. Where MindChamps does not consider a core ESG metric to be material to its operations, the reason(s) have also been disclosed.

## ENVIRONMENT

Topic	Metric	Unit	GRI/Other Frameworks Alignment	MindChamps' Action/Response
<b>Greenhouse Gas Emissions</b> ("GHG")	Absolute emissions by: (a) Total; (b) Scope 1, Scope 2; And (c) Scope 3, if Appropriate	tCO <sub>2</sub> e	GRI 305-1, GRI 305-2, GRI 305-3, TCFD, SASB 110, WEF core metrics	MindChamps does not own plants and buildings, and all of its centres and offices are leased premises.  We believe that MindChamps' operations generate a minimal amount of GHG emissions.
	Emission intensities by (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	tCO <sub>2</sub> e/ organisation-specific metrics	GRI 305-4, TCFD, SASB 110	
<b>Energy Consumption</b>	Total energy consumption	MW <sub>h</sub> s or GJ	GRI 302-1, TCFD, SASB 130	All of MindChamps' centres and offices are leased premises.  Most of our MindChamps centres do not have independent and/or standalone metres to track its total energy consumption and energy consumption intensity as electricity charges (i) have been factored into the rent and MindChamps is not provided with the relevant electricity consumption data; and/or (ii) is pro-rated by the landlords out of all tenants' energy consumption.  Nevertheless, MindChamps tracks its energy costs per centre with the aim of reducing its energy costs and/or consumption on a year-by-year comparison.  MindChamps believes that its operations generate a minimal consumption of energy.
	Energy consumption intensity	MW <sub>h</sub> s or GJ/organisation-specific metrics	GRI 302-3, TCFD	
<b>Water Consumption</b>	Total water consumption	ML or m <sup>3</sup>	GRI 303-5, SASB 140, TCFD, WEF core metrics	All of MindChamps' centres and offices are leased premises.  For many of our centres, MindChamps does not have the ability to compute its total water consumption and water consumption intensity as (i) water charges have been factored into the rent and MindChamps is not provided with the relevant water consumption data; and/or (ii) the landlords have issued invoices to the centre(s) based on a pro-rated calculation by the landlords out of all tenants' water consumption.  Nevertheless, MindChamps has been tracking its water costs per centre with the aim of reducing its water costs and/or consumption on a year-by-year comparison.  MindChamps believes that its operations do not generate a significant energy consumption affecting the Earth's climate.
	Water consumption intensity	ML or m <sup>3</sup> /organisation-specific metrics	TCFD, SASB IF-RE-140a.1	
<b>Waste Generation</b>	Total waste generated		GRI 306-3, SASB 150, TCFD, WEF expanded metrics	MindChamps' operations do not generate a significant amount of waste affecting the Earth's climate.

## SOCIAL

Topic	Metric	Unit	GRI/Other Frameworks Alignment	MindChamps' Action/Response
<b>Gender Diversity</b>	Current employees by gender	Percentage (%)	GRI 405-1, SASB 330, WEF core metrics	<p>Our employees are our valued assets and are key resources to the long-term viability of our business. We greatly value the diversity in our workforce and ensure that we do not discriminate against race, age, gender, religion, ethnicity, nationality, physical ability or other physical or demographic factors unrelated to an employee's ability to execute their roles and responsibilities.</p> <p>As of the end of FY2022, MindChamps' current Singapore and Australia HQ and preschool operations employees comprise 94% women and 6% men. MindChamps' new hires by gender comprise 92% women and 8% men.</p>
	New hires and turnover by gender	Percentage (%)	GRI 401-1, WEF core metrics	
<b>Age-Based Diversity</b>	Current employees by age groups	Percentage (%)	GRI 401-1, WEF core metrics	<p>Of the total number of MindChamps' current employees for its Singapore and Australia HQ and preschool operations, 44% are below 30 years old, 46% are between 30 and 50 years old, and 11% are over 50 years old.</p> <p>Of the new hires, 50% are below 30 years old, 43% are between 30 and 50 years old, and 7% are over 50 years old.</p>
	New hires and turnover by age groups	Percentage (%)	GRI 401-1, WEF core metrics	
<b>Employment</b>	Total turnover	Number and Percentage (%)	GRI 401-1, SASB 310, WEF core metrics	<p>Over the course of FY2022, the turnover rate is 28%* out of our total number of 367 employees in Singapore.</p> <p>We believe that FY2022 turnover rate was likely an outlier due to the residual impacts of the COVID-19 pandemic which has affected many companies across most sectors, and our own ongoing strategic shift towards a franchised-based and asset-light business model. Most of the departing staff were not members of the senior management, limiting the level of strategic impact on the organisation.</p> <p>For Australia, due to the high number of temporary, part-time and casual or non-permanent employees, the turnover rate would not be meaningful for the purposes of this Report.</p> <p>We will continue to monitor the evolution of our staff as we implement our business expansion plans.</p> <p>* 28% represents voluntary resignations</p>
	Total number of employees	Number	Commonly reported metric by SGX issuers	
<b>Development &amp; Training</b>	Average training hours per employee	Hours/No.of employees	GRI 404-1, WEF core metrics	<p>Our franchisees, MindChamps PreSchool principals, centre directors and teachers undergo mandatory trainings. Teachers are accredited by MindChamps before they teach.</p> <p>A MindChamps teacher must undergo a minimum 200 hours of training, regardless of gender.</p>
	Average training hours per employee by gender	Hours/No.of employees	GRI 404-1, WEF core metrics	
<b>Occupational Health &amp; Safety</b>	Fatalities	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore), SASB 320	<p>As a company operating in childcare and preschool education, ensuring the health and safety of the children, teachers, and staff is vital to our operations.</p> <p>In FY2022, as with previous years, MindChamps provided health and safety training to our employees and Champs, resulting in no recorded serious work-related incidents in Singapore and one incident of work-related health illness in Australia.</p>
	High-consequence injuries	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore), SASB 320	
	Recordable injuries	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore), SASB 320	
	Recordable work-related ill health cases	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore), SASB 320	

# GOVERNANCE

Topic	Metric	Unit	GRI/Other Frameworks Alignment	MindChamps' Action/Response
<b>Board Composition</b>	Board independence	Percentage (%)	GRI 102-22, WEF core metrics	Please refer to our Board composition section in the Annual Report.
	Women on the board	Percentage (%)	GRI 401-1, WEF core metrics	
<b>Management Diversity</b>	Women in the management team	Percentage (%)	GRI 102-22, GRI 405-1, WEF core metrics, SASB 330	Please refer to our Board Structure, Size, Balance and Diversity section in the Annual Report. For our key management personnel comprising the CEO, CFO and the Global CBO/COO, a third of the KMP composition is a woman.
<b>Ethical Behaviour</b>	Anti-corruption disclosures	Discussion and number of standards	GRI 205-1, GRI 205-2 and GRI 205-3	MindChamps has put in place policies to combat and prevent corruption. These policies include MindChamps Gift Declaration Policy, MindChamps Finance and Accounting Policies, MindChamps Conflict of Interest Policy and MindChamps Whistle Blowing Policy.
	Anti-corruption training for employees	Number and Percentage (%)	GRI 205-2, WEF core metrics	
<b>Certifications</b>	List of relevant certifications	List	Commonly reported metric by SGX issuers	As MindChamps operates across multiple jurisdictions, we ensure that all MindChamps centres abide/respect local laws and obtain all the required certifications/licenses/permits, i.e., ECDA license in Singapore and Department of Education (DOE) license in Australia.
<b>Alignment with Frameworks</b>	Alignment with frameworks and disclosure practices	GRI/TCFD/SASB/SDGs/ others	SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6	As stated in this Report, MindChamps has continued using the list of nine material ESG factors it considers vital to its business and stakeholders. MindChamps has nevertheless disclosed in this Report its actions and responses to align with (where applicable) the core ESG metrics defined by SGX.
<b>Assurance</b>	Assurance of sustainability report	Internal/ External/None	SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6	This Report currently does not have external assurance or internal review assessment by internal auditors. MindChamps plans to have its sustainability report starting from FY2023 reviewed by its internal auditors.



# Sustainability at MindChamps

MindChamps believes that, as a leader in Singapore's education sector, we should inculcate the right values in our students (our "Champs") and empower them through our curriculum and teaching pedagogy. This is a critical consideration for MindChamps as we continue to strengthen our business through responsible conduct of all our operations.

We address our material factors across three sustainability pillars, namely Environment, Social and Governance. Due to the nature of our business, our approach is focused on people – who are fundamental to the long-term success of MindChamps.

In FY2022, MindChamps accomplished several key milestones and set targets for the coming year to drive continuous improvement in the relevant areas.

## ENVIRONMENT

Working towards a sustainable future

Material Topic	FY2022 Achievement	FY2023 Target
<b>Sustainability Curriculum</b>	We set sustainability as a key focus of the MindChamps PreSchool curriculum, including the incorporation of environmental elements in-class activities, excursions and year-end concerts, which had the theme of saving the Earth and promoting the ideals of environmental protection and conservation.	We will continue incorporating sustainability as part of the MindChamps PreSchool curriculum to nurture in our Champs the ideals of environmental protection and conservation from early childhood.
<b>Sustainability Practices</b>	We carried out sustainability practices, including recycling and reusing materials and reducing paper, water and electricity consumption.	We will continue implementing sustainability practices, including recycling and reusing materials and reducing paper, water and electricity consumption.



## SOCIAL

### Growing together with our people and the community

Material Topic	FY2022 Achievement	FY2023 Target
<b>Interaction with Stakeholders</b>	We have identified and engaged effectively with key stakeholders to build long-lasting relationships.	We will conduct a review of the key stakeholders identified and continue to engage effectively with the key stakeholders.
<b>Talent Attraction and Retention</b>	<p>In FY2022, MindChamps enhanced our employee recognition schemes. Key improvements were as follows:</p> <ol style="list-style-type: none"> <li>1. Dental benefit was enhanced for staff at senior levels (Principal, General Manager, Senior Director) to strengthen the retention for this group of employees.</li> <li>2. MindChamps' staff preferential rates for enrolment of staff's family members into MindChamps enrichment programmes were also upgraded. Senior staff at Deputy General Manager/Director job grades can now enjoy higher preferential rates when they enrol their family members into the programmes.</li> </ol>	We will keep our employees engaged and motivated by enhancing employee recognition schemes such as our quarterly WOW awards, and aligning our rewards and incentives across all MindChamps preschool centres.
<b>Quality of Education System</b>	We have fully implemented the Enquiry Approach to Teaching and Learning across all MindChamps PreSchool centres.	We will continue to ensure that teaching and learning (with Enquiry themes on sustainability and community together with the Integrated Activities (using our unique six Learning Zones) and S.M.I.L.E.S approach) are implemented across all MindChamps PreSchool centres.
<b>Quality of Teachers</b>	We received "Excellent" and "Good" ratings for MindChamps teachers through the Parents' Survey.	We aim to continue achieving "Excellent" and "Good" ratings for MindChamps teachers through the Parents' Survey.
<b>Health and Safety</b>	We provided health and safety training to our employees and Champs, resulting in no recorded serious work-related incidents in Singapore. One incident of work-related health illness was reported from our Australian operations.	We will continue to provide health and safety training to our employees and Champs to raise their awareness and equip them with the knowledge to respond to emergencies.
<b>Local Communities</b>	We organised various community outreach programmes that positively impacted the lives of local communities throughout the year.	We will continue reaching out to the community throughout the year.

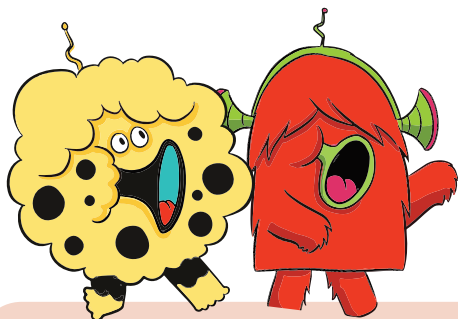
## GOVERNANCE

### Building trust and confidence in our preschools

Material Topic	FY2022 Achievement	FY2023 Target
<b>Regulatory Compliance</b>	We recorded zero significant regulatory non-compliance incidents and all MindChamps PreSchool centres were compliant with MindChamps HQ's internal audit requirements and ECDA's licensing requirements.	We aim to continue having zero significant regulatory non-compliance incidents and for all MindChamps PreSchool Centres to continue complying with MindChamps HQ's internal audit requirements (ChampionGold Standard Quality Assurance) and local licensing requirements.

# Environment

Working Towards A Sustainable Future



## MINDCHAMPS' APPROACH

MindChamps is committed to nurturing our Champs through a holistic curriculum in a vibrant environment.

## OBJECTIVE

MindChamps' curriculum nurtures our Champs in all aspects of development, preparing them for the future from their early learning years.

## Sustainability Curriculum

Anchored by MindChamps' philosophy of filling the gaps in education systems worldwide, the objective of MindChamps' education model is to prepare the children of today with the skills, flexibility and mindset to thrive in a rapidly changing and information-saturated future, and nurture every child to be the best they can be.

Sustainability is a key global issue in today's context. Recognising this, MindChamps imparts this responsibility in our Champs. MindChamps educates our Champs to interact responsibly with the environment through our curriculum, which includes lesson design, class activities, excursions and year-end concerts. MindChamps believes that nurturing and instilling a sense of responsibility should begin from our Champs' early childhood.

The MindChamps "Enquiry Approach to Teaching and Learning" has a strong focus on environmental awareness and sustainability. Three out of the four Enquiry themes for each level in MindChamps PreSchool are focused on "Animals", "Growing Things" and "Our World". Through these Enquiry themes, our Champs explore and discover the world around them and learn about the importance of protecting the Earth through environmentally-friendly practices, such as recycling, responsible consumption and practical energy-saving methods. Champs also learn about empowerment – the role each individual plays in protecting the environment. Champs are empowered by teachers and educators and through the Enquiry based curriculum to use recycled items to make learning resources for the Learning Zones in their respective classrooms. For example, boxes from items delivered to our centres are often used to create imaginary sets for our classroom dramatisation.

During a class activity, our Champs in Australia learned the craft of making their own recycled papers. This activity taught our Champs one of the many simple methods they can use to help save and protect the environment in their own way. They apply what they learn in school and bring the knowledge home to share with their family and friends. Our centres have a recyclable materials corner where Champs will tap on those resources to build and make items for their learning. The placement of this learning structure also reinforces the power of recycling materials for sustainability.

The learning about sustainability and environmental protection culminates in year-end concerts for all our MindChamps PreSchool centres. Our Champs' performances are based on a common theme – saving the Earth and promoting the ideals of environmental protection. Our centres put up centre-based showcases that demonstrated their deep understanding of Our World and how we all have a role to play in protecting our environment. While each centre will demonstrate its unique interpretations and showcase the unique talents of its Champs, the core theme of environmental sustainability and our children's roles in protecting the Earth cut across all centres in MindChamps globally.

The songs and dramatisations are specially crafted to reflect the belief in our shared roles in sustainable practices.





## Sustainability Practices

MindChamps believes in leading by example to nurture and encourage behavioural changes that positively impact the environment. MindChamps teachers and employees practice the 3Rs – Reduce, Reuse and Recycle in their daily activities at MindChamps PreSchools.

Our teachers encourage our Champs to collect used materials such as bottles, aluminium cans and newspapers to decorate the classrooms as well as for their arts and crafts projects. This initiative exposes our Champs to sustainable practices, sparks their learning interest and inculcates recycling habits in them from their early learning years.

Our Champs in Australia also practise the recycling of food waste. Before they wash their plates after each meal, they empty any food waste into a bucket. The food waste is then taken to a worm farm and recycled as food for the worms.

At MindChamps centres, there is a conscious effort on the part of both staff and Champs to play an active role in reducing paper, electricity and water consumption at the centre level.

For staff, the messaging is regularly worked into staff meetings and with various visual reminders throughout the centre. Staff will print on both sides of the paper, opt for electronic formats where necessary, and remind each other and the Champs about managing the water and electricity consumption.

For Champs, the programming focuses mainly on older children from N2 – K2 upwards. Lessons on conserving paper, electricity and water are part of crafted and seized moments in our curriculum. Understanding their role is crafted purposefully into MindChamps Reading lessons and the Enquiry lesson plans. When Champs demonstrates an interest in wanting to learn more about how they can contribute to sustainability, teachers will seize on these moments to deepen the learning so that it translates into actual sustainability habits.



# Social

Growing Together With Our People  
And The Community

MINDCHAMPS' APPROACH	OBJECTIVE
MindChamps' growth and success are firmly anchored on education quality and sound people and stakeholder management	A dynamic business that responds proactively to the expectations of its stakeholders helps MindChamps to stay ahead in the preschool landscape.

## Interaction with Stakeholders

MindChamps recognises the importance of interacting with our stakeholders to build their understanding of MindChamps' business. MindChamps regularly interacts and connects with our stakeholders through various engagement methods. These engagements aim to build and strengthen the trust in MindChamps' brand and create long-term value for both MindChamps and our stakeholders.

This section describes MindChamps' interactions with four key stakeholder groups: (1) customers, (2) media, (3) shareholders and analysts, and (4) employees, as they each have a major influence on MindChamps' success, and are in turn, impacted by MindChamps.

### Customers

At MindChamps, our customers are the Champs who attend MindChamps PreSchool and their parents. They are always top of mind in everything we do. The key to developing a long-standing relationship with our Champs and MindChamps Parents is understanding their needs and wants.

To deepen our understanding of MindChamps parents, we conduct surveys twice a year called the MindChamps PreSchool Parents' Survey\* ("Parents' Survey") in Singapore and Australia. The Parents' Survey aims to capture and understand the satisfaction level of MindChamps parents, and the results drive continuous improvement in engaging with our customers.

Based on the latest results of the Parents' Survey, MindChamps achieved the following results:

	Singapore	Australia
<b>MindChamps parents responded to the Parents' Survey</b>	69%	21%*
<b>Respondents rated 'Excellent' or 'Good' on their Champs' overall educational experience and development at MindChamps</b>	96%	95%

\* The completion of the Parents' Survey is optional.

To facilitate continuous interaction with our customers, we also conduct Parent-Teacher Conferences (“PTCs”) via zoom or face-to-face discussions and engage in regular communications and updates via the MindChamps Application (“MindChamps Parents App”) and similar applications.

PTCs are held at the end of every semester. The PTCs provide a platform for our teachers to update MindChamps parents on their Champs’ learning journeys and allow MindChamps parents to provide feedback on MindChamps’ curriculum and practices. This iterative, 360-degree platform facilitates effective and meaningful dialogue.

The MindChamps Parents App is a mobile application specially designed for MindChamps parents to participate in and celebrate their Champs’ growth and progress. Our teachers provide updates on our Champs’ educational development through the ‘My Learning Curriculum’ function on the MindChamps Parents App. Furthermore, the MindChamps Parents App enables MindChamps to continually strengthen the parent-centre partnership to nurture the best potential in all our Champs. It enables our teachers and MindChamps parents to foster two-way communication and easily exchange information about their Champs. Our teachers also recognise the importance of personal interaction and carry out good practices, such as greeting and meeting MindChamps parents every day when they come to the centres and sharing verbal updates regarding their Champs.

### Media

The media plays an important role in communicating accurate information on MindChamps in their publications to a wider audience. The media also helps to widen exposure opportunities for MindChamps’ brands and products.

In Singapore and Australia, MindChamps’ Corporate Communications team is responsible for overseeing both public relations and media relations for MindChamps, while carrying out media monitoring and engagement and issuing media releases. The team works closely with the media to profile MindChamps’ Executive Chairman, Executives and World Advisory Board Members. The team also works with the media to share the latest developments through print, broadcast and digital media outlets. MindChamps shares corporate announcements and news from our centres on social media platforms such as Facebook, Instagram, LinkedIn, YouTube and blogs.

In 2022, the Australian media covered MindChamps’ appointment of its first Chief Nutrition Officer, Mandy Sacher. Mandy is Australia’s leading paediatric nutritionist and the best-selling author of “Wholesome Child: A Complete Nutrition Guide and Cookbook.”

Mandy’s appointment and our investment in creating the ChampionGold™ Standard Nutrition Programme was hailed as a ‘Childcare Food Revolution’ and was covered in major media outlets such as The Daily Telegraph, Herald Sun, Courier Mail, Adelaide Advertiser, NT News, The Mercury and Gold Coast Bulletin.



## THE MINDCHAMPS AGM

The AGM is held annually to engage with MindChamps’ shareholders. Shareholders are strongly encouraged to participate in the AGM to understand more about MindChamps’ business activities and financial performance.

### Shareholders and Analysts

MindChamps is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in MindChamps’ business, guided by the SGX-ST Listing Manual, the Code of Corporate Governance and its Investor Relations Policy.

Announcements are disseminated to shareholders via SGXNet and uploaded on MindChamps’ corporate website. Shareholders may also subscribe to our email alerts for instant notification of such announcements. Shareholders may contact MindChamps’ Investor Relations team or any of our Independent Directors, through the channels set out on MindChamps’ corporate website.

MindChamps strongly encourages shareholders to participate in its general meetings. During MindChamps’ Annual General Meetings (“AGM”), shareholders are provided with updates on business developments and also insights into product enhancement initiatives. Shareholders are also introduced to MindChamps’ pedagogy during the AGM.

MindChamps also regularly invites analysts to meetings after our half-yearly financial results announcements. At these meetings, our Chief Executive Officer and Chief Financial Officer share on MindChamps’ business performance from the results, which enables analysts to have a deeper understanding about MindChamps’ operating models and financial performance. This helps to create more public awareness about MindChamps’ business and presence through the publications published by the analysts. Materials presented at these meetings are also available on SGXNet and MindChamps’ corporate website.

### Employees

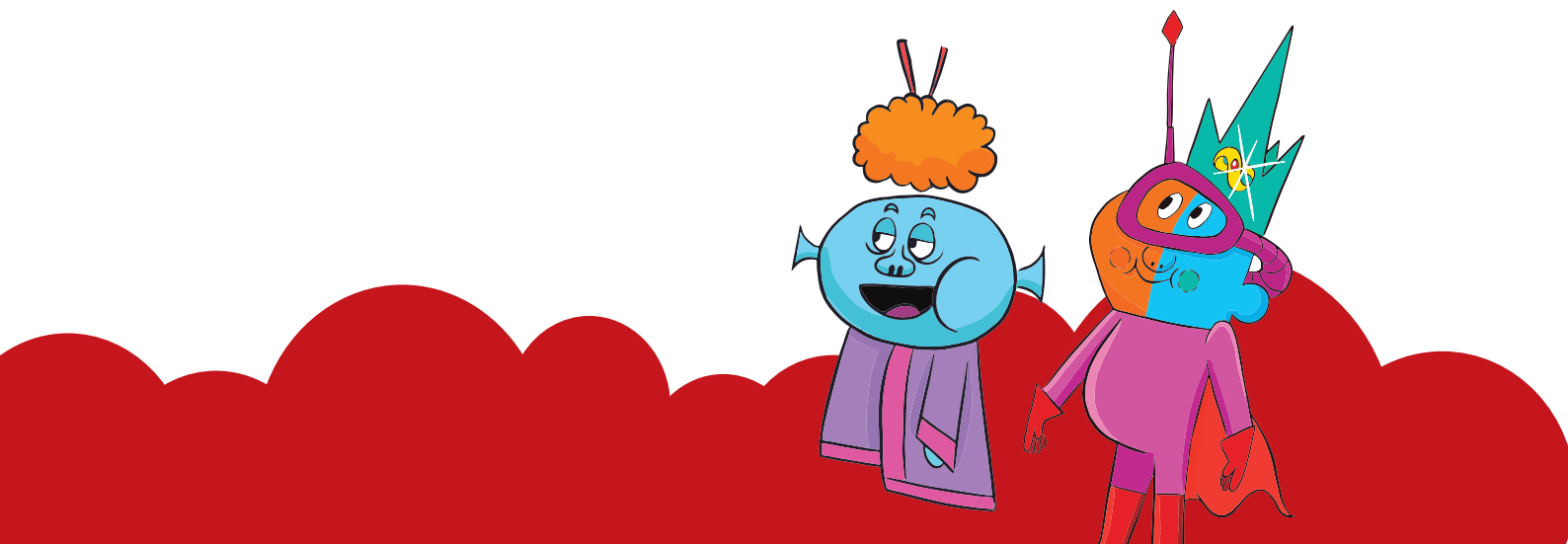
Being a people-oriented business, our employees are critical to the success and growth of MindChamps’ business. Our initiatives relating to communications with our employees are highlighted in the “Talent Attraction and Retention” section below.

## Talent Attraction and Retention

Attracting people who are passionate and share MindChamps’ vision and values is crucial to maintaining a healthy talent pipeline. Retaining employees who have been trained in the MindChamps curriculum and culture is of great importance to MindChamps’ sustainable growth. Hence, it is MindChamps’ aim to attract and retain these talents that would sustain the growth of the MindChamps business.

### Attraction

To attract candidates who are aligned with our corporate culture and values, our recruitment strategy is to share with candidates the MindChamps story and business as well as our corporate culture and values at the pre-hiring stage. This is to get candidates excited about our corporate culture and values even before they attend the interview, and to give them a better understanding of what MindChamps stands for, what we do, our passion and our unique culture and values. Candidates excited about our company and our unique culture and values would be keen to proceed to the interview stage. Our aim is to increase the quality of recruitment by hiring candidates who have a better understanding of our company.



## Retention

MindChamps strives to create a welcoming and engaging culture as part of our talent retention strategy. Quarterly staff “Pow Wow” meetings and daily “WOW” interactions with their team members and leaders continue to be stable features of MindChamps employee engagement strategies. To further retain MindChamps leaders who have been trained in MindChamps’ culture and values, we have upgraded benefits for senior level staff, such as higher dental benefits and staff preferential rates for enrolment of family members into MindChamps enrichment programmes.

## Sustainable Practices

In 2021, to reduce paper usage, we launched an HR portal on our Human Resource Information System in Singapore where MindChamps staff can access the most up-to-date HR information online and a depository of HR related information such as the Employee Handbook, frequently asked questions and useful forms. To build on the efforts in reducing paper usage, we have further implemented the HR portal for MindChamps Australia’s early learning staff in 2022.





# Quality of Education System<sup>4</sup>

MindChamps’ 3-Mind education model prepares the children of today with the skills, flexibility and mindset to thrive in a rapidly changing and information-saturated future. The model strives to nurture every child to be the best that they can be, by focusing on the skills and strategies of learning. The model emphasises the teaching of the ‘how’ rather than the ‘what’ to learn. The 3-Mind concept was conceived alongside international experts, including world-renowned neuroscientist, Emeritus Professor Allan Snyder FRS. MindChamps’ unique approach draws inspiration and research from the domains of Neuroscience, Child Psychology and Theatre, synthesising them with education theory and practice.

## THE 3-MIND EDUCATION MODEL



### THE CHAMPION MIND

Celebrating the individual’s uniqueness, going beyond conventional wisdom and overcoming adversity to achieve success



### THE LEARNING MIND

Learning “how to learn” strategies that actively assist learners to understand, store, recall and synthesise information and concepts



### THE CREATIVE MIND

Connecting multiple perspectives and integrating them to generate new, creative ideas

MindChamps delivers, through “S.M.I.L.E.S”, an environment of engagement, security, nurturing and exploration. This prepares the brain for optimal growth and anticipates the future development of the 3 Minds. The acronym S.M.I.L.E.S. stands for: Sensory, Motor (Music and Movement), Intellectual, Linguistic, Emotional and Social. The S.M.I.L.E.S. principle acknowledges that brains, in their formative stages, need all aspects of mind-stimulation simultaneously and that all types of activities have the potential to engage all of the S.M.I.L.E.S. elements.

<sup>4</sup> Quality of Education System includes education innovation and technology.

MindChamps teachers develop weekly Enquiry teaching and learning lesson cycles that best exemplify our philosophy of the 3 Minds and S.M.I.L.E.S. The Enquiry approach begins with active provocation by the teachers to stimulate our Champs' interests and curiosity that sets them on active learning journeys. The various provocation methods applied range from books, images, games, to living things such as plants to appeal to the different learning styles of our Champs. This is aligned with the S.M.I.L.E.S elements.



### **The Champion Mind**

The Champion Mind is actively nurtured through the 10 values of a MindChampion, and our teachers elaborate on these values through purposeful and incidental teachable moments. Through Enquiry, our Champs learn about discovering their own voice, personal creativity and self-expression – all these elements are reflective of the Champion Mind.

### **The Learning Mind**

Through provocation and discovery, the Learning Mind is tapped and nurtured. Our Champs embark on learning through crafted play that uses all forms of manipulatives, games and other creative learning resources. Crafted play allows our Champs to have a 'hands-on' approach to learning and discovery. Furthermore, MindChamps teachers observe and document the interests of our Champs and design lessons which allow our Champs to further pursue their interests.

### **The Creative Mind**

The Creative Mind is developed through various platforms. A key platform is the documenting of our Champs' learning in the Enquiry Approach to Teaching and Learning. The Creative Mind is about nurturing self-expression, unique viewpoints and the mindset of listening and accepting the viewpoints of others. MindChamps teachers adopt various lesson strategies to encourage our Champs to demonstrate their learning through unique pieces of work as opposed to cookie-cutter works. Champs are encouraged to reflect on their works and articulate these reflections – to encourage their own voice.



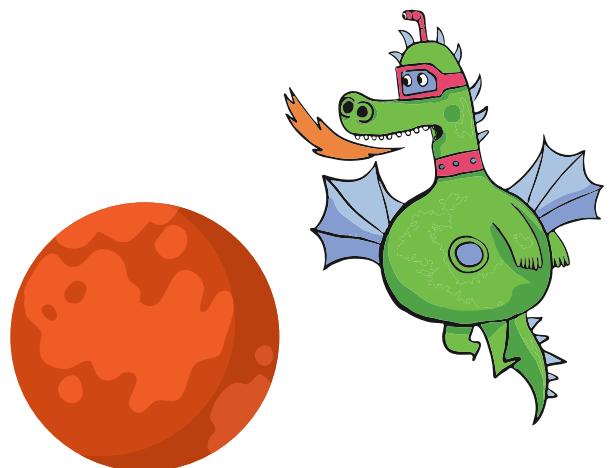
### PreSchool Environment

At MindChamps PreSchool centres in Singapore, each class is managed by one English language teacher and one Chinese language teacher, who jointly educate our Champs through the daily curriculum. This provides our Champs with the learning opportunity to be effectively bilingual and nurture their interest in both languages from young.

To further facilitate a conducive learning environment and have a greater alignment to the 3-Mind Education Model, all MindChamps PreSchool classrooms are designed with six Learning Zones – Dramatic, Construction, Art and Craft, Reading, Writing and Numeracy. These Learning Zones are designed with the objective of promoting imagination and learning.

MindChamps HQ provides a yearly Enquiry Theme Guide to all MindChamps PreSchool centres. A set of 16 Curriculum Folders, which provide comprehensive details of MindChamps' curriculum and pedagogy as well as how the classroom space should be set up, is also communicated to and rolled out at all MindChamps PreSchool centres. These folders include lesson planning templates for integrated activities to drive the Enquiry Approach to Teaching and Learning.

MindChamps' curriculum is the result of over a decade of research and development in the three domains of Neuroscience, Child Psychology and Theatre. Our curriculum nurtures all aspects of our Champs and includes world proprietary academic and enrichment programmes.



## MINDCHAMPS PARENTS' SURVEY HIGHLIGHTS

In our latest Parents' Survey, MindChamps parents rated 'Excellent' or 'Good' on the following programmes:

### SINGAPORE

<b>Core Programmes</b>	
Enquiry Teaching & Learning	98%
MindChamps Reading & Writing (Natural Literacy)	97%
Fun with Language	98%
Numeracy Strategies	93%
The Love for Chinese Language	97%
<b>Enrichment Programmes</b>	
Creativity & Theatrical Strategies	96%
Gourmet Moments	96%
Music for the Mind	94%

### AUSTRALIA

<b>Curriculum</b>	
Reading Programme	94%
Inquiry Teaching & Learning	95%
School Readiness Programme	93%

### Quality Assurance

To ensure that our MindChamps PreSchool centres are operating at the highest standards, a ChampionGold™ Standard site visit is conducted annually. This audit reviews the teaching and learning conducted at each of our centres, as well as the centre's overall operations and the experience of MindChamps parents and our Champs. Following the site audit for each centre, MindChamps HQ follows up with a report and feedback session. MindChamps PreSchool centres then use this report to formulate and carry out improvement plans.

#### Teaching and Learning

Learning display boards, documentation of Champ's learning, 6 Learning Zones, classroom environment

#### Culture and Relationships

Capacity of teachers, how teachers create a learning environment in the classroom, communications with teachers and staff on procedures

### CHAMPION GOLD STANDARD

#### Leadership

Standard Operating Procedures ("SOP"), documentation and licensing, log book and incident reporting, ensuring systems and structures



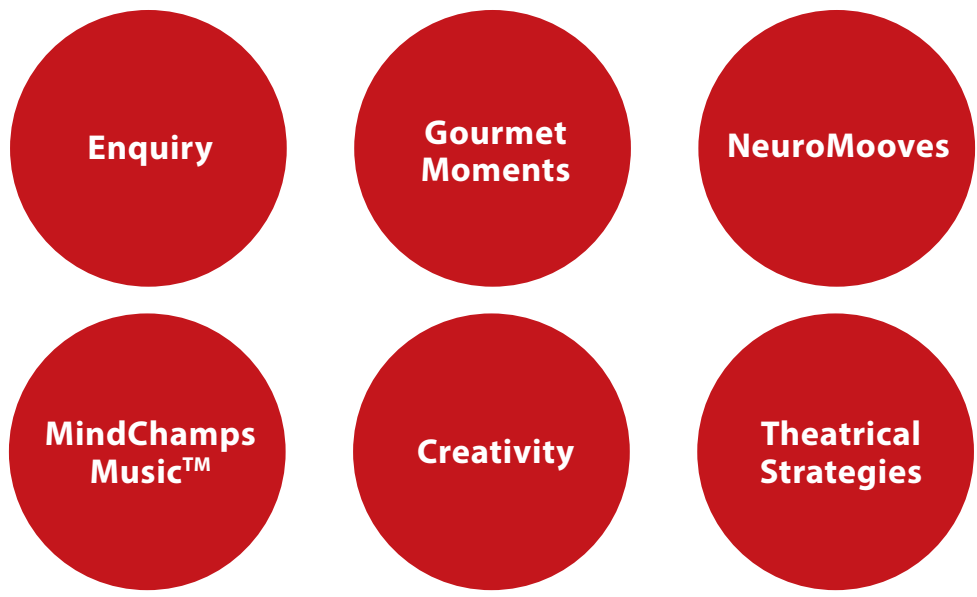
# Quality of Teachers

To deliver MindChamps' curriculum, it is crucial that our teachers develop the right mindsets, values and skills and are equipped with the right tools.

MindChamps teachers are required to attend training to enhance their skills in areas such as coaching, tools for engagement, positive guidance as well as MindChamps' curriculum within three months of onboarding.



## MINDCHAMPS' CURRICULUM



Our teachers are accredited by MindChamps HQ as part of training and must demonstrate learned skills and knowledge through practical exercises.

### MindChamps' teacher training includes:

- **Three overarching areas**
  - MindChamps Way Culture and Pedagogy
  - Specialisation (Core)
  - Enrichment
- **Teacher Development and Training ("TDT") Days**
- **Ad-hoc training by MindChamps HQ**

Annually, all our teachers must also undergo two full days of Global TDT organised by MindChamps HQ and one full day of TDT organised by the centres (the centre-based TDT focuses more on localised training needs within the centre). Our Global TDT is a truly unique MindChamps effort to bring together our global community of teachers and educators with a shared vision of excellence in the craft of teaching. At these Global TDTs, teachers share best pedagogical practices and learn from experts, including our CEO and leading minds in the fields of Education, Neuroscience, Child Psychology and Theatre. As a community of ONE MindChamps teachers, they inculcate shared values of ChampionGold Standards in teaching and learning.

Our first Global TDT day in March 2022 focused on Music in Education and multiple literacies. Our Dean of Music in Education and Principal Investigator of MindChamps Applied Integrated Research (“AiR”), Emeritus Professor Larry Scripp, and the AiR and MindChamps Music™ (MCM) teams presented research, pedagogies and ideas related to music and multiple literacies. It was a powerful demonstration of how children learn through the language of music. The session also showcased deep research from AiR on how MCM impacted the language literacies and numeracy abilities of the children. The day was also a powerful reminder to our global community of teachers and educators that pedagogical research is a cornerstone to the successful curriculum at MindChamps and that teachers and educators must continue to have this research orientation.

During our second Global TDT day in October 2022, we built on the March 2022 TDT on multiple literacies. We focused further on language literacy and how teachers play a critical role in developing a literacy-rich environment for our children. Our Dean of Research and Programme Development, Brian Caswell, presented his key thoughts on how teachers can go about creating this literacy-rich classroom. The day also showcased numerous best practices from teachers and educators on strategies that engaged children in reading and pre-reading activities. As always, the October TDT is also a way to celebrate new teachers to our community, and we held the graduation ceremony for new teachers who completed the MindChamps Way training.

Apart from the above, all MindChamps PreSchool principals and Centre Directors attend monthly meetings organised by MindChamps HQ to keep up-to-date with the latest curriculum, policies and training requirements. Once again, leveraging technology, we held multiple online training sessions and best practice sharing sessions to raise the craft of teaching within our global community. Some of the pedagogical tools we covered included the art of puppetry, digital storytelling and teacher dress-up for an engaging environment. Based on our latest Parents’ Survey, 97% and 96% of MindChamps parents in Singapore and Australia rated our teachers as ‘Excellent’ or ‘Good’, respectively. These high ratings are an affirmation of the quality of MindChamps teachers.



# Health and Safety<sup>5</sup>

MindChamps is responsible for the safety and well-being of thousands of young children. MindChamps is also mindful of the need to create a safe workplace for our employees.

MindChamps undertakes robust measures to ensure the safety of our Champs and employees. In addition to complying with the local laws and regulations, various policies have been established by MindChamps to address both Occupational Health and Safety and Preschool Health and Safety.

OCCUPATIONAL HEALTH AND SAFETY	PRESCHOOL HEALTH AND SAFETY
<p><b>Laws and Regulations Singapore</b></p> <ul style="list-style-type: none"> <li>• Employment Act</li> <li>• Employment of Foreign Manpower Act</li> <li>• Fire Safety Act</li> <li>• Work Injury Compensation Act</li> <li>• Workplace Safety and Health Act</li> </ul>	<p><b>Laws and Regulations Singapore</b></p> <ul style="list-style-type: none"> <li>• Building and Construction Authority Regulations</li> <li>• Early Childhood Development Authority Licensing Requirements</li> <li>• Fire Safety and Shelter Department Regulations</li> </ul>
<p><b>Laws and Regulations Australia (NSW)</b></p> <ul style="list-style-type: none"> <li>• Work Health and Safety Act</li> <li>• Work Health and Safety Regulation</li> <li>• Workers Compensation Act</li> </ul>	<p><b>Laws and Regulations Australia (NSW)</b></p> <ul style="list-style-type: none"> <li>• Education and Care Services National Law Act</li> <li>• Children (Education and Care Services National Law Application) Act</li> <li>• Education and Care Services National Regulations</li> </ul>
<p><b>Policies</b></p> <ul style="list-style-type: none"> <li>• Employee Handbook</li> <li>• Workplace Safety and Health ("WSH") Policy</li> </ul>	<p><b>Policies</b></p> <ul style="list-style-type: none"> <li>• MindChamps SOP (see below)</li> </ul>

MindChamps considers the work health and safety of all workers, contractors, suppliers, and visitors to MindChamps to be of utmost importance. MindChamps is committed to conducting its business in a manner that promotes the work health and safety of its employees, contractors, visitors and clients. In the event of a work-related injury, MindChamps is also committed to ensuring that all injured workers have the opportunity to recover and return to work in a safe and timely manner.

MindChamps HQ has established a health and safety committee in compliance with the relevant laws and regulations and maintains a WSH Policy as guidance in creating a safe environment for our Champs and employees. An SOP on Incident Management and Reporting has been established to ensure prompt reporting and investigation of incidents concerning safety. Regular checks are conducted at MindChamps HQ and PreSchool centres to identify any areas of potential safety risk. Operational risks are also reviewed in an effort to reduce and eliminate risks where possible. Maintenance is scheduled regularly for properties such as elevators, escalators and stairwells, and hazards identified (if any) which cannot be eliminated are well signposted. Briefings are also conducted for all centre leaders in Singapore about workplace health and safety in accordance with the Work Injury Compensation Act.

<sup>5</sup> Health and Safety includes employees' and students' health and safety.

MindChamps continued its Return to Work programme to promote the importance of safety and well-being of all our employees in Australia, which works through the development of a health and well-being strategy. The objective of the programme is to outline MindChamps' commitment and approach to the management of the return to work of employees who have suffered a workplace injury.

All MindChamps teachers attend child first aid courses and are certified first aiders. They are trained to observe and identify medical conditions in our Champs and to take the necessary actions, such as providing first aid and contacting the relevant emergency response teams. It is critical to ensure that our Champs receive the appropriate attention during an emergency. In addition, each centre has a safety team comprising teachers and admin staff who are assigned to ensure that health and safety measures are upheld at the centre, which include periodic checks on the expiry dates and the stock up of first aid kits and fire extinguishers. Each centre also has a fire warden to lead fire-drill exercises and safe evacuations in the event of an actual fire outbreak.

Furthermore, MindChamps PreSchools are regularly audited for health and safety to ensure compliance with licensing requirements. To ensure the safety of our Champs, audits are conducted through the MindChamps ChampionGold Standard framework. The MindChamps safety manager conducts bi-annual spot checks, conducts timely investigations, and implements preventive and corrective actions when reported incidents occur. Preschool equipment, such as toys and playgrounds, are cleaned daily and maintained and upgraded annually. Our centres also ensure that our Champs of different age groups are provided with age-appropriate toys.

MindChamps takes pride in providing a safe learning environment for our Champs. For example, one of the key safety features that MindChamps upholds strictly is the installation of door guards in all our centres. This minimises the risk of doors accidentally closing on our Champs' fingers.

Health and safety training are provided to both our Champs and employees to educate them on the potential health risks and safety hazards at MindChamps HQ and PreSchool centres and the proper precautions to take. Additionally, fire evacuation drills are conducted for our Champs and employees at least once every six months to increase their awareness and preparedness in an emergency. Due to our robust health and safety processes, no serious work-related incidents were recorded in FY2022 in Singapore.

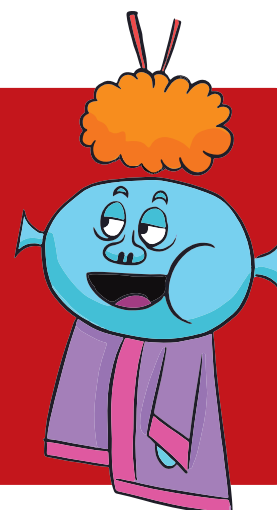
### **Addressing the threat from COVID-19**

Our employees are our valued assets and are key resources to the long-term viability of our business. We greatly value the diversity in our workforce and ensure that our employees' well-being is well taken care of.

In response to the threat from COVID-19, MindChamps stays committed to prioritise the safety of our employees and also our Champs. MindChamps has implemented various precautionary measures with reference to the guidelines issued by the Ministry of Health and other relevant authorities to address the safety and well-being of our employees and Champs.

### **WALKING FEET CAMPAIGN**

Our Champs are reminded to use their 'walking feet' when moving about in MindChamps PreSchool centres and not to run within the premises. MindChamps instils safe behaviours in our Champs and encourages them to be responsible for their own safety as well as the safety of their peers and teachers through positive guidance and fun activities.



We continued to practise the safety measures, and emergency response protocols that were communicated to our employees to ensure our employees and Champs are kept safe and our operations are conducted in a safe manner. The safety measures included the following during the early part of 2022 where safe distancing requirements were mandated:

- **Taking the temperature of all our employees at the workplace twice each day and advising them to consult their doctors and stay at home if they are feeling unwell.**
- **Implementing the SafeEntry digital check-in system in the workplace and classrooms to collect entry data of employees, Champs and visitors for contact tracing purposes.**
- **Requiring all visitors to record their temperature and contact details before entering our premises to ease the contact tracing process.**
- **Ensuring one metre of safe distancing among our employees and Champs in the workplace and classrooms.**
- **Encouraging virtual meetings and minimising physical meetings at the workplace.**
- **Promoting staggered working hours and break time.**
- **Timely updating on general information on the prevention spread of the COVID-19 virus.**
- **Face masks and hand sanitisers were made available for all employees and Champs, and they were reminded to wear face masks at all times and to apply hand sanitisers regularly.**
- **Disinfection of common touchpoints within our premises daily**

At our preschool centres, good hygiene measures continue to be practised despite the easing of Covid-19 measures. The centres are cleaned frequently throughout the day. Unless necessary, all visitors are not allowed to enter the centres. MindChamps also ensures that it complies with local regulations.



*Our Champs learnt about COVID-19 and how they can play a part in practising good hygiene.*

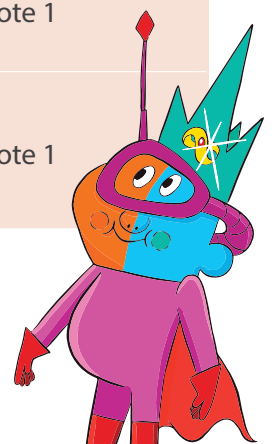


## Mindchamps Parents' Survey Highlights

We are pleased that MindChamps parents rated "Excellent" or "Good" as follows, reflecting our robust processes to maintain high standards of health and safety in MindChamps PreSchool centres:

	SINGAPORE	AUSTRALIA
<b>Overall cleanliness of the environment</b>	97%	96%
<b>Safety standards of the centre</b>	97%	97%
<b>Conduciveness to learning of the classroom</b>	97%	96%
<b>Health checks (which are carried out on teachers and Champs before entering the centre and continue through the day)</b>	98%	Note 1
<b>Hygiene practices as observed by our teachers and Champs</b>	97%	Note 1
<b>Procedures put in place to minimise spread of contagious diseases</b>	94%	Note 1

Note 1: The survey questions were not covered in the Parents' Survey for our Australian centres.





## Local Communities

MindChamps is committed to being involved in local communities to drive positive change and support communities in need. This is based on a firm belief that in creating opportunities for our Champs to reach out to the community and serve the less fortunate, they strengthen their Champion Mindset. In 2022, COVID restrictions started to be lifted, and our centres globally found many opportunities to give back to the community while inculcating values of compassion, kindness and generosity in all our Champs. Our educators also continued to drive home the values that anchor community spirit and involvement by planning lessons that raise the awareness of our Champs.

For FY2022, our centres continued to demonstrate examples of strong outreach to the local communities with centre leaders working with teachers and educators as well as families to identify charitable causes and outreach efforts. MindChamps PreSchool @ The Brooks II has an ongoing outreach held annually to the aged home at the Sree Narayana Mission in Singapore.

Our Champs in MindChamps PreSchool @ Buangkok initiated a lovely effort where Champs learnt more about the needs of under-served children supported by the Chen Su Lan Methodist Church. And as they learnt about their needs, they had family-based discussions on what to donate. This soon became a centre effort called the 'Shoe-Box' campaign, where each Champ brought in a specially curated box of donated items based on their understanding of what these children need most. Champs were involved in every stage of the effort, including packing the items and sending special notes of love and dedication. From this community outreach, the children developed MindChamps Attributes including 'I Am Compassionate' and 'I Am Grateful'.





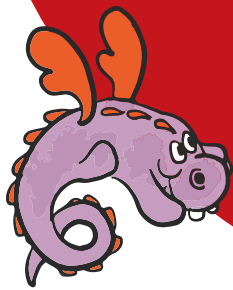
Similarly in Australia, our centres were focused on reaching out to under-served children. A group of MindChamps centres including Warriewood, Wheeler Heights and Eastwood participated in a lovely fundraiser called Teddy Bear Picnics. As the children hosted these fun-filled picnics at their centres, they raised funds through pledges for leading paediatric health services across the Sydney Children's Hospitals. Champs at Parramatta developed a programme to help senior citizens by leveraging on technology to host fortnightly Teams calls to local nursing homes. During these sessions, our Champs connected with senior citizens, sharing stories, songs and other forms of entertainment.

At Albion Park, sustainability and care for others came together as Champs donated lightly used clothes to local charities in an effort to bring home the message about recycling while thinking about the needs of others. Sustainability outreach efforts from 2021, such as our Clean Up Australia Day activities, continued. Several of our preschool classes at MindChamps centres ventured out into their local community to pick up rubbish. And as they participated in these activities, they learnt more about the history of their local community as well as their role in keeping these spaces clean and safe. Clean-up work would be part of a larger --all year-round activities involving tree-planting and recycling.

Reaching out to the local community is also about developing a strong cultural knowledge. At Penrith, Champs continued their annual tradition of working with Muru Mittigar, a renowned Aboriginal representative and educator. This year, the centre held a special smoking ceremony originating from the Northern Territory to appreciate Australia's unique history and the importance of preserving Aboriginal culture.

From charity work to environmental activities to cultural appreciation, our Champs across the countries developed the Champion Mindset as citizens for a better world.





# Governance

Building Trust And Confidence  
In Our Preschools

## MINDCHAMPS' APPROACH

MindChamps' business conduct is underpinned by our robust internal corporate governance practices.

## OBJECTIVE

Good corporate governance is the foundation of operational excellence and financial performance, delivering value to all stakeholders.

## Regulatory Compliance

Good corporate governance is essential to operate in the regulated preschool sector as it safeguards MindChamps from risk and reputational damage. It is also key to building customer confidence, loyalty and trust. In view of the various regulations that govern preschools, MindChamps institutes policies to guide its operations. MindChamps also regularly reviews these policies to ensure that they are kept up to date. In addition to having policies as overarching governance, MindChamps PreSchool centre leaders conduct self-assessments in compliance with the Early Childhood Development Agency's ("ECDA") licensing requirements. A compliance audit is carried out by MindChamps HQ one month prior to the ECDA licensing officer's renewal assessment visit. Meetings are regularly held with business leaders to communicate and align ECDA's licensing requirements and Code of Practice with centre operations and practices.

For Australia, all MindChamps Early Learning Centres use the MindChamps policies and protocols as well as the ChampionGold Standards to meet the standards spelt out in the National Quality Framework. Our centres are regulated, assessed, and rated under this framework. Our centres also conduct self-assessments and make the necessary improvements reflected in each centre's Quality Improvement Plan on an annual basis. MindChamps also takes a serious stance on ensuring that our franchisees comply with regulations and uphold our values so that our brand and curriculum are not compromised. MindChamps has in place a robust compliance audit framework for our franchisees. An annual compliance audit is carried out on every franchisee by an independent service provider. Through the audit process, issues are identified, and follow-up actions are reported to MindChamps HQ and the franchisee. Our teams work closely with franchisees to resolve any issues identified and constantly improve operations. Due to the framework in place and annual checks on our franchisees, no significant issues were reported in FY2022.

MindChamps endeavours to continue to operate to the highest standards in compliance with the relevant laws and regulations.



# Conclusion

Going forward, MindChamps is committed to deepening our sustainability approach with the aim of creating long-term value for all our stakeholders.

We will continue to revolutionise education and deliver tangible benefits to our Champs, our teachers, MindChamps parents, the communities, and investors.



MindChamps PreSchool Limited (the “**Company**” and together with its subsidiaries the “**Group**”) is committed to ensuring and maintaining high standards of corporate governance in complying with the Code of Corporate Governance 2018 (the “**Code**”) and relevant sections of the Listing Manual (“**Listing Manual**”) issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Group’s corporate governance practices and processes are guided by the principles and provisions of the Code 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 for the financial year ended 31 December 2022 (“**FY2022**”) with reference to the Code. Where there are deviations from any of the provisions 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**”) which is collectively responsible and works with management (“**Management**”) for the long-term success of the Company.

#### **Provision 1.1**

##### **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. 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 Board also puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures that there is proper accountability within the Company.

Besides its statutory responsibilities, the primary role of the Board’s includes the following:

- (a) to provide entrepreneurial leadership, and set strategic objectives, which include appropriate focus on value creation, innovation and sustainability;
- (b) to ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- (c) to establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and the Company’s performance;
- (d) to constructively challenge Management and review its performance;
- (e) to instil an ethical corporate culture and ensure that the Company’s values, standards, policies and practices are consistent with the culture; and
- (f) to ensure transparency and accountability to key stakeholder groups.

All Directors act in good faith as fiduciaries in the best interests of the Group and discharge their duties and responsibilities objectively by exercising due care, skills and diligence and independent judgment. When faced with conflicts of interest, whether potential or actual, the Directors recuse themselves from discussions and decisions involving the issues of conflict in accordance with the Company’s Conflicts of Interest Policy which also sets out situations in which there may be a conflict of interest and the process on disclosure of all conflicts of interest.

## **Provision 1.2 Directors' Duties and Responsibilities**

All Directors understand the Group's business and their respective duties and roles in the Company. Upon appointment to the Board, all Directors were issued with a formal letter of appointment or service agreement setting out the scope of their duties and obligations as a Director under the various relevant Singapore laws, and how to discharge those duties. The Company also conducted an orientation programme to familiarise new 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 trade-sensitive and materially price-sensitive information.

All Directors have been briefed on the roles and responsibilities of a director of a public listed company in Singapore, and regularly receive updates on the laws and regulations. To ensure that the Directors have opportunities to develop their skills and knowledge, the Nominating Committee reviews and recommends to the Board relevant training and professional development programmes conducted by the Singapore Institute of Directors, the SGX-ST and other business and financial institutions and consultants, in areas such as board leadership/responsibilities, accounting and finance, risk management, industry-specific knowledge and laws and regulations. The Company, from time to time, arranges training and briefings for the Directors, and circulates to the Directors useful materials on new laws, regulations, changing commercial risks and financial reporting standards. The Directors are also encouraged to inform the Company Secretary to register on their behalf relevant training which they are interested in, at the Company's expense.

### Sustainability Training

On 17 March 2022, the Singapore Exchange Regulation (SGX RegCo) announced the start of sustainability training for directors of listed companies in order to equip themselves with basic knowledge on sustainability matters.

The SGX has required directors of listed companies to attend one of the eight courses that SGX prescribed in order to meet the enhanced SGX sustainability reporting rules that mandated sustainability training for all board directors of equity issuers listed on SGX. Companies are required to provide confirmation that their directors have attended sustainability training in their first sustainability report for financial years commencing on or after 1 January 2022 and issued in 2023 or later.

As of the date of this report, all of the Directors have attended the Institute of Singapore Chartered Accountants (ISCA)-organised webinar entitled "Sustainability E-Training for Directors".

## **Provision 1.3 Internal Guidelines on Matters Requiring Board Approval**

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

- (a) major funding proposals and capital expenditures, and strategic acquisitions and divestments;
- (b) annual budgets;
- (c) annual and interim financial statements;
- (d) ad-hoc, half-yearly, and yearly company announcements;
- (e) appointment of suitable candidates to the Board and Board Committees;
- (f) appointment of key management personnel and Company Secretary;
- (g) matters involving a conflict of interest for a substantial shareholder or a Director;
- (h) corporate or financial restructuring;
- (i) share and bond issuances;

- (j) interim dividends and other returns to shareholders;
- (k) hedging policy and transactions; and
- (l) annual sustainability report.

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

#### **Provision 1.4 Delegation of Authority to Board Committees**

The Board has delegated specific responsibilities to its 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 has its own written terms of reference setting out the compositions, authorities and duties, as endorsed by the Board. Any change to the terms of reference for any Board Committee requires the Board's approval.

The Board Committees play an important role, and are engaged, in facilitating good corporate governance in the Company and within the Group. Information on each of the three Committees, including a summary of each Committee's activities, is set out further in this report.

Each Board 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. Each Board Committee also has adequate resources to enable it to discharge its functions properly, at the Company's expense.

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

#### **Provision 1.5 Board and Board Committee Meetings**

The Board meets at least once every quarter to consider the financial results. The schedule of Board and Board Committee meetings, as well as the Annual General Meeting ("**AGM**"), for the calendar year is set and given to all Directors well in advance.

The Directors attend and actively participate in Board and Board Committee meetings. The number of Board and Board Committee meetings held in FY2022 and the attendance of Directors during these meetings are as follows:

	<b>Board</b>	<b>Audit Committee</b>	<b>Nominating Committee</b>	<b>Remuneration Committee</b>
<b>Number of Meetings held</b>	4	4	1	1
<b>Number of Meetings attended by the Directors</b>				
<b>David Chiem Phu An</b>	4	N.A.	N.A.	N.A.
<b>Catherine Du</b>	4	N.A.	N.A.	N.A.
<b>Teo Ser Luck<sup>(1)</sup></b>	3	3	1	1
<b>Phua Chin Chor</b>	4	4	1	1
<b>Lee Suan Hiang</b>	4	4	1	1
<b>Petrina Sue Coventry<sup>(2)</sup></b>	1	1	0	0

**Notes:**

(1) Stepped down as the Lead Independent Director of the Company on 30 September 2022.

(2) Appointed as an Independent Director of the Company on 30 September 2022.

N.A. – Not Applicable

Where exigencies prevent a Director from attending a Board or Board Committee meeting in person, the Constitution of the Company allows the Director to participate in the meeting by telephone conference or video-conference. All Directors receive the relevant Board and Board Committee meeting papers even if they are unable to attend the meeting. If a Director is unable to attend a Board or Board Committee meeting, the Director still reviews the meeting papers and provides his/her views and comments to be brought up and conveyed to other members at the meeting. Matters arising from each meeting are followed up and reported to the Board or the respective Board Committee. Minutes of all Board and Board Committee meetings are circulated to members for review and confirmation. These minutes enable the Directors to be kept abreast of matters discussed at such meetings. Besides meetings, the Board and Board Committees exercise control on matters that require their deliberation and approval through the circulation of resolutions.

The Directors declare their board representations and principal commitments to the Company. The Nominating Committee and the Board review, on an annual basis, each Director's number of board representations and principal commitments, and contribution to the Company. Although the Directors have directorships in other companies which are not within the Group, the Nominating Committee and the Board are satisfied that sufficient time and attention is given by the Directors to the affairs of the Group and are 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 or she should commit sufficient time, attention, resources and expertise to the affairs of the Company

#### **Provision 1.6**

##### **Access to Information**

The Directors are furnished with information concerning the Group periodically to enable them to be fully cognisant of the decisions and actions of the Company's Management. In addition, the Board has separate and independent access to the Company's Management.

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

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

- (a) minutes of the previous Board meeting;
- (b) minutes of meetings of all Board Committees held since the previous Board meeting;
- (c) 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 are disclosed and explained to the Board; and
- (d) major operational and financial issues.

In carrying out its duties, the Board has unrestricted access to the Group's records and information. The Directors are entitled to request from Management and are provided with additional information as needed to make informed decisions and discharge their duties and responsibilities.

**Provision 1.7****Access to Management, Company Secretary and External Advisers**

The Directors have separate and independent access to the Company Secretary, and external advisers (where necessary).

The appointment and replacement of the Company Secretary is a decision of the Board as a whole.

The Directors, either individually or as a group, may also 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.

**Board Composition and Guidance****Principle 2**

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

**Provisions 2.1, 2.2 and 2.3****Strong and Independent Element on the Board**

The present Board comprises five members who are business leaders and professionals with financial and other technical backgrounds. The composition of Board and the Board Committees is as follows:

Name of Director	Date of First Appointment	Date of Last Re-Appointment	Board	Audit Committee	Nominating Committee	Remuneration Committee
David Chiem Phu An	25 July 2008	22 April 2021	Founder Chief Executive Officer and Executive Chairman	–	–	–
Catherine Du	1 June 2010	29 April 2022	Non-Independent Non-Executive Director	–	–	–
Phua Chin Chor	8 November 2017	22 April 2021	Independent Director	Chairman	Member	Member
Lee Suan Hiang	8 November 2017	29 April 2022	Independent Director	Member	Chairman	Member
Petrina Sue Coventry	30 September 2022	N.A.	Independent Director	Member	Member	Chairperson

Please refer to 'Board of Directors' section of this annual report and sustainability report.

Under Provision 2.2 of the Code, the Independent Directors should make up a majority of the Board where the Chairman is not independent. Provision 2.3 of the Code further requires Non-Executive Directors to make up a majority of the Board. Mr David Chiem Phu An is not an Independent Director and is the Chairman and the Chief Executive Officer ("CEO") of the Company. The Independent Directors of the Company (3 out of 5 board members) currently do make up a majority of the Board. The Non-Executive Directors (4 out of 5 board members) make up a large majority of all but one of the members of the Board. Hence, the Company is in compliance with Provisions 2.2 and 2.3 of the Code.

**Provision 2.4****Board Structure, Size, Balance and Diversity**

The Company recognises and embraces the importance and benefits of having a diverse Board and believes that diversity is an important attribute of a well-functioning and effective Board which enhances the decision-making process. Having a diverse Board avoids groupthink and foster constructive debate.

The Nominating Committee reviews the structure, size, balance and diversity of the Board, in accordance with the Company's Board Diversity Policy, on an annual basis. The key considerations in the Board Diversity Policy include skills, academic and professional qualification and industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of services, and other distinguishing qualities of the board members. Based on the key considerations, the Nominating Committee recommends appropriate changes to the Board, as and when required, to complement the Company's objectives and strategies, such as searching for qualified persons to serve on the Board having due regard for the benefits of diversity on the Board and the key considerations. The Nominating Committee is responsible for monitoring the Board Diversity Policy and reporting to the Board on the process it has used in relation to board nominations and appointments, and the progress made in achieving the measurable objectives for promoting diversity as described in the Board Diversity Policy.

The Nominating Committee and the Board are satisfied that the present structure, size, balance and diversity of the Board are appropriate to facilitate effective decision making. 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 and sustainability report. As the business of the Group expands, the Company will be seeking to diversify its Board further, including in the area of geographical and industry background

**Provision 2.5****Regular meetings of the Non-Executive Directors and/or Independent Directors**

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

- (a) contributing their experience and expertise in the making of the Board decisions or strategies;
- (b) constructively challenging and assisting in developing proposals on strategy;
- (c) review Management's performance in meeting agreed goals and objectives;
- (d) participating in decisions on the appointment, assessment and remuneration of the Executive Director and key management personnel generally; and
- (e) monitoring the reporting of the Group's performance.

Independent Directors meet without the presence of Management during the course of Board meetings or outside of Board meetings, and provide feedback to the Board and/or Chairman as appropriate.



## Chairman and Chief Executive Officer

### Principle 3

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

#### Provisions 3.1 and 3.2

#### Separation of Role of Chairman and Chief Executive Officer

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

As the CEO, Mr Chiem bears executive responsibility for the overall management and strategic development of the Group. He provides insights on the day-to-day running of the Company's operations, and Management's views without undermining Management's accountability to the Board. He also collaborates closely with the Non-Executive Directors for the long-term success of the Company.

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

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the board agenda and conducting effective board meetings, and ensuring that the culture in board meetings promotes open interaction and contributions by all board members;
- (c) promoting a culture of openness and debate at the Board;
- (d) ensuring that the Directors receive complete, adequate and timely information;
- (e) ensuring effective communication with shareholders and other stakeholders;
- (f) ensuring appropriate relations within the Board, and between the Board and Management;
- (g) facilitating the effective contribution of all Directors; and
- (h) promoting high standards of corporate governance.

The Board has established in writing the division of responsibilities between the Chairman and the CEO.

Although the Chairman and the CEO is the same person, major decisions of the Group are made in consultation with the Board in line with the transactions that require the Board's approval. The CEO also reports to the Board which comprises a majority of Non-Executive Directors, and all the Board Committees are also chaired by Independent Directors of the Company. In addition, Mr Chiem abstains from discussions and decisions where he is conflicted. These measures avoid concentration of power in Mr Chiem and ensure a degree of checks and balances.

The Board believes that notwithstanding that the Chairman and the CEO is the same person, there is an appropriate balance of power, increased accountability and greater capacity for independent decision making within the Board.

**Provision 3.3****Lead Independent Director**

The Board does not have a Lead Independent Director as of the date of this annual report and sustainability report. Where the Chairman is conflicted or in his absence, the remaining directors, including the three independent directors, may elect one amongst themselves who will chair Board meetings, lead the Board, facilitate confidential discussion with the Non-Executive Directors on any concerns, resolve conflicts of interest, and facilitate communication between the Board and the shareholders or other stakeholders of the Company.

Shareholders with concerns may contact any of the three independent directors directly through the channel as described in the Company's website, when contact through the normal channels of communication via the Chairman and the CEO or the Chief Financial Officer ("CFO") has failed to provide satisfactory resolution, or when such contact is inappropriate or inadequate. All the Independent Directors meet at least annually without the presence of the other Directors, for feedback to the Chairman thereafter.

**Board Membership****Principle 4**

The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

**Provisions 4.1 and 4.2****Roles and Responsibilities of the Nominating Committee**

The Nominating Committee comprises the following three Independent Directors:

Mr Lee Suan Hiang (Chairman)  
Prof Petrina Sue Coventry  
Mr Phua Chin Chor

In accordance with its terms of reference, the roles and responsibilities of the Nominating Committee include, among others:

- (a) making recommendations to the Board on relevant matters relating to:
  - (i) the review of succession plans for the Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and Management;
  - (ii) the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
  - (iii) the review of training and professional development programmes for the Board and its Directors; and
  - (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable);
- (b) identifying candidates, reviewing and approving nominations for the positions of Director or if applicable, alternate Director (whether appointment or re-appointment) and membership of the Board Committees (including Audit, Nominating and Remuneration Committees), 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;

- (c) ensuring that the Board and 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;
- (d) 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
- (e) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the Director's number of listed board representations and other principal commitments.

### **Provision 4.3**

#### **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 considerations such as board diversity, 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 or independent search firms and institutions, 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.

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 Nominating Committee has recommended to the Board that Prof Petrina Sue Coventry, being newly appointed last 30 September 2022 to fill in a casual vacancy, be nominated for re-appointment pursuant to Regulation 100 of the Constitution. Prof Coventry has consented to stand for re-election at the forthcoming Annual General Meeting.

The Constitution also requires 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 has recommended to the Board that Mr David Chiem Phu An, being the longest in office, be nominated for re-appointment pursuant to Regulations 94 and 95 of the Constitution. Mr Chiem has consented to stand for re-election at the forthcoming Annual General Meeting.

Mr Phua Chin Chor, having served on the Board for around 5.5 years since 8 November 2017, will not be seeking re-election and will be retiring from the Board at the conclusion of the forthcoming Annual General Meeting.

Upon undergoing a shortlisting process, Dr Roger Neil Sexton AM was recommended as a potential candidate to fill the casual vacancy in the Board that will occur upon the conclusion of the forthcoming Annual General Meeting. The Nominating Committee reviewed and considered Dr Roger Neil Sexton AM's credentials, experience and proven qualifications, and recommended to the Board that Dr Roger Neil Sexton AM be nominated for appointment pursuant to Regulation 100 of the Constitution. Dr Sexton AM has consented to stand for election at the forthcoming Annual General Meeting.

The Board has concurred with the Nominating Committee's recommendations.

The Board regards the importance of succession plans to ensure progressive and orderly renewal of leadership and continuity of the Company's operations and plans and to protect the interests of the shareholders. The Board has put in place succession plans for the Directors, Chairman, CEO and key management personnel. As part of the succession plans, the successors to key positions are identified, and development plans are instituted for them.

#### **Provision 4.4**

##### **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.

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 and submit to the Company Secretary a Director's Confirmation of Independence Form annually to confirm his independence based on the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code.

Based on the evaluations and results of a review conducted by the Nominating Committee, the Board has considered Prof Petrina Sue Coventry, Mr Phua Chin Chor and Mr Lee Suan Hiang as Independent Directors of the Company and each of them is regarded to be independent in conduct, character and judgment, and that there are no relationships with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company and the Group. None of the Independent Directors have served the Company for an aggregate period of more than nine years.

Following its annual review, the Nominating Committee has determined, and the Board has confirmed the independence status of the Directors as set out below:

<b>Name</b>	<b>Independence Status</b>
David Chiem Phu An	Non-Independent
Catherine Du	Non-Independent
Phua Chin Chor	Independent
Lee Suan Hiang	Independent
Petrina Sue Coventry	Independent

#### **Provision 4.5**

##### **Multiple Directorships**

Information on the listed company directorships and other principal commitments of the Directors have been set out under the 'Board of Directors' and 'Directors' Statement' sections of this annual report and sustainability report.

The Nominating Committee ensures that new Directors are aware of their duties and obligations. The Nominating Committee also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company. The Nominating Committee has recommended to the Board that no maximum number of listed board directorships and principal commitments which any Director may hold be determined. The Nominating Committee is of the view that Directors with multiple directorships can still continue to fulfill their directorial obligations effectively and factors, such as attendance, participation and contribution, should be considered collectively. 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 has agreed not to determine maximum number of listed board directorships and principal commitments which any Director may hold. The Board is also satisfied that each Director is able to and has been adequately carrying out and diligently discharging his or her duties as a Director of the Company.

## **Board Performance**

### **Principle 5**

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

#### **Provisions 5.1 and 5.2**

##### **Assessing Board Performance**

The Nominating Committee recommended, and the Board approved the objective performance criteria process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director to the Board. The performance criteria aim to measure the Directors' contribution and how the Board has enhanced long-term shareholder value. The Board also approved and implemented a board evaluation process to be carried out by the Nominating Committee annually.

The performance criteria include assessing the Board and Board Committee structure, strategy and performance, board risk management and internal controls, information to the Board and Board Committees, board procedures, CEO and Management, standards of conduct and Board/Board Committee Chairman.

In addition, individual Directors carry out self-assessment which is reviewed by the Nominating Committee. The self-assessment focuses on attendance, commitment and contributions in areas such as corporate strategies, finance/accounting, risk management, legal/regulatory, human resources and industry knowledge, as well as participation in the Board and/or Board Committee discussion and disclosure of related party transactions and conflicts of interest. The board evaluation process is conducted in-house by the Company Secretary who is responsible for circulating the survey to each Director for his or her completion, consolidating the results and proposing areas of improvements for the Nominating Committee's recommendation to the Board for approval. The Chairman acts on the results of the board evaluation, and in consultation with the Nominating Committee, proposes, where appropriate, new members to be appointed to the Board or seek the resignation of Directors. Each member of the Nominating Committee abstains from voting on any resolutions in respect of any matter in which he has an interest. Based on the board evaluation results, the Nominating Committee and the Board are satisfied as to the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director to the Board.

Although the board evaluation process is conducted in-house, the NC may make recommendation to the Board on the use of external facilitators, as and when it deems necessary.

## **(B) REMUNERATION MATTERS**

### **Procedures for Developing Remuneration Policies**

#### **Principle 6**

The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

#### **Provisions 6.1, 6.2 and 6.3**

##### **Roles and Responsibilities of the Remuneration Committee**

The Remuneration Committee comprises the following three Independent Directors:

Prof Petrina Sue Coventry (Chairman)  
Mr Phua Chin Chor  
Mr Lee Suan Hiang

In accordance with its terms of reference, the primary responsibilities of the Remuneration Committee include, among others:

- (a) reviewing and making recommendations to the Board on:
  - (i) a framework of remuneration for the Board and key management personnel; and
  - (ii) the specific remuneration packages for each Director and key management to all aspects of remuneration, including Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination terms, to ensure that they are fair and avoid rewarding poor performance;
- (b) 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;
- (c) in the case of service contracts, reviewing the obligations arising in the event of termination of the 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;
- (d) proposing, for adoption by the Board, appropriate and meaningful performance criteria to assist in the evaluation of the performance of the Executive Director and key management personnel; and
- (e) administering the MindChamps PreSchool Performance Share Plan and the MindChamps PreSchool Share Option Plan (the "**Share Plans**") in accordance with the rules of the respective Share Plans, as the case may be, and the Listing Manual, and recommending the same with such adjustments or modifications as it may deem necessary, to our Board, for endorsement.

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

The Remuneration Committee also reviews the reasonableness of the termination clauses of the contracts of service of the Company's Executive Director and key management personnel. Each of the Executive Director 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.

#### **Provision 6.4**

##### **Engagement of Remuneration Consultants**

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. No remuneration consultants were engaged by the Company in FY2022.

##### **Level and Mix of Remuneration**

#### **Principle 7**

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

**Provision 7.1****Remuneration of Executive Director and Key Management Personnel**

The remuneration of the Company's Executive Director 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 it. A significant and appropriate proportion of the Executive Director's and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is also aligned with the achievement of the objectives of their functions and the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

**(I) Founder CEO and Executive Chairman**

Mr David Chiem Phu An does not receive a Director's fee. His service agreement 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.

As the Chairman and the CEO, Mr Chiem 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. Mr Chiem abstains from participation in discussions and decisions in relation to his own remuneration.

**(II) Other Key Management Personnel**

The service agreements with the other key management personnel 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 or her employment, to be determined by the Board, based on their performance and the performance of the Company for that financial year.

**Provision 7.2****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 the 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.

**Provision 7.3****Long-term Incentive Scheme**

The Company recognises that remuneration must be appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The Company has the Share Plans which the Remuneration Committee can recommend as long-term incentive schemes for Executive Director 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.

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Director 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 8

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

#### Provision 8.1

#### Remuneration of Directors, Chief Executive Officer and Key Management Personnel

Remuneration of each Director, including the CEO, for FY2022 is set out below:

Name of Director	Position	Breakdown of Remuneration in Percentage (%)					Total Remuneration in Bands of S\$100,000
		Director's Fee	Salary <sup>(1)</sup>	Bonus <sup>(1)</sup>	Other Benefits <sup>(2)</sup>	Total	
David Chiem Phu An	Founder Chief Executive Officer and Executive Chairman	–	87.51%	0.00%	12.49%	100.00%	S\$900,001 – S\$1,000,000
Catherine Du	Non-Independent Non-Executive Director	100.00%	–	–	–	100.00%	<S\$100,000
Teo Ser Luck <sup>(3)</sup>	Lead Independent Director	100.00%	–	–	–	100.00%	<S\$100,000
Phua Chin Chor	Independent Director	100.00%	–	–	–	100.00%	<S\$100,000
Lee Suan Hiang	Independent Director	100.00%	–	–	–	100.00%	<S\$100,000
Petrina Sue Coventry <sup>(4)</sup>	Independent Director	100.00%	–	–	–	100.00%	<S\$100,000
<b>Total Remuneration (S\$'000) of Directors</b>						<b>1,152</b>	

#### Notes:

- (1) Included provident fund contribution by employer.
- (2) Included insurance, medical benefits, car benefits, mobile and travel allowances, professional membership fees and long-term incentives, if any.
- (3) Stepped down as the Lead Independent Director of the Company on 30 September 2022.
- (4) Appointed as an Independent Director of the Company on 30 September 2022.

The remuneration of the Directors, including the CEO, is disclosed in bands of S\$100,000 instead of 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 in aggregate the 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 FY2022 is set out below:

Name of Key Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Total Remuneration in Bands of S\$250,000
		Salary <sup>(1)</sup>	Bonus <sup>(1)</sup>	Other Benefits <sup>(2)</sup>	Total	
Teo Wee Jone	Chief Financial Officer	91.51%	0%	8.49%	100.00%	<S\$500,001 – S\$750,000
Peh Poh Geok	Global Chief Brand Officer and Chief Operating Officer	92.17%	0%	7.83%	100.00%	<S\$500,001 – S\$750,000
<b>Total Remuneration (S\$'000) of Key Management Personnel</b>					<b>1,019</b>	

**Notes:**

(1) Included provident fund contribution by employer.

(2) Included insurance, medical benefits, car benefits, mobile and travel allowances, professional membership fees and long-term incentives, if any.

**Provision 8.2**

**Remuneration of Employees who are substantial Shareholders or immediate family members of a Director or the CEO**

Save for Mr David Chiem Phu An who is the CEO and a substantial shareholder of the Company, there are no employees of the Group who are substantial shareholders of the Company, or are immediate family members (defined in the Listing Manual as the spouse, child, adopted child, step-child, brother, sister and parent) of a Director, the CEO or a substantial shareholder of the Company.

**Provision 8.3**

**Employee Share Option Scheme**

The Company's Share Plans were approved by shareholders at an Extraordinary General Meeting held on 9 November 2017. The details and terms of the Share Plans were set out in Appendixes E and F of the Company's Prospectus dated 17 November 2017 (the "**Prospectus**"). There were no options granted or shares issued under the Share Plans during FY2022.

**(C) ACCOUNTABILITY AND AUDIT**

**Risk Management and Internal Controls**

**Principle 9**

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

**Provision 9.1**

**Risk Management**

The Board is responsible for the overall risk management and internal control framework, including determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board ensures that Management maintains a sound system of risk management and internal controls. 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 the Audit Committee. Details of the Group's risk management policy are set out in Note 29 "Financial Risk Management" of the Notes to the Financial Statements.

The Board delegates its authority to the Audit Committee to oversee the risk management and internal controls of the Group. The Board (through the Audit Committee) monitors and reviews the effectiveness of the Group's system of internal controls and risk management which includes:

- (a) discussions with Management on risks identified by Management;
- (b) the audit processes;
- (c) the review of internal and external audit plans; and
- (d) the review of significant issues arising from internal and external audits.

However, the Board 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 Group had engaged Messrs KPMG Services Pte. Ltd. to facilitate the set up of an Enterprise Risk Management ("ERM") 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 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. The 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.

## **Provision 9.2**

### **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 reviews an overview of the risks which the Group is exposed to, as well as an understanding of what counter-measures and internal controls are in place to manage them. In this aspect, the Audit Committee reviews the audit plans, and the findings of the auditors and ensures that the Group follows up on the 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 obtained written assurance:

- (a) from the CEO and the CFO, 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) from the CEO and other key management personnel, regarding the adequacy and 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 2022.

## Audit Committee

### Principle 10

The Board has an Audit Committee which discharges its duties objectively.

### Provisions 10.1, 10.2 and 10.3

#### Roles and Responsibilities of the Audit Committee

The Audit Committee comprises the following three Independent Directors:

Mr Phua Chin Chor (Chairman)

Prof Petrina Sue Coventry

Mr Lee Suan Hiang

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, including the Chairman of the Audit Committee, have recent and relevant accounting or related financial management expertise and experience. None of the Audit Committee members are former partners or directors of the Group's existing auditing firm or auditing corporation.

In accordance with its terms of reference, 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 financial statements and any significant financial reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to the Company's financial performance;
- reviewing and reporting to the Board, at least annually, 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;
- reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- reviewing accounting policies;
- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function, their audit plans and the assistance given by Management to the auditors;
- 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 interested person transactions as defined in the Listing Manual;
- reviewing and resolving all conflicts of interest matters referred to it;

- 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 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 report, to be submitted at the end of each quarter, on rejected applicants for franchise licences; and
- reviewing 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 ensures 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. A whistle-blowing policy has been established for employees 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 policy is disseminated to all employees of the Group and is posted on the Company's corporate website. The policy is intended to provide an open and confidential process for the Group's employees, suppliers, customers and other stakeholders to express genuine concerns on any serious wrongdoing, such as unlawful conduct, financial malpractice, fraud, or corruption. The policy aims to encourage individuals to be confident in raising genuine concerns without fear of reprisal, discrimination or adverse consequences. It also allows the investigation of any actual, suspected or anticipated wrongdoing within or by the Group. The policy provides examples of reportable incidents, principles and reporting and handling procedures. Any genuine concerns may be raised in writing to the Audit Committee through the channel as described in the Company's website. The Audit Committee reports to the Board on such matters at the Board meetings.

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

The Company has appointed Messrs CLA Global TS Public Accounting Corporation (formerly Nexia TS) 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 Rules 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 and Nexia Sydney (a member firm of Nexia International) for FY2022 was:

	<b>S\$'000</b>
Audit fees	230
Non-audit fees	60
<b>Total</b>	<b>290</b>

The external auditors affirm that the audit team and Messrs CLA Global TS Public Accounting Corporation (formerly Nexia TS), together with Nexia Sydney (a member firm of Nexia International), are independent in respect of the audit of the Group in accordance with the Accountants (Public Accountants) Rules 2004 as the significant non-audit fee is derived from tax compliance and due diligence review services provided to the Group.

The Audit Committee has reviewed the non-audit services rendered by the external auditors in FY2022 as well as the fees paid, and is satisfied that the independence of the external auditors has not been impaired and compromised.

#### **Provision 10.4**

##### **Internal Audit Function**

The Company has engaged Messrs KPMG Services Pte. Ltd. as its internal auditors. The primary reporting line of the internal audit function is to the Audit Committee.

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 updates the Audit Committee on the status of any remedial action plans recommended by the internal auditors.

The primary functions of the 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.

During FY2022, the internal auditors adopted a risk-based audit approach that focused on material internal controls, including financial, operational, compliance and information technology controls. Internal audit reports were submitted to the Audit Committee for deliberation, with copies of these reports extended to Management.

The Audit Committee is satisfied that the internal audit team from Messrs KPMG Services Pte. Ltd. is staffed by suitably qualified and experienced professionals and is independent, effective and adequately resourced. 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 (the "IIA"). The internal auditors are a member of the IIA, Singapore, a professional internal auditing body affiliated to the IIA, Inc.

The Audit Committee reviews 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.

#### **Provision 10.5**

##### **Meeting with External and Internal Auditors without Presence of Management**

The Audit Committee meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least once a year.

Such meetings enable the Audit Committee to:

- (a) obtain feedback on the competency and adequacy of the finance function;
- (b) enquire into the root causes for major audit adjustments and issues; and
- (c) 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.

The meetings also enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the Audit Committee.

## **(D) SHAREHOLDER RIGHTS AND ENGAGEMENT**

### **Shareholder Rights and Conduct of General Meetings**

#### **Principle 11**

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

#### **Provisions 11.1**

##### **Shareholder Rights**

The Company 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. The Company 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 Company provides shareholders with the opportunity to participate effectively in and vote at general meetings and informs them of the rules governing the general meetings. Shareholders will be able to proactively engage the Board and Management on the Group's business activities, financial performance and other business-related matters.

#### **Provisions 11.2, 11.3, 11.4 and 11.5**

##### **Attendance at General Meetings**

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

- (a) the CEO and/or the CFO and/or Senior Director, Finance present the progress and performance of the Group and encourage shareholders to participate in the Question and Answer session;
- (b) the external auditors are present to address shareholders' queries on the conduct of the audit and the preparation and content of their report;
- (c) the Chairpersons of the Audit, Nominating and Remuneration Committees, or members of the respective Committees are present to address shareholders' queries relating to the work of the Board and Board Committees;
- (d) appropriate senior management personnel/members are also present to respond, if necessary, to operational questions from shareholders; and
- (e) each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. Where the resolutions are bundled or made inter-conditional on each other, the Company provides clear explanations in the notice of meeting so to ensure that shareholders are given the right to express their views and exercise their voting rights on each separate resolutions.

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 Management questions regarding the Company and its operations. Shareholders are informed of the AGM of the Company through notices sent to all shareholders. The notices are available on the websites of the Company and SGX-ST. Shareholders may download the annual report and sustainability report and notice of AGM from the Company's website at <https://investor.mindchamps.org/> and the SGX-ST's website. All Directors and the external auditors attended the last AGM in 2022.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company does not allow a shareholder to vote in absentia at general meetings except through the appointment of a proxy, attorney or in the case of a corporation, a corporate representative, to cast their vote in their stead. Each shareholder who is entitled to attend and vote may either vote in person or appoint not more than two proxies. Corporations which provide nominee or custodial services are 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.

All resolutions at general meetings are put to vote by poll and the results of each resolution are announced with details of percentages in favour and against. Management makes a presentation to shareholders to update them on the Company at general meetings. The results and presentation are announced after the general meetings via SGXNet and uploaded on the Company's website at <https://investor.mindchamps.org/>.

The minutes of general meetings, which record substantial and relevant comments or queries from shareholders relating to the agenda and response from the Board and Management, are prepared by the Company Secretary and are made available to shareholders upon their request. Minutes of the AGM for the financial year ended 31 December 2021 is available on SGXNet and on the Company's website at <https://investor.mindchamps.org/>.

### **Provision 11.6 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 Group's 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 the Group's expected financial performance.

The Board currently intends to utilise and/or reinvest any profits generated in FY2022 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 FY2022.

### **Engagement with Shareholders**

#### **Principle 12**

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

### **Provisions 12.1, 12.2 and 12.3 Communication with Shareholders**

The Group has an investor relations team which communicates with its shareholders and analysts on a regular basis and attends to their queries or concerns. Together with the Communications department, the team also manages the dissemination of corporate information to the media, public, institutional investors and shareholders on a fair and non-selective disclosure basis, 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 and sustainability reports are announced or issued within the mandatory period. Briefings for the financial 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 at <https://investor.mindchamps.org/>, and where appropriate, for the information of shareholders.

The Company 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 Company supports and encourages 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 Management. Information on general meetings is also disseminated through notices in the annual reports and sustainability reports or circulars sent to all shareholders, to encourage attendance from the shareholders.

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

## **Engagement with Stakeholders**

### **Principle 13**

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

### **Provisions 13.1, 13.2 and 13.3 Communication with Stakeholders**

The Company recognises not only its obligations to shareholders but also the interests of its material stakeholders. The Company maintains a current corporate website to communicate with its stakeholders and regularly engages its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve and sustain the business operations for long-term growth.

Four material stakeholder groups have been identified through an assessment of their significance to the Group's business operations. They are namely, customers, media, shareholders and analysts, and employees. The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. Please refer to the Company's sustainability report section of this annual report and sustainability report.



## 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 IPT for FY2022 is set out as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions conducted (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		S\$’000	S\$’000
<b>Fees received</b>			
MindChamps Holdings Pte. Limited	Controlling shareholder and associate of director and CEO	177	–
MindChamps Enrichment Academy Pte. Limited	Associate of director, CEO and controlling shareholder	765	
<b>Fees paid</b>			
DBS Trustee Limited as trustee of Paragon REIT (f.k.a. SPH REIT)	Associate of controlling Shareholder	511	–
MindChamps Kids Nutrition Pte. Limited	Associate of director, CEO and controlling shareholder	225	
MindChamps Holdings Pte. Limited		503	

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 MindChamps Holdings Pte. Limited (“MCH”) and its subsidiary corporations;
- (b) the Franchise Agreement dated 11 November 2016 between MindChamps PreSchool Singapore Pte. Limited (a subsidiary corporation of the Company) and MindChamps Enrichment Academy Pte. Limited (agreement was previously entered into by MindChamps Singapore Pte. Limited (a subsidiary corporation of MCH) but was novated to MindChamps Enrichment Academy Pte. Limited on 3 January 2020); and
- (c) the lease agreement dated 25 October 2016 between MindChamps PreSchool @ Paragon Pte. Limited (a subsidiary of the Company)<sup>1</sup> and DBS Trustee Limited as trustee of Paragon REIT (f.k.a. SPH REIT) (of which approximately 66% of the issued units are owned by Cuscaden Peak Investments Private Limited (f.k.a. Singapore Press Holdings Limited), an associate of controlling shareholder of the Company)<sup>2</sup>, as extended by a lease agreement dated 29 November 2019.

<sup>1</sup> On 30 December 2022, MindChamps PreSchool Singapore Pte Limited divested all of its shares in MindChamps PreSchool @ Paragon Pte. Limited (“PRG”). As at end of 31 December 2022, PRG is no longer a subsidiary of the Company.

<sup>2</sup> 66% is based on the latest available Annual Report (FY2021) of Paragon REIT. Cuscaden Peak Investments Private Limited (“CPI”) is also currently the Sponsor of Paragon REIT on the Singapore Exchange (SGX).

As set out in the Company's 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.

The Company has in place an IPT policy to ensure that any IPT between an entity at risk and an interested person are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The policy sets out, among others, the definitions of IPT and interested persons, the procedures for entering into and monitoring the IPT, and the review, approval and disclosure obligations.

## 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 FY2022 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 during the period commencing one month before the announcement of the Company's half year and 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*, laws of 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 within permitted trading periods.

## 4. Further Information on Directors Seeking Re-election

<b>Name of Director</b>	David Chiem Phu An	Petrina Sue Coventry
<b>Date of Appointment</b>	25 July 2008	30 September 2022
<b>Date of last re-appointment</b>	22 April 2021	N.A.
<b>Age</b>	53	57
<b>Country of principal residence</b>	Republic of Singapore	Republic of Singapore
<b>The Board's comments on this re-appointment</b>	<p>The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Chiem for re-appointment as Founder Chief Executive Officer and Executive Chairman of the Company.</p> <p>The Board concluded that Mr Chiem possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Prof Coventry for re-appointment as an Independent Director of the Company.</p> <p>The Board concluded that Prof Coventry possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Executive	Non-Executive

<b>Job Title</b>	Founder Chief Executive Officer and Executive Chairman	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of the Remuneration Committee</li> <li>• Member of the Audit Committee</li> <li>• Member of the Nominating Committee</li> </ul>
<b>Professional qualifications</b>	<ul style="list-style-type: none"> <li>• Bachelor of Arts in Communication, University of Technology, Sydney</li> <li>• Specialist in Producing, Australian Film, Television and Radio School</li> </ul>	<ul style="list-style-type: none"> <li>• PhD, Melbourne University</li> <li>• Global EMBA from Sydney University</li> <li>• MBA, University of South Australia</li> <li>• Master of Ethics, University of South Wales</li> <li>• Bachelor's Degree in Education, University of Technology, Sydney</li> </ul>
<b>Working experience and occupation(s) during the past 10 years</b>	Please refer to the 'Board of Directors' section in the Company's 2022 Annual Report and Sustainability Report.	Please refer to the 'Board of Directors' section in the Company's 2022 Annual Report and Sustainability Report.
<b>Shareholding interest in the Company and its subsidiaries</b>	Please refer to the 'Directors' Statement' and 'Shareholders' Information' sections in the Company's 2022 Annual Report and Sustainability Report.	Nil
<b>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries</b>	Mr Chiem holds 35.77% of the issued ordinary shares of Champion Minds Pte. Limited ("Champion Minds"), which in turn wholly-owns MindChamps Holdings Pte. Limited ("MCH"), a substantial shareholder of the Company. Mr Chiem is also a director of Champion Minds and MCH.	Nil
<b>Conflict of interest (including any competing business)</b>	Nil	Nil
<b>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company</b>	Yes	Yes

<p><b>Other Principal Commitments Including Directorships – Past (for the last 5 years)</b></p>	<ul style="list-style-type: none"> <li>• Director, MindChamps Early Learning 1 Pty. Limited</li> <li>• Director, MindChamps Early Learning 2 Pty. Limited</li> <li>• Director, MindChamps Early Learning 3 Pty. Limited</li> <li>• Director, MindChamps Early Learning 4 Pty. Limited</li> <li>• Director, MindChamps Australia Corporate Pty. Limited</li> <li>• Director, Studio Bound Pte. Limited</li> <li>• Director, MindChamps Medical @ Tiong Bahru Pte. Limited (Struck off)</li> <li>• Director, MindChamps Medical @ One KM Pte. Limited (Struck off)</li> <li>• Director, MindChamps Publishing Pte. Limited (Struck off)</li> <li>• Director, MindChamps (Malaysia) Sdn. Bhd. (Struck off)</li> <li>• Director, Beston MindChamps Kids Nutrition Pte. Limited (Struck off)</li> <li>• Director, MindChamps Performing Arts International PreSchool @ Changi Business Park Pte. Limited (fka MindChamps PreSchool @ Changi Business Park Pte Ltd)</li> <li>• Director, Intercultural Theatre Institute Ltd.</li> <li>• Director, Actors Centre Australia Pte. Limited</li> <li>• Director, MindChamps PreSchool @ Tiong UPT Pte. Limited</li> <li>• Director, MindChamps PreSchool @ TPY Pte. Limited</li> <li>• Director, MindChamps Academy Pte. Limited</li> <li>• Director, Profound Capital Pte. Limited (f.k.a. Chiem Capital Pte. Limited)</li> <li>• Director, O&amp;G The Women’s Medical Specialist Pte. Limited</li> <li>• Director, MindChamps PreSchool @ Zhongshan Park Pte. Ltd.</li> <li>• Director, MindChamps PreSchool @ Serangoon Pte. Limited</li> <li>• Director, MindChamps PreSchool @ Paragon Pte. Limited</li> <li>• Director, MindChamps PreSchool @ Punggol Northshore Pte. Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Independent, Non-Executive Director, Beston Global Foods Limited</li> <li>• Senior Partner, COI Capital Asia</li> </ul>
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<p><b>Other Principal Commitments Including Directorships – Present</b></p>	<ul style="list-style-type: none"> <li>• Director, MindChamps World Capital Pte. Limited</li> <li>• Director, MindChamps PreSchool @ Buangkok Private Limited</li> <li>• Director, May30 Entertainment Pty Ltd</li> <li>• Director, MindChamps Capital Pte. Limited</li> <li>• Director, May30 Entertainment Pte. Limited</li> <li>• Director, MindChamps – First Capital PreSchool China Capital Management Limited</li> <li>• Director, MindChamps – PavCap PreSchool Global Holdings Pte. Limited</li> <li>• Director, March Forth Entertainment Pte. Ltd.</li> <li>• Director, MindChamps PreSchool @ Woodlands Pte. Ltd.</li> <li>• Director, ACA Sydney Pty Ltd</li> <li>• Director, MindChamps PreSchool @ Marina Square Pte. Limited</li> <li>• Director, MindChamps Allied Care @ Marina Square Pte. Limited</li> <li>• Director, MindChamps Health Pte. Limited</li> <li>• Director, Champion Mindset Coaching Federation Limited</li> <li>• Director, Champion Mindset Academy Pte. Limited</li> <li>• Director, MindChamps Music Pte. Limited</li> <li>• Director, MindChamps Worldschool Pte. Limited</li> <li>• Director, MindChamps Kids Nutrition Pte. Limited</li> <li>• Director, MindChamps Family Online Pte. Limited</li> <li>• Director, MindChamps Productions Pte. Limited</li> <li>• Director, MindChamps Media Pte. Limited</li> <li>• Director, MindChamps Shanghai Pte. Limited</li> <li>• Director, MindChamps Singapore Pte. Limited</li> <li>• Director, MindChamps Enrichment Academy Pte. Limited</li> <li>• Director, MindChamps PreSchool Singapore Pte. Limited</li> <li>• Director, MindChamps Holdings Pte. Limited</li> <li>• Director, Champion Minds Pte. Limited</li> <li>• Director, MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Executive Director, Skin Cancer College Australasia</li> <li>• Non-Executive Director, Australian Health Practitioner Regulatory Authority (AHPRA)</li> <li>• Non-Executive Director, Regional Development Australia (RDA)</li> <li>• Ethics Commissioner, World Lacrosse Olympics Committee</li> <li>• Director, Centre for Male Health &amp; Wellbeing, South Australian Health and Medical Research Institute (SAHMRI)</li> <li>• Industry Professor, Adelaide University</li> <li>• Independent, Non-Executive Director, Beston Global Foods (Singapore) Pte Ltd</li> </ul>
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	<ul style="list-style-type: none"> <li>• Director, MindChamps Emofront Pte. Limited</li> <li>• Director, Beyond May30 Entertainment Pty Ltd</li> <li>• Director, Musical Mind Pty Ltd</li> <li>• Director, Champion Education Property Investment Pty. Limited</li> <li>• Director, The Enrolment Hub Pty Ltd</li> <li>• Director, MindChamps PreSchool MYP Pte. Limited</li> <li>• Director, MindSpace (Global) Pte. Limited</li> <li>• Director, MindChamps International PreSchool Inc.</li> <li>• Director, MindChamps AUNZ Pty Limited</li> <li>• Director, MindChamps ICMI Pte Ltd</li> <li>• Director, MindChamps International PreSchool Franchising Inc.</li> <li>• Director, ELMSS Pty. Ltd.</li> </ul>	
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>		
<b>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</b>	No	No
<b>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</b>	No	No
<b>(c) Whether there is any unsatisfied judgment against him?</b>	No	No

<b>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</b>	No	No
<b>(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</b>	No	No
<b>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</b>	No	No
<b>(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</b>	No	No
<b>(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?</b>	No	No
<b>(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</b>	No	No

<b>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</b>		
<b>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</b>	No	No
<b>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</b>	No	No
<b>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</b>	No	No
<b>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</b>	No	No
<b>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</b>	No	No

## 5. Further Information on Director Seeking Election

<b>Name of Director</b>	Dr Roger Neil Sexton AM
<b>Date of Appointment</b>	28 April 2023
<b>Date of last re-appointment</b>	N/A
<b>Age</b>	73
<b>Country of principal residence</b>	Australia



<b>The Board's comments on this appointment</b>	<p>The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Dr Sexton AM for appointment as an Independent Director of the Company.</p> <p>The Board concluded that Dr Sexton AM possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Non-Executive
<b>Job Title</b>	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of the Audit Committee</li> <li>• Member of the Nominating Committee</li> <li>• Member of the Remuneration Committee</li> </ul>
<b>Professional qualifications</b>	<ul style="list-style-type: none"> <li>• B. Ec (Hons) First Class, Flinders University of Australia</li> <li>• M. Ec, North Carolina State University, Raleigh, NC</li> <li>• PhD (Econ), North Carolina State University, Raleigh, NC</li> </ul>
<b>Working experience and occupation(s) during the past 10 years</b>	<p>2012 to Present Chairman, Beston Global Food Company Limited (ASX:BFC) Adelaide, Australia</p> <p>2002 to 2016 Chairman (2012 to 2016) Deputy Chairman (2002 to 2012) IOOF Holdings Limited, Melbourne Australia</p> <p>2002 to 2016 Chairman (2012 to 2016) Director (2002 to 2012) Perennial Investment Partners Ltd, Sydney Australia</p> <p>2013 to Present Chairman, FinSec Partners, Adelaide, Australia</p> <p>2016 to Present Director, Perks Property Investments (PPI) Chairman, PPI (Taree) Pty Ltd</p> <p>2004 to Present Chairman, KeyInvest Limited, Adelaide Australia</p> <p>1988 to 2022 Director, IBISWorld, Melbourne Australia Director, Ruthven Institute, Melbourne Australia</p> <p>2010 to 2013 Member, Australian Accounting Standards Board, Melbourne Australia</p> <p>2010 to 2020 Director, Flinders Partners Pty Ltd, Adelaide Australia</p> <p>2008 to 2014 Director, TWT Limited, Shangyu China</p>

<b>Shareholding interest in the Company and its subsidiaries</b>	Nil
<b>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries</b>	Nil
<b>Conflict of interest (including any competing business)</b>	Nil
<b>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company</b>	Yes
<b>Other Principal Commitments Including Directorships – Past (for the last 5 years)</b>	<ul style="list-style-type: none"> <li>• Director, IBISWorld, Melbourne Australia (resigned 2022)</li> <li>• Director, Ruthven Institute, Melbourne Australia (resigned 2022)</li> <li>• Director, Flinders Partners Pty Ltd (resigned 2020)</li> <li>• State Councilor, Australian Institute of Company Directors (resigned 2021)</li> <li>• President, Australian Institute of Company Directors SA &amp; NT (resigned 2021)</li> </ul>
<b>Other Principal Commitments Including Directorships – Present</b>	<ul style="list-style-type: none"> <li>• Chairman, Beston Global Food Company Limited (ASX:BFC)</li> <li>• Chairman, FinSec Partners</li> <li>• Director, Perks Property Investments (PPI)</li> <li>• Chairman, PPI (Taree) Pty Ltd</li> <li>• Chairman, KeyInvest Limited</li> <li>• Knight Chevalier, Sovereign Order of Saint John of Jerusalem &amp; Knights Hospitaller, Priory of South Australia</li> <li>• Chairman, Karmel Endowment Fund, Flinders University &amp; Member, Finance and Investment Committee, Flinders University</li> <li>• Advisory Board Member, Hong Kong Australia Business Association</li> <li>• Chairman and Principal Patron, Freemasons Foundation Centre for Men’s Health, University of Adelaide</li> </ul>
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>	
<b>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</b>	No

<p><b>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</b></p>	No
<p><b>(c) Whether there is any unsatisfied judgment against him?</b></p>	No
<p><b>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</b></p>	No
<p><b>(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</b></p>	No
<p><b>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</b></p>	No
<p><b>(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</b></p>	No

<b>(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?</b>	No
<b>(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</b>	No
<b>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</b>	
<b>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</b>	No
<b>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</b>	No
<b>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</b>	No
<b>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</b>	No
<b>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</b>	No

The directors present their statement to the members together with the audited financial statements of the Group and of the Company as at 31 December 2022.

In the opinion of the directors,

- (a) the financial statements as set out on pages 93 to 170 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2022 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, based on the going concern assumptions set out in Note 2.1 to the financial statements, 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  
Phua Chin Chor  
Lee Suan Hiang  
Petrina Sue Coventry (Appointed on 30 September 2022)

### 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 its related corporations, except as follows:

	Number of Ordinary Shares			
	Direct Interest		Deemed Interest	
	At 31.12.2022	At 1.1.2022	At 31.12.2022	At 1.1.2022
<b>MindChamps PreSchool Limited</b>				
David Chiem Phu An	–	–	126,806,441 <sup>(1)</sup>	126,806,441 <sup>(1)</sup>
Catherine Du	–	–	126,606,441 <sup>(2)</sup>	126,606,441 <sup>(2)</sup>

(1) Mr David Chiem Phu An holds 35.77% of the issued ordinary shares of Champion Minds Pte. Limited ("Champion Minds"), which in turn wholly-owns MindChamps Holdings Pte. Limited ("MCH"). Accordingly, by virtue of Section 7 of the Companies Act 1967 of Singapore, Mr Chiem is deemed to be interested in the shares of the Company ("Shares") held by MCH. Mr Chiem also holds 1,910,528 Shares through DBS Nominees (Private) Limited.

(2) Ms Catherine Du holds 35.77% of the issued ordinary shares of Champion Minds, which in turn wholly-owns MCH. Accordingly, by virtue of Section 7 of the Companies Act 1967 of Singapore, Ms Du is deemed to be interested in the Shares held by MCH. Ms Du also holds 1,710,528 Shares through Citibank Nominees Singapore Pte. Ltd..

- (b) Each of David Chiem Phu An and 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 Group in the following subsidiary corporations that are not wholly-owned by the Group:

	<b>Number of Ordinary Shares</b>	
	<b>At</b>	<b>At</b>
	<b>31.12.2022</b>	<b>1.1.2022</b>
MindChamps PreSchool @ Serangoon Pte. Limited*	–	240,000
MindChamps PreSchool @ Zhongshan Park Pte. Ltd.*	–	450,000
MindChamps PreSchool @ Marina Square Pte. Limited	<b>51</b>	51
MindChamps Shanghai Pte. Limited	<b>120</b>	120
MindChamps Music Pte. Limited	<b>160</b>	160
MindChamps Academie of Stars Pte. Limited	<b>70</b>	70
The Enrolment Hub Pty Ltd	<b>684</b>	684
ELMSS Pty Ltd	<b>60</b>	–

\* Divested on 30 June 2022

## Share plans

On 9 November 2017, the shareholders approved two share-based incentive plans, namely the MindChamps PreSchool Share Option Plan (the "SOP") and the MindChamps PreSchool Performance Share Plan (the "PSP" and together with the SOP, the "Share Plans"). On 29 April 2022, the PSP and SOP were renewed during the Annual General Meeting for the financial year ended 31 December 2021.

The Share Plans are share incentive schemes under the administration of the Remuneration Committee. The purpose of the Share Plans is 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 Company and will help to achieve the following positive objectives:

- (a) to motivate the participant to optimise his/her 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.

During the financial year, there were:

- (a) no options granted under the SOP to subscribe for unissued shares of the Company or its subsidiary corporations;  
and
- (b) no shares issued under the Share Plans to take up unissued shares of the Company or its subsidiary corporations.

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

### **Audit committee**

The members of the Audit Committee during the financial year and at the date of this statement are as follows:

Phua Chin Chor (Chairman)  
Lee Suan Hiang  
Petrina Sue Coventry (Appointed on 30 September 2022)

All members of the Audit Committee are independent directors.

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Companies Act 1967 of Singapore, and the Singapore Exchange Securities Trading Limited Listing Manual.

Its function includes:

- 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 financial statements and any significant financial reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to the Company's financial performance;
- reviewing and reporting to the Board, at least annually, 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;
- reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- reviewing accounting policies;
- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function, their audit plans and the assistance given by Management to the auditors;
- 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 interested person transactions as defined in the Listing Manual;

- reviewing and resolving all conflicts of interest matters referred to it;
- 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 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); 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 will 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.

The Audit Committee has recommended to the Board that the independent auditors, CLA Global TS Public Accounting Corporation (formerly known as Nexia TS Public Accounting Corporation), be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

#### **Independent auditors**

The independent auditors, CLA Global TS Public Accounting Corporation, have expressed their willingness to accept re-appointment.

**On behalf of the directors**

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**David Chiem Phu An**  
Executive Chairman

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**Catherine Du**  
Director

13 April 2023



## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of MindChamps PreSchool Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, 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 93 to 170.

In our opinion, the accompanying consolidated financial statements of the Group and the consolidated statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2022 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 matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2022. The matter below was 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 the matter.

#### Goodwill impairment assessment (Refer to Note 2.9(a), 3.1 and 15(a))

As at 31 December 2022, the carrying amount of goodwill amounted to \$75,086,000, which is significant to the Group and represented 53% of the Group's total assets.

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. We focused on this area due to the level of subjectivity associated with the many assumptions used in estimating the value-in-use ("VIU") of the respective cash-generating units ("CGU") that is required to be made by management, including expectations of future events that are believed to be reasonable under the circumstances.

*Key Audit Matters (Continued)*Goodwill impairment assessment (Continued)*How our audit addressed the matter*

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

- Evaluated the reasonableness of management's estimate of gross margin and growth rate by taking into consideration of each CGU's past performance, current market condition and the industry trend;
- Challenged management's estimates applied in the VIU model based on our knowledge of the operations, by comparing historical performance to assess management's forecast ability; and by comparing current forecasts against historical performance to assess the reasonableness of the forecasts;
- With the assistance of our internal valuation specialist, we assessed the reasonableness of the discount rate applied, by comparing against internal information and external economic and market data;
- Evaluated management's sensitivity analysis to assess the impact on the recoverable amount of each CGU by reasonable changes to the estimated growth rate, discount rate and any other significant input; and
- Reviewed the adequacy of disclosures in the notes to 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 SFRS(I)s, 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.

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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 Loh Ji Kin.

**CLA Global TS Public Accounting Corporation**  
**(Formerly known as Nexia TS Public Accounting Corporation)**  
**Public Accountants and Chartered Accountants**

**Singapore**  
**13 April 2023**

	Note	2022 \$'000	2021 \$'000
Revenue	4	61,546	62,709
Cost of sales	7	(33,076)	(32,415)
<b>Gross profit</b>		<b>28,470</b>	30,294
Other income			
– Interest income		213	202
– Others		4,058	6,055
	5	4,271	6,257
Other gains and losses			
– Gain from corporate transactions	11	5,110	258
– Impairment loss on financial assets	29(b)	(27)	(928)
– Impairment loss on intangible assets	15(a)	(574)	–
– Other losses	6	(74)	(115)
Expenses			
– Administrative	7	(31,426)	(29,902)
– Finance	9	(2,359)	(2,155)
– Marketing	7	(1,559)	(1,523)
Share of profit/(losses) of associates and joint ventures	16, 17	1,010	(34)
<b>Profit before income tax</b>		<b>2,842</b>	2,152
Income tax credit	10	104	453
<b>Net profit</b>		<b>2,946</b>	2,605
<b>Other comprehensive loss:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – loss		(5,544)	(3,019)
<b>Total comprehensive loss</b>		<b>(2,598)</b>	(414)
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		3,040	2,411
Non-controlling interests		(94)	194
		<b>2,946</b>	2,605
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company		(2,504)	(608)
Non-controlling interests		(94)	194
		<b>(2,598)</b>	(414)
<b>Earnings per share for net profit attributable to equity holders of the Company</b>			
– Basic earnings per share (cents per share)	25	1.26	1.00
– Diluted earnings per share (cents per share)	25	1.26	1.00

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

	Note	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	6,880	10,986
Trade and other receivables	12	23,335	16,669
Inventories	13	613	540
Lease receivables	28	837	696
		<u>31,665</u>	<u>28,891</u>
<b>Non-current assets</b>			
Property, plant and equipment	14	24,980	27,336
Intangible assets	15	78,346	92,812
Lease receivables	28	964	1,498
Trade and other receivables	12	1,218	1,238
Deferred income tax assets	22	2,034	1,768
Investment in associates	16	122	147
Investments in joint ventures	17	1,035	–
		<u>108,699</u>	<u>124,799</u>
<b>Total assets</b>		<u>140,364</u>	<u>153,690</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	19,907	14,005
Contract liabilities	4(b)	2,111	2,637
Borrowings	20	12,840	11,372
Lease liabilities	20	6,859	7,780
Current income tax liabilities		57	373
		<u>41,774</u>	<u>36,167</u>
<b>Non-current liabilities</b>			
Borrowings	20	12,740	26,177
Lease liabilities	20	16,583	18,616
Deferred income tax liabilities	22	30	40
Provision for reinstatement costs	21	935	976
		<u>30,288</u>	<u>45,809</u>
<b>Total liabilities</b>		<u>72,062</u>	<u>81,976</u>
<b>NET ASSETS</b>		<u>68,302</u>	<u>71,714</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	23	49,301	49,301
Currency translation reserve		(6,775)	(1,231)
Retained profits/(Accumulated losses)		26,286	23,246
		<u>68,812</u>	<u>71,316</u>
<b>Non-controlling interests</b>	18	(510)	398
<b>TOTAL EQUITY</b>		<u>68,302</u>	<u>71,714</u>

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

	Note	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	2,976	3,955
Trade and other receivables	12	13,194	12,118
Inventories	13	4	3
Lease receivables	28	837	696
		<u>17,011</u>	<u>16,772</u>
<b>Non-current assets</b>			
Property, plant and equipment	14	1,471	2,487
Intangible assets	15	1,674	2,217
Lease receivables	28	964	1,498
Trade and other receivables	12	1,218	1,238
Deferred income tax assets	22	113	28
Investments in subsidiary corporations	18	81,677	81,677
Investment in associates	16	122	147
Investment in a joint venture	17	–	–
		<u>87,239</u>	<u>89,292</u>
<b>Total assets</b>		<u><b>104,250</b></u>	<u><b>106,064</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	29,325	17,691
Borrowings	20	10,585	8,179
Lease liabilities	20	1,206	1,171
		<u>41,116</u>	<u>27,041</u>
<b>Non-current liabilities</b>			
Borrowings	20	8,539	17,124
Lease liabilities	20	1,297	2,503
Deferred income tax liabilities	22	–	–
Provision for reinstatement costs	21	40	37
		<u>9,876</u>	<u>19,664</u>
<b>Total liabilities</b>		<u><b>50,992</b></u>	<u><b>46,705</b></u>
<b>NET ASSETS</b>		<u><b>53,258</b></u>	<u><b>59,359</b></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	23	49,301	49,301
Retained profits/(Accumulated losses)	24	3,957	10,058
<b>TOTAL EQUITY</b>		<u><b>53,258</b></u>	<u><b>59,359</b></u>

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

		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
<b>2022</b>							
<b>As at 1 January 2022</b>		<b>49,301</b>	<b>(1,231)</b>	<b>23,246</b>	<b>71,316</b>	<b>398</b>	<b>71,714</b>
Total comprehensive (loss)/ income for the financial year		-	(5,544)	3,040	(2,504)	(94)	(2,598)
Dividend paid to non-controlling interests	18	-	-	-	-	(604)	(604)
Divestment of subsidiary corporations	11	-	-	-	-	(210)	(210)
<b>As at 31 December 2022</b>		<b>49,301</b>	<b>(6,775)</b>	<b>26,286</b>	<b>68,812</b>	<b>(510)</b>	<b>68,302</b>
<b>2021</b>							
<b>As at 1 January 2021</b>		49,301	1,788	20,835	71,924	71	71,995
Total comprehensive (loss)/ income for the financial year		-	(3,019)	2,411	(608)	194	(414)
Dividend paid to non-controlling interests	18	-	-	-	-	(208)	(208)
Acquisition of a centralised childcare enrolment business	31	-	-	-	-	341	341
<b>As at 31 December 2021</b>		<b>49,301</b>	<b>(1,231)</b>	<b>23,246</b>	<b>71,316</b>	<b>398</b>	<b>71,714</b>

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



	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Net profit		2,946	2,605
Adjustments for:			
– Amortisation of intangible assets	7	1,439	1,223
– Depreciation of property, plant and equipment	7	9,072	9,619
– Gain from corporate transactions	11	(5,110)	(258)
– Interest expense	9	2,359	2,155
– Impairment loss on financial assets	29(b)	27	928
– Impairment loss on intangible assets	15(a)	574	–
– Interest income	5	(213)	(202)
– Income tax credit	10	(104)	(453)
– Share of (profit)/losses of associates and joint ventures	16, 17	(1,010)	34
– Unrealised currency translation losses/(gains)		90	(17)
		<b>10,070</b>	15,634
Change in working capital, net of effects from acquisitions of businesses, subsidiary corporations, and divestment of subsidiary corporations:			
– Contract liabilities		882	553
– Inventories		(118)	(172)
– Trade and other receivables		(4,826)	(1,854)
– Trade and other payables		5,803	(1,939)
Cash generated from operations		11,811	12,222
Income tax paid		(215)	(213)
Income tax refund		–	521
<b>Net cash provided by operating activities</b>		<b>11,596</b>	12,530
<b>Cash flows from investing activities</b>			
Acquisition of a subsidiary corporation, net of cash acquired	31	–	191
Investment in an associate	16	–	(160)
Additions to property, plant and equipment		(1,885)	(930)
Additions to intangible assets		(1,274)	(1,094)
Proceeds from divestment of subsidiary corporations	11	6,894	626
Interest received		213	202
Sublease income received		709	733
<b>Net cash provided by/(used in) investing activities</b>		<b>4,657</b>	(432)
<b>Cash flows from financing activities</b>			
Dividend paid to non-controlling interests	18	(604)	(208)
Interest paid for loans and leases		(1,999)	(1,957)
Proceeds from term loans		–	2,160
Repayments of term loans		(9,176)	(5,846)
Repayment of principal amount of lease liabilities		(8,332)	(8,378)
Transfer from/(to) reserve account		602	(3,111)
<b>Net cash used in financing activities</b>		<b>(19,509)</b>	(17,340)
<b>Net decrease in cash and cash equivalents</b>		<b>(3,256)</b>	(5,242)
<b>Cash and cash equivalents</b>			
Beginning of financial year		5,875	11,335
Effects of currency translation on cash and cash equivalents		(248)	(218)
<b>End of financial year</b>	11	<b>2,371</b>	5,875

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

**Reconciliation of liabilities arising from financing activities**

	<b>Term loans \$'000</b>	<b>Lease liabilities \$'000</b>	<b>Total \$'000</b>
<b>As at 1 January 2022</b>	<b>35,549</b>	<b>26,396</b>	<b>61,945</b>
Changes from financing cash flows:			
– Proceeds from term loans	–	–	–
– Repayments of term loans	(9,176)	–	(9,176)
– Repayment of principal amount of lease liabilities	–	(8,332)	(8,332)
– Interest paid	(1,103)	(896)	(1,999)
Total changes from financing cash flows	<b>(10,279)</b>	<b>(9,228)</b>	<b>(19,507)</b>
Non-cash changes:			
– Additions during the year in relation to office and preschool premises	–	11,278	11,278
Rent concessions	–	81	81
– Divestment of subsidiary corporations (Note 11)	(2,969)	(4,551)	(7,520)
– Currency translation difference	–	(1,430)	(1,430)
Total non-cash changes	<b>(2,969)</b>	<b>5,378</b>	<b>2,409</b>
Liabilities related other changes:			
– Loan transaction costs	(118)	–	(118)
– Interest expense	1,397	896	2,293
<b>As at 31 December 2022</b>	<b>23,580</b>	<b>23,442</b>	<b>47,022</b>
<b>As at 1 January 2021</b>	39,167	30,074	69,241
Changes from financing cash flows:			
– Proceeds from term loans	2,160	–	2,160
– Repayments of term loans	(5,846)	–	(5,846)
– Repayment of principal amount of lease liabilities	–	(8,378)	(8,378)
– Interest paid	(909)	(1,048)	(1,957)
Total changes from financing cash flows	<b>(4,595)</b>	<b>(9,426)</b>	<b>(14,021)</b>
Non-cash changes:			
– Additions during the year in relation to office and preschool premises	–	6,466	6,466
– Rent concessions	–	(420)	(420)
– Divestment of a subsidiary corporation (Note 11)	–	(529)	(529)
– Currency translation difference	–	(817)	(817)
Total non-cash changes	–	4,700	4,700
Liabilities related other changes:			
– Loan transaction costs	(105)	–	(105)
– Interest expense	1,082	1,048	2,130
<b>As at 31 December 2021</b>	<b>35,549</b>	<b>26,396</b>	<b>61,945</b>

*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 listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594.

The principal activities of the Company are those relating to childcare services and investment holding. The principal activities of its subsidiary corporations are disclosed in Note 18.

The immediate holding corporation is MindChamps Holdings Pte. Limited and the ultimate holding corporation is Champion Minds Pte. Limited, both companies are incorporated and domiciled in Singapore.

## 2 Significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (\$). All financial information presented in Singapore Dollars has been rounded to the nearest thousand (\$'000), unless otherwise indicated.

The preparation of financial statements in conformity with SFRS(I)s 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 assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### *Going concern assumption*

As at 31 December 2022, the Group and the Company were in net current liabilities positions of \$10,109,000 (2021: \$7,276,000) and \$24,105,000 (2021: \$10,269,000) respectively. This represents the existence of conditions that may cast significant doubt about the Group's and the Company's ability to continue as going concerns. Nevertheless, the financial statements are prepared on a going concern basis taking into consideration the following:

- (a) Excluding:
  - (i) the Group's net current lease liabilities of \$6,022,000 and the Company's net current lease liabilities of \$369,000 (the rent commitment for the next 12 months post statement of financial position date which will be funded by the business performance or earned for the same period);
  - (ii) the Group's current contract liabilities of \$2,111,000 (the deferred revenue for the next 12 months post statement of financial position date which will be recognised by the business performance or earned for the same period);
  - (iii) the Company's net intra-group payables of \$20,272,000 within the Group (the Group's treasury management function is centrally managed at the Company where the intra-group lendings or repayments within the Group are at the Company's sole discretion and assessment); and

## 2 Significant accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

#### *Going concern assumption (Continued)*

(a) Excluding: (Continued)

- (iv) the Group's current non-financial assets (inventories and prepayments) of \$1,453,000 and the Company's current non-financial assets (inventories and prepayments) of \$154,000,

the Group and the Company would have recorded an adjusted net current liabilities of \$3,429,000 and \$3,618,000 respectively.

- (b) The Board and the management have deliberated the Group's business plans and operation budgets and are of the view that the Group is able to generate positive operating cash flows at least for the next twelve months.

#### *Impact of Coronavirus ("COVID-19")*

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Singapore and Australia, both of which have been affected by the spread of COVID-19 since 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 December 2022:

- (a) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate, as disclosed above.
- (b) In 2021, the Group has received some COVID-19 related government grants from local governments in Singapore and Australia (Note 5).
- (c) The Group has considered the market conditions (including the impact of COVID-19) as at the statement of financial position date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 December 2022. The significant estimates and judgement applied on impairment of goodwill, trade receivables and other non-financial assets are disclosed in Note 3.

As the COVID-19 pandemic continues to evolve, the Group continues to be impacted by the measures taken by governments to combat the spread of the pandemic. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

#### **Interpretations and amendments to published standards effective in 2022**

On 1 January 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") 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 SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Amendments to SFRS(I) 1-16 and SFRS(I) 1- 57 do not have any impact to the Group.

## 2 Significant accounting policies (Continued)

### 2.2 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it satisfies a performance obligation ("PO") by transferring control of promised goods or services to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. The amount of revenue presented is the amount net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

(a) *School fee*

School fee is recognised over time when the Group satisfies its PO by conducting classes to the student.

School fee received in advance is not recognised as revenue as the PO is not satisfied and therefore a contract liability is recognised over the period in which the classes are to be conducted, and this would represent the Group's obligation to the student as of the end of financial year.

(b) *Sale of merchandise*

Revenue from the sale of merchandise is recognised at a point in time when the Group satisfies its PO by transferring the control of a promised merchandise to the customer.

(c) *Royalty fee*

Royalty fee is recognised over time in accordance with the substance of the franchise agreement for the continuing use of rights and curriculum granted to the franchisee. The royalty fee is calculated at a fixed percentage of the franchisee's revenue that occur and invoiced on a monthly basis.

(d) *Franchise income*

(i) Unit franchise licences

Franchise income generated from unit franchise licences is recognised at a point in time, being when the Group satisfies its PO by fulfilling its franchisor's obligations before centre's opening as stated in the franchise agreement or in the event of the expiry of the unit franchise licence, which is when the franchisee fails to commence the franchise business within the stipulated period stated in the franchise agreement.

The Group, as a franchisor, may undertake activities such as key person training, updates on course materials and programmes, and marketing initiatives. However, the Group concludes that these activities do not form part of the franchise income because separate fees charged upon rendering these services to the franchisee. Therefore, the Group concludes that there is only one PO (i.e. franchisor's obligations before centre's opening) in the franchise agreement.

Any unfulfilled PO which the Group receives consideration in advance is recognised as a contract liability.

## 2 Significant accounting policies (Continued)

### 2.2 Revenue recognition (Continued)

(d) *Franchise income* (Continued)

(ii) Master franchise licences

Exclusive right to operate the MindChamps franchise model in a territory is granted to a master franchisee upon execution of the master franchise agreement, prohibiting the Group or any other party from entering such territory. As such, franchise income is recognised as revenue at a point in time upon the execution of the master franchise agreement as the exclusive right is granted to a master franchisee. 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.

If a master franchise agreement contains an element of significant financing, the Group adjusts the transaction price with the promised consideration for the effects of the significant financing component using a discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract.

The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the grant of exclusive rights to a master franchisee and the payment date is one year or less.

(e) *Commission income*

Commission income is recognised at a point in time when the Group satisfies its PO by referring students to the customer.

(f) *Management service income*

Management service income is recognised at point in time when the Group satisfies its PO by rendering the service to the customer.

Management service income received in advance is not recognised as revenue as the PO is not satisfied therefore a contract liability is recognised over the period in which the provision of service representing the Group's obligation to the customer to date.

(g) *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 is 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.

Government grants relating to assets are deducted against the carrying amount of the assets.

## 2 Significant accounting policies (Continued)

### 2.4 Group accounting

#### (a) *Subsidiary corporations*

##### (i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests 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, consolidated statement of changes in equity and consolidated statement of financial position. 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 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.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" 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 profits 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.

The accounting policies for investments in subsidiary corporations, associates and joint ventures are disclosed in Note 2.8 to the financial statement.

#### (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.

#### (c) *Associates and joint ventures*

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

##### (i) Acquisitions

Investments in associates and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates and joint ventures represent the excess of the cost of acquisition of the associates or joint ventures over the Group's share of the fair value of the identifiable net assets of the associates or joint ventures and are included in the carrying amount of the investments.

On acquisition of the investments, when the Group's share of the fair value of the identifiable net assets of the associates or joint ventures exceed the cost of acquisition paid by the Group, the excess is recognised in profit and loss as part of the share of profit from the associates or joint ventures.



## 2 Significant accounting policies (Continued)

### 2.4 Group accounting (Continued)

#### (c) *Associates and joint ventures* (Continued)

##### (ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associates' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associates or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in the associates or joint ventures equal to or exceed its interests in the associates or joint ventures, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associates or joint ventures. If the associates or joint ventures subsequently report profits, the Group resumes recognising its share of those profits only after its share of the profits equal the share of losses not recognised. Interests in associates or joint ventures include any long-term loans for which settlement are never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the associates or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

##### (iii) Disposals

Investments in associates or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interests in the former associates or joint ventures are financial assets, the retained equity interests are measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, associates and joint ventures" for the Company's accounting policy on investments in the associates and joint ventures.

### 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:

	<u>Useful lives</u>
Furniture and office equipment	3-10 years
Renovation	5-10 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 reporting 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 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, licences and copyrights*

Trademarks, licences and copyrights acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Acquired costs for trademarks and licences are amortised to profit or loss using the straight-line method over six years, which is the period of contractual rights. Acquired costs for copyrights are amortised to profit or loss using the straight-line method over five years.

## 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. The costs such as consulting fees and payroll-related costs of employees directly involved in the project can be measured reliably.

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 has been completed 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 four years.

#### (d) Acquired computer software licences

Acquired computer software licences 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 four years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each reporting date. The effects of any revision are recognised in profit and loss when the changes arise.

### 2.7 Borrowing costs

Borrowing costs include interest in respect of lease liabilities recognised in accordance with SFRS(I) 16 Leases are recognised in profit or loss using the effective interest method.

### 2.8 Investments in subsidiary corporations, associates and joint ventures

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Investments in associates and joint ventures are accounted for in the Company's financial statements using the equity method of accounting, in conformity with the Group Accounting Policy disclosed in Note 2.4(c)(ii).

## 2 Significant accounting policies (Continued)

### 2.9 Impairment of non-financial assets

#### (a) 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.

#### (b) Intangible assets

*Property, plant and equipment*

*Investments in subsidiary corporations, associates and joint ventures*

Intangible assets, property, plant and equipment and investments in subsidiary corporations, associates and joint ventures 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 so, the 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.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this assets 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 and measurement*

The Group classifies its financial assets at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

#### At subsequent measurement

##### *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents, and trade and other receivables.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

#### (b) *Impairment*

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade and lease receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (c) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

## **2 Significant accounting policies** (Continued)

### **2.11 Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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 Financial guarantee**

The Group and the Company have issued corporate guarantees to banks for bank borrowings of certain subsidiary corporations. These guarantees are financial guarantees as they require the Group and the Company to reimburse the banks if these subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- (a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss allowance computed using the impairment methodology under Note 2.10.

### **2.13 Borrowings**

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting 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.

### **2.14 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.

### **2.15 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 Significant accounting policies (Continued)

### 2.16 Leases

(i) *When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables; and
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

## 2 Significant accounting policies (Continued)

### 2.16 Leases (Continued)

#### (i) When the Group is the lessee: (Continued)

- Lease liabilities (Continued)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 27.

#### (ii) When the Group is the lessor:

- Lessor – Operating leases

The Group leases classroom spaces under operating lease arrangements.

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.



## 2 Significant accounting policies (Continued)

### 2.16 Leases (Continued)

#### (ii) When the Group is the lessor: (Continued)

- Lessor – Sublease

The Group leases office space under a sublease arrangement.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease within "Lease receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contracts which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

### 2.17 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.

### 2.18 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 reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 arising on investments in subsidiary corporations, associates and joint ventures, 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.

## 2 Significant accounting policies (Continued)

### 2.18 Income taxes (Continued)

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:

- (a) 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 reporting date; and
- (b) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting 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 where a deferred tax asset is recognised for unused 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.

### 2.19 Provisions

(a) *General*

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(b) *Asset dismantlement, removal or restoration*

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, 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 of money.

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 Significant accounting policies (Continued)

### 2.20 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 unutilised annual leave as a result of services rendered by employees up to the reporting date.

### 2.21 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.

(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 reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity instruments) and financial liabilities. 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 losses".

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.

## 2 Significant accounting policies (Continued)

### 2.21 Currency translation (Continued)

#### (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 and fair value 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.

### 2.22 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.

### 2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### 2.24 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.

### 2.25 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.

#### 3.1 Critical accounting estimates and assumptions

##### *Impairment of goodwill*

In performing the impairment assessment of the carrying amount of goodwill, as disclosed in Note 15, the recoverable amounts of the cash-generating units ("CGUs") in which goodwill has been attributable to are determined by using value-in-use ("VIU") calculations.

Significant judgements are used to estimate the gross margin, weighted average growth rates and pre-tax discount rates applied in computing the recoverable amounts of different CGUs. In making these estimates, management has relied on past performance and its expectations of market developments in Singapore and Australia. Specific estimates are disclosed in Note 15(a).

The carrying amount of goodwill as at 31 December 2022 is \$75,086,000 (2021: \$89,297,000). Management has assessed that the change in the estimated recoverable amount from any reasonably possible change on the key estimates does not materially cause the recoverable amount to be lower than its carrying amount, except for an under-performing CGU, whereby if:

- The estimated gross margin used in the VIU calculation had been 5% lower than management's estimates, the Group would have recognised an impairment charge on goodwill of \$897,000.
- The estimated weighted average growth rate used had been 2% lower than management's estimates (for example: 1% instead of 3%), the Group would have recognised an impairment charge on goodwill of \$1,665,000.
- The estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been 1% higher than management's estimates (for example: 11% instead of 10%), the Group would have recognised an impairment charge on goodwill of \$351,000.

#### 3.2 Critical judgements in applying the entity's accounting policies

##### (i) *Impairment of trade receivables*

As at 31 December 2022, the Group's trade receivables amounted to \$8,958,000 (2021: \$8,475,000) (Note 12), arising from the Group's different revenue segments: "Education" and "Franchise".

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. A loss allowance of \$: \$681,000 (2021: \$782,000) for trade receivables was recognised as at 31 December 2022.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

The Group's and the Company's credit risk exposure for trade receivables by different revenue segment are set out in Note 29(b)(i).

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

#### 3.2 Critical judgements in applying the entity's accounting policies (Continued)

##### (ii) Impairment of non-financial assets

Property, plant and equipment, intangible assets (other than goodwill), investments in subsidiary corporations, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Management assesses whether there are any indications of impairment of non-financial assets by reviewing internal and external factors/sources of information like economic, financial, industry, business etc affecting the assets. Where there are mixed indicators, management will exercise their judgement to determine, whether these events or circumstances indicate that the carrying amount may not be recoverable and accordingly the assets will be tested for impairment.

The recoverable amounts of these assets and, where applicable CGU, have been determined based on higher of the fair value less costs to sell or value-in use calculations. These calculations require the use of estimates.

As at 31 December 2022, management has assessed that there is no objective evidence of indicators that the carrying amounts of the Group's non-financial assets may not be recoverable as at the reporting date and accordingly an impairment assessment is not required.

The carrying amounts of the property, plant and equipment, intangible assets (other than goodwill), investments in subsidiary corporations, associates and joint ventures are disclosed in Note 14, 15, 16, 17, and 18 respectively to the financial statements.

##### (iii) Duration of lease terms

As at 31 December 2022, the Group's lease liabilities, which are measured with reference to an estimate of the lease term, amounted to \$23,442,000 (2021: \$26,396,000). Extension options are included in the lease term if the leases are reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension options.

For leases of the Group's office space and preschool premises, the following factors are considered to be most relevant:

- If the office space and preschool premises are located in strategic locations that will contribute to the continued profitability of the Group, the Group typically includes the extension option in lease liabilities;
- Otherwise, the Group considers other factors including its historical lease periods for similar assets, costs required to obtain replacement assets, and business disruptions.

The assessment of reasonably certain to exercise extension options is only revised if a significant change in circumstances occurs that is within the control of the lessee.

As at 31 December 2022, potential future (undiscounted) cash outflows of approximately \$13,409,000 (2021: \$15,140,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

## 4 Revenue

### (a) Disaggregation of revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major revenue streams and geographical regions. Revenue is attributed to countries by source of revenue generation.

	<b>Group</b>		
	<b>At a point in time \$'000</b>	<b>Over time \$'000</b>	<b>Total \$'000</b>
<b>2022</b>			
<b>Singapore</b>			
– School fees	–	16,292	16,292
– Royalty fees	–	6,910	6,910
– Franchise income	558	–	558
– Sale of merchandise	573	–	573
– Others	383	–	383
	<b>1,514</b>	<b>23,202</b>	<b>24,716</b>
<b>Australia</b>			
– School fees	–	34,755	34,755
– Royalty fees	–	349	349
– Franchise income	373	–	373
– Sale of merchandise	21	–	21
– Management service income	51	–	51
– Commission income	1,183	–	1,183
– Others	98	–	98
	<b>1,726</b>	<b>35,104</b>	<b>36,830</b>
<b>Total</b>	<b>3,240</b>	<b>58,306</b>	<b>61,546</b>
<b>2021</b>			
<b>Singapore</b>			
– School fees	–	18,370	18,370
– Royalty fees	–	5,974	5,974
– Franchise income	2,368	–	2,368
– Sale of merchandise	567	–	567
– Others	194	–	194
	<b>3,129</b>	<b>24,344</b>	<b>27,473</b>
<b>Australia</b>			
– School fees	–	34,141	34,141
– Royalty fees	–	221	221
– Sale of merchandise	49	–	49
– Management service income	93	–	93
– Commission income	620	–	620
– Others	112	–	112
	<b>874</b>	<b>34,362</b>	<b>35,236</b>
<b>Total</b>	<b>4,003</b>	<b>58,706</b>	<b>62,709</b>

**4 Revenue** (Continued)*(b) Contract liabilities*

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Current		
<i>Contract liabilities</i>		
– School fees	<b>1,098</b>	1,957
– Franchise income	<b>993</b>	628
– Others	<b>20</b>	52
Total contract liabilities	<b>2,111</b>	2,637

Contract liabilities for school fees are fees collected in advance which the Group billed and received consideration ahead of the provision of services.

*(i) Revenue recognised in relation to contract liabilities*

Revenue recognised in current financial year that was included in the contract liabilities balance at the beginning of the financial year is as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
– School fees	<b>1,957</b>	1,800
– Franchise income	<b>628</b>	200
– Management service income	<b>32</b>	81
– Others	<b>–</b>	13

*(ii) Unsatisfied performance obligations*

Aggregate amounts of the transaction price allocated to contracts that are partially or fully unsatisfied are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
– School fees	<b>1,098</b>	1,957
– Franchise income	<b>993</b>	628
– Others	<b>20</b>	52



**4 Revenue (Continued)**
**(b) Contract liabilities (Continued)**
**(ii) Unsatisfied performance obligations (Continued)**

Management expects that the transaction price allocated to unsatisfied performance obligations as at 31 December 2022 and 2021 may be recognised as revenue in the next reporting periods as follows:

	<b>Group</b>			
	<b>2022</b>	<b>2023</b>	<b>After 2023</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Partially and fully unsatisfied performance obligation as at:</i>				
<b>31 December 2022</b>	–	<b>2,091</b>	<b>20</b>	<b>2,111</b>
31 December 2021	2,617	–	20	2,637

**5 Other income**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Service income	<b>1,765</b>	1,443
Government grants	<b>1,110</b>	3,633
Waiver of retention sum payable	–	485
Interest income		
– bank interest	<b>170</b>	121
– late interest charges	–	5
– net investment in sublease (Note 28)	<b>43</b>	76
	<b>213</b>	202
Accounts payable write back	<b>161</b>	–
Deposit interest income	<b>140</b>	–
Sponsorship income	<b>150</b>	–
Insurance claim	<b>41</b>	–
Others	<b>691</b>	–
<b>Total</b>	<b>4,271</b>	<b>6,257</b>

Grant income of \$51,000 (2021: \$2,607,000) recognised during the financial year pertained to COVID-19 relief measures extended by the local governments to the Group's operations in Singapore and Australia. The grant income is the continued financial support in Singapore. Under these temporary schemes, the Group has received cash grants to support the Group's efforts to retain its employees and to stay resilient through the pandemic.

**6 Other losses**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Currency exchange losses	<b>(74)</b>	(115)

**7 Expenses by nature**

	Group	
	2022 \$'000	2021 \$'000
Advertising and marketing	1,559	1,523
Amortisation of intangible assets (Note 15(f))	1,439	1,223
Associate trainer fees	997	530
Change in inventories	(73)	(172)
Cleaning expenses	1,077	914
Commission	218	281
Depreciation of property, plant and equipment (Note 14)	9,072	9,619
Employee compensation (Note 8)	43,567	42,001
Event and excursion expenses	40	13
Insurance	899	704
Professional fees	1,141	1,663
Property tax and premises maintenance expense	569	537
Purchase of merchandise	548	735
Rental of office equipment (Note 27(b))	62	58
Rental of premises (Note 27 (c))	137	101
Repair and maintenance	364	304
Student welfare	1,746	1,691
Telecommunication	135	149
Training	199	137
Travel expenses	550	185
Utilities	378	435
Others	1,437	1,209
<b>Total cost of sales, administrative expenses, and marketing expenses</b>	<b>66,061</b>	<b>63,840</b>

**8 Employee compensation**

	Group	
	2022 \$'000	2021 \$'000
Wages and salaries	34,937	33,892
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	3,747	3,589
Employee benefits	4,883	4,520
	<b>43,567</b>	<b>42,001</b>

**9 Finance expenses**

	Group	
	2022 \$'000	2021 \$'000
Interest expenses:		
– Lease liabilities (Note 27(b))	896	1,048
– Term loans	1,301	979
– Others	66	25
	<b>2,263</b>	<b>2,052</b>
Amortisation of transaction cost	96	103
	<b>2,359</b>	<b>2,155</b>

**10 Income tax credit**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Income tax credit attributable to profit is made up of:		
Profit for the financial year:		
– Current income tax – Singapore	<b>281</b>	142
– Current income tax – Australia	–	124
	<b>281</b>	266
Deferred income tax (Note 22)	<b>(369)</b>	(169)
	<b>(88)</b>	97
Over provision in prior financial years		
– Current income tax – Singapore	<b>(16)</b>	(17)
– Current income tax – Australia	–	(533)
	<b>(16)</b>	(550)
	<b>(104)</b>	(453)

The income tax credit 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:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax	<b>2,842</b>	2,152
Share of (profit)/losses of associates and joint ventures (Notes 16 and 17)	<b>(1,010)</b>	34
Profit before income tax and share of losses of associates and joint ventures	<b>1,832</b>	2,186
Tax calculated at a tax rate of 17% (2021: 17%)	<b>311</b>	372
Effects of:		
– expenses not deductible for tax purposes	<b>174</b>	168
– different tax rate in other country	<b>(53)</b>	22
– deferred tax assets not recognised	<b>810</b>	427
– utilisation of previously unrecognised tax losses	–	(28)
– tax incentives	<b>(775)</b>	(760)
– income not subject to tax	<b>(555)</b>	(104)
– over provision in prior financial years	<b>(15)</b>	(550)
Tax credit	<b>(104)</b>	(453)

Subject to agreement with the tax authorities, the Group has unutilised tax losses and capital allowances amounting to \$3,856,000 and \$8,232,000 (2021: \$2,807,000 and \$7,238,000) respectively at the reporting 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. These unutilised tax losses and capital allowances have no expiry date.

**11 Cash and cash equivalents**

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at banks	<b>6,823</b>	10,928	<b>2,975</b>	3,954
Short-term bank deposits	<b>46</b>	49	-	-
Cash in hand	<b>11</b>	9	<b>1</b>	1
	<b>6,880</b>	10,986	<b>2,976</b>	3,955

	Group	
	2022 \$'000	2021 \$'000
Cash and bank balances (as above)	<b>6,880</b>	10,986
Less: Bank balances in the reserve account <sup>(*)</sup>	<b>(2,509)</b>	(3,111)
Bank overdraft (Note 20)	<b>(2,000)</b>	(2,000)
Cash and cash equivalents per consolidated statement of cash flows	<b>2,371</b>	5,875

(\*) Included in the Group's cash and cash equivalents in the statement of financial position is an amount of \$2,509,000 (2021: \$3,111,000) which is restricted cash as it is placed for debt servicing requirements for certain bank borrowings of the Group (Note 20).

**Acquisitions and divestments****Acquisitions**

Please refer to Note 31 for the effects of the acquisition of a centralised childcare enrolment business on the cash flows of the Group in the previous financial year. For the financial year ended 31 December 2022, there was no acquisition activity undertaken.

**Divestments**

- (i) On 30 June 2022, the Group divested its equity interest in its partially owned subsidiary corporations, MindChamps PreSchool @ Serangoon Pte. Limited ("SRG") and MindChamps PreSchool @ Zhongshan Park Pte. Ltd ("ZSP").
- (ii) On 29 December 2022, the Group divested 100% of its equity interest in its wholly owned subsidiary corporations, MindChamps PreSchool @ Punggol Northshore Pte. Limited ("PGL") and MindChamps PreSchool @ Paragon Pte. Ltd ("PRG").
- (iii) On 4 January 2021, the Group divested 100% of its equity interest in its wholly owned subsidiary corporation, MindChamps PreSchool @ UPT Pte. Limited ("UPT").

**11 Cash and cash equivalents (Continued)**
**Acquisitions and divestments of preschool businesses and subsidiary corporations (Continued)**
Divestment of preschool business (Continued)

The effects of the divestments on the cash flows of the Group were as follows:

	<b>SRG</b> <b>\$'000</b>	<b>ZSP</b> <b>\$'000</b>	<b>PGL</b> <b>\$'000</b>	<b>PRG</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Carrying amounts of assets and liabilities as at the date of divestment:					
Cash and cash equivalents	230	122	43	30	425
Property, plant and equipment	1,568	1,002	760	1,431	4,761
Trade and other receivables	5,442	2,456	7,305	3,468	18,671
Intangible assets (Note 15)	4,077	618	3,536	29	8,260
Inventories	11	4	16	14	45
Deferred tax assets	4	9	42	–	55
<b>Total assets</b>	<b>11,332</b>	<b>4,211</b>	<b>11,702</b>	<b>4,972</b>	<b>32,217</b>
Trade and other payables	(4,149)	(1,017)	(5,496)	(1,680)	(12,342)
Contract liabilities	(495)	(177)	(547)	(189)	(1,408)
Deferred tax liabilities	–	(8)	(30)	(1)	(39)
Lease liabilities	(1,500)	(980)	(683)	(1,388)	(4,551)
Bank loans	(811)	(811)	(662)	(685)	(2,969)
<b>Total liabilities</b>	<b>(6,955)</b>	<b>(2,993)</b>	<b>(7,418)</b>	<b>(3,943)</b>	<b>(21,309)</b>
<b>Net assets divested of</b>	<b>4,377</b>	<b>1,218</b>	<b>4,284</b>	<b>1,029</b>	<b>10,908</b>
Cash inflows arising from divestment:					
Net assets divested of (as above)	4,377	1,218	4,284	1,029	10,908
Less: Net assets divested of (NCI)	(60)	(150)	–	–	(210)
Net assets divested of	4,317	1,068	4,284	1,029	10,698
Gain on divestments	549	716	2,742	1,103	5,110
Proceeds on divestment	4,866	1,784	7,026	2,132	15,808
Less: Cash and cash equivalents in subsidiary corporations divested of	(230)	(122)	(43)	(30)	(425)
Less: Deferred considerations*	(221)	(475)	(5,761)	(2,032)	(8,489)
<b>Net cash inflow on divestments</b>	<b>4,415</b>	<b>1,187</b>	<b>1,222</b>	<b>70</b>	<b>6,894</b>

\* The deferred considerations were received in full in 1st quarter of FY 2023.

**11 Cash and cash equivalents** (Continued)Acquisitions of a centralised childcare enrolment business and a performing art school business and divestment of a preschool business

On 4 January 2021, the Group divested 100% of its equity interest in its wholly owned subsidiary corporation, MindChamps PreSchool @ UPT Pte. Limited ("UPT").

	<b>UPT As at 4 January 2021 \$'000</b>
Carrying amounts of assets and liabilities as at the date of divestment:	
Cash and cash equivalents	5
Property, plant and equipment	542
Trade and other receivables	159
Intangible assets (Note 15(a))	523
Inventories	3
<b>Total assets</b>	<b>1,232</b>
Trade and other payables	(133)
Contract liabilities	(36)
Deferred tax liabilities (Note 22)	(1)
Lease liabilities	(529)
<b>Total liabilities</b>	<b>(699)</b>
<b>Net assets divested</b>	<b>533</b>
Cash inflows arising from divestment:	
Net assets divested (as above)	533
Gain on divestment	258
Proceeds on divestment	791
Less: Cash and cash equivalents in a subsidiary corporation divested of	(5)
Less: Deposit received from divestment recognised as at 31 December 2020	(160)
<b>Net cash inflow for divestment</b>	<b>626</b>

**12 Trade and other receivables**

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Current</i>				
Trade receivables				
– Non-related parties	8,166	7,918	4,442	4,459
– Subsidiary corporations	–	–	–	–
– Related parties	792	557	316	316
	<b>8,958</b>	8,475	<b>4,758</b>	4,775
Less: Loss allowance (Note 29(b))				
– Non-related parties	(365)	(466)	(140)	(140)
– Related parties	(316)	(316)	(316)	(316)
	<b>(681)</b>	(782)	<b>(456)</b>	(456)
Trade receivables – net	<b>8,277</b>	7,693	<b>4,302</b>	4,319
Other receivables				
– Non-related parties	10,804	2,776	2,100	578
– Related parties	796	777	170	259
– Immediate holding corporation	–	804	–	790
– Subsidiary corporations	–	–	6,080	5,453
	<b>11,600</b>	4,357	<b>8,350</b>	7,080
Less: Loss allowance (Note 29(b))				
– Non-related parties	–	(17)	–	–
– Related parties	(137)	(137)	(137)	(137)
– Subsidiary corporations	–	–	(343)	(343)
	<b>(137)</b>	(154)	<b>(480)</b>	(480)
Other receivables – net	<b>11,463</b>	4,203	<b>7,870</b>	6,600
Prepayments	840	1,137	150	168
Deposits	2,755	3,636	872	1,031
	<b>23,335</b>	16,669	<b>13,194</b>	12,118
<i>Non-current</i>				
Trade receivables				
– Related parties	1,218	1,238	1,218	1,238
Total trade and other receivables	<b>24,553</b>	17,907	<b>14,412</b>	13,356

Non-trade amounts due from immediate holding corporation, related parties and subsidiary corporations are unsecured, interest-free and are receivable on demand.

The fair values of non-current trade receivables are computed based on cash flow discounted at government bond rates. The fair values are within level 2 of the fair value hierarchy.

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Fair value</u>				
Trade receivables	<b>1,218</b>	1,238	<b>1,218</b>	1,238
	Group		Company	
	2022 %	2021 %	2022 %	2021 %
<u>Government bond rate</u>				
Trade receivables	<b>2.50</b>	2.50	<b>2.50</b>	2.50

**13 Inventories**

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At cost				
Finished goods – merchandise for sale	<b>613</b>	540	<b>4</b>	3

The cost of inventories recognised as an expense and included in “cost of sales” amounts to \$475,000 (2021: \$563,000).

**14 Property, plant and equipment**

	Office and preschool premises \$'000	Furniture and office equipment \$'000	Renovation \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Group</b>						
<b>Cost</b>						
As at 1 January 2022	42,292	3,582	3,482	843	607	50,806
Additions	11,278	265	835	785	–	13,163
Derecognition	(987)	–	–	–	–	(987)
Divestment of a subsidiary corporation	(10,071)	(566)	(893)	(192)	–	(11,722)
Reclassification to lease receivables (Note 27)	(339)	–	–	–	–	(339)
Write-off	(1,739)	–	–	–	–	(1,739)
Currency translation differences	(2,279)	(53)	(102)	(184)	(15)	(2,633)
<b>As at 31 December 2022</b>	<b>38,155</b>	<b>3,228</b>	<b>3,322</b>	<b>1,252</b>	<b>592</b>	<b>46,549</b>
<b>Accumulated depreciation</b>						
As at 1 January 2022	19,244	1,949	1,296	609	372	23,470
Depreciation charge (Note 7)	7,878	575	405	155	59	9,072
Derecognition	(987)	–	–	–	–	(987)
Divestment of subsidiary corporations	(5,524)	(470)	(792)	(175)	–	(6,961)
Write-off	(1,739)	–	–	–	–	(1,739)
Currency translation differences	(1,139)	(96)	(24)	(21)	(6)	(1,286)
<b>As at 31 December 2022</b>	<b>17,733</b>	<b>1,958</b>	<b>885</b>	<b>568</b>	<b>425</b>	<b>21,569</b>
<b>Net book value</b>						
<b>As at 31 December 2022</b>	<b>20,422</b>	<b>1,270</b>	<b>2,437</b>	<b>684</b>	<b>167</b>	<b>24,980</b>



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

	<b>Office and preschool premises \$'000</b>	<b>Furniture and office equipment \$'000</b>	<b>Renovation \$'000</b>	<b>Computer equipment \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Total \$'000</b>
<b>Group</b>						
<u>Cost</u>						
As at 1 January 2021	41,444	3,392	3,067	713	615	49,231
Additions	6,466	310	465	155	–	7,396
Reclassification	–	(8)	8	–	–	–
Divestment of a subsidiary corporation	(837)	(14)	(10)	(3)	–	(864)
Reclassification to lease receivables (Note 27)	(416)	–	–	–	–	(416)
Write-off	(3,266)	(8)	(14)	–	–	(3,288)
Currency translation differences	(1,099)	(90)	(34)	(22)	(8)	(1,253)
<b>As at 31 December 2021</b>	<b>42,292</b>	<b>3,582</b>	<b>3,482</b>	<b>843</b>	<b>607</b>	<b>50,806</b>
<u>Accumulated depreciation</u>						
As at 1 January 2021	14,818	1,443	958	462	313	17,994
Depreciation charge (Note 7)	8,492	547	362	157	61	9,619
Write-off	(3,266)	(8)	(14)	–	–	(3,288)
Divestment of a subsidiary corporation	(318)	(1)	(2)	(1)	–	(322)
Currency translation differences	(482)	(32)	(8)	(9)	(2)	(533)
<b>As at 31 December 2021</b>	<b>19,244</b>	<b>1,949</b>	<b>1,296</b>	<b>609</b>	<b>372</b>	<b>23,470</b>
<b>Net book value</b>						
<b>As at 31 December 2021</b>	<b>23,048</b>	<b>1,633</b>	<b>2,186</b>	<b>234</b>	<b>235</b>	<b>27,336</b>

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

	<b>Office \$'000</b>	<b>Furniture and office equipment \$'000</b>	<b>Renovation \$'000</b>	<b>Computer equipment \$'000</b>	<b>Motor vehicle \$'000</b>	<b>Total \$'000</b>
<b>Company</b>						
<u>Cost</u>						
As at 1 January 2022	2,591	330	886	26	393	4,226
Additions	–	4	–	21	–	25
Reclassification to lease receivables (Note 27)	(339)	–	–	–	–	(339)
<b>As at 31 December 2022</b>	<b>2,252</b>	<b>334</b>	<b>886</b>	<b>47</b>	<b>393</b>	<b>3,912</b>
<u>Accumulated depreciation</u>						
As at 1 January 2022	1,075	169	176	16	303	1,739
Depreciation charge	478	89	89	8	38	702
<b>As at 31 December 2022</b>	<b>1,553</b>	<b>258</b>	<b>265</b>	<b>24</b>	<b>341</b>	<b>2,441</b>
<b>Net book value</b>						
<b>As at 31 December 2022</b>	<b>699</b>	<b>76</b>	<b>621</b>	<b>23</b>	<b>52</b>	<b>1,471</b>
<u>Cost</u>						
As at 1 January 2021	3,007	306	885	18	393	4,609
Additions	–	24	1	8	–	33
Reclassification to lease receivables (Note 27)	(416)	–	–	–	–	(416)
<b>As at 31 December 2021</b>	<b>2,591</b>	<b>330</b>	<b>886</b>	<b>26</b>	<b>393</b>	<b>4,226</b>
<u>Accumulated depreciation</u>						
As at 1 January 2021	590	84	87	12	264	1,037
Depreciation charge	485	85	89	4	39	702
<b>As at 31 December 2021</b>	<b>1,075</b>	<b>169</b>	<b>176</b>	<b>16</b>	<b>303</b>	<b>1,739</b>
<b>Net book value</b>						
<b>As at 31 December 2021</b>	<b>1,516</b>	<b>161</b>	<b>710</b>	<b>10</b>	<b>90</b>	<b>2,487</b>

- (a) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 27.

**15 Intangible assets**

	<b>Group</b>		<b>Company</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>	<b>2022 \$'000</b>	<b>2021 \$'000</b>
<u>Composition</u>				
Goodwill arising on consolidation (Note (a))	<b>75,086</b>	89,297	–	–
Franchise licences (Note (b))	–	–	–	–
Courseware development costs (Note (c))	<b>3,032</b>	2,905	<b>1,449</b>	1,610
Computer software licences (Note (d))	<b>195</b>	556	<b>192</b>	553
Copyrights (Note (e))	<b>33</b>	54	<b>33</b>	54
	<b>78,346</b>	92,812	<b>1,674</b>	2,217

**15 Intangible assets** (Continued)

 (a) *Goodwill arising on consolidation*

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Cost</u>		
Beginning of financial year	<b>89,383</b>	92,638
Acquisitions of a centralised childcare enrolment business and a performing art school business (Note 31)	–	171
Divestment of subsidiary corporations (Note 11)	<b>(8,260)</b>	(523)
Currency translation differences	<b>(5,405)</b>	(2,903)
End of financial year	<b>75,718</b>	89,383
<u>Accumulated impairment</u>		
Beginning of financial year	<b>86</b>	86
Impairment for the year	<b>574</b>	–
Currency translation differences	<b>(28)</b>	–
End of financial year	<b>632</b>	86
<b>Net book value</b>	<b>75,086</b>	89,297

*Impairment tests for goodwill*

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

The recoverable amount of a CGU was determined based on value-in-use ("VIU") or fair value less cost of disposal ("FV"). For VIU computation, cash flow projections based on financial budgets approved by management covering a three to five year period were used in computation. For FV computation, comparable market data or indicative selling price of each individual CGU will be used in assessing the CGU's recoverable amount.

A segment-level summary of the goodwill allocation is as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Education</u>		
Singapore	<b>5,157</b>	13,417
Australia	<b>69,929</b>	75,880
	<b>75,086</b>	89,297

**15 Intangible assets** (Continued)(a) *Goodwill arising on consolidation* (Continued)*Impairment tests for goodwill* (Continued)(i) Goodwill arising from the preschool businesses in Australia – value-in-use

For the MindChamps Early Learning (“MCEL”) businesses below, there was one impairment of goodwill for the financial year ended 31 December 2022.

*Key assumptions used for value-in-use calculations:*

	<b>Gross margin<sup>1</sup></b>	<b>Growth rate<sup>2</sup></b>	<b>Discount rate<sup>3</sup></b>
	%	%	%
<b>MCEL @ Broadway</b>			
– As at 31 December 2022	<b>24.3</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	39.2	4.0	9.0
<b>MCEL @ Cherrybrook</b>			
– As at 31 December 2022	<b>39.8</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	42.4	4.0	9.0
<b>MCEL @ Eastwood</b>			
– As at 31 December 2022	<b>38.1</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	48.8	4.0	9.0
<b>MCEL @ Hornsby</b>			
– As at 31 December 2022	<b>50.1</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	52.8	4.0	9.0
<b>MCEL @ Penrith</b>			
– As at 31 December 2022	<b>42.4</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	36.9	4.0	9.0
<b>MCEL @ Warriewood</b>			
– As at 31 December 2022	<b>32.2</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	39.0	4.0	9.0
<b>MCEL @ Ropes Crossing</b>			
– As at 31 December 2022	<b>33.5</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	38.8	4.0	9.0
<b>MCEL @ West Hoxton 3</b>			
– As at 31 December 2022	<b>41.6</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	40.1	4.0	9.0
<b>MCEL @ Lane Cove</b>			
– As at 31 December 2022	<b>39.1</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	37.3	4.0	9.0
<b>MCEL @ Hurstville</b>			
– As at 31 December 2022	<b>46.8</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	49.9	4.0	9.0

**15 Intangible assets (Continued)**

 (a) *Goodwill arising on consolidation (Continued)*
*Impairment tests for goodwill (Continued)*

 (i) Goodwill arising from the preschool businesses in Australia – value-in-use (Continued)
*Key assumptions used for value-in-use calculations: (Continued)*

	<b>Gross margin<sup>1</sup></b>	<b>Growth rate<sup>2</sup></b>	<b>Discount rate<sup>3</sup></b>
	%	%	%
<b>MCEL @ Wheeler Heights</b>			
– As at 31 December 2022	<b>24.7</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	33.2	4.0	9.0
<b>MCEL @ West Hoxton 1</b>			
– As at 31 December 2022	<b>30.4</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	38.5	4.0	9.0
<b>MCEL @ Albion Park</b>			
– As at 31 December 2022	<b>41.5</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	43.9	4.0	9.0
<b>MCEL @ Kemps Creek</b>			
– As at 31 December 2022	<b>37.5</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	35.6	4.0	9.0
<b>MCEL @ West Hoxton 2</b>			
– As at 31 December 2022	<b>38.1</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	34.7	4.0	9.0
<b>MCEL @ Mascot 2</b>			
– As at 31 December 2022	<b>36.6</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	53.1	4.0	9.0
<b>MCEL @ Parramatta</b>			
– As at 31 December 2022	<b>42.3</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	36.9	4.0	9.0
<b>MCEL @ Shellharbour</b>			
– As at 31 December 2022	<b>48.8</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	45.8	4.0	9.0
<b>Enrolment Business (Note 31)</b>			
– As at 31 December 2022	<b>26.4</b>	<b>4.0</b>	<b>10.0</b>
– As at 31 December 2021	–	–	–

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

**15 Intangible assets** (Continued)(a) *Goodwill arising on consolidation* (Continued)*Impairment tests for goodwill* (Continued)(i) Goodwill arising from the preschool businesses in Australia – value-in-use (Continued)*Key assumptions used for value-in-use calculations:* (Continued)

Management determined budgeted gross margins 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 rates used were pre-tax and reflected specific risks relating to the segment. There were no reasonably possible changes in significant assumptions used in the value-in-use calculations which would cause the recoverable amount of each business to fall below the respective carrying amounts. Refer to Note 3 for the critical accounting estimates used for the assessment of impairment of goodwill.

(ii) Goodwill arising from the preschool businesses in Singapore – value-in-use

There was no impairment of goodwill allocated to the preschool businesses in Singapore.

*Key assumptions used for value-in-use calculations:*

	<b>Gross margin<sup>1</sup></b>	<b>Growth rate<sup>2</sup></b>	<b>Discount rate<sup>3</sup></b>
	%	%	%
<b>MindChamps PreSchool @ Paragon Pte. Limited<sup>(a)</sup></b>			
– As at 31 December 2022	–	–	–
– As at 31 December 2021	44.6	8.0	9.0
<b>MindChamps PreSchool @ Serangoon Pte. Limited<sup>(b)</sup></b>			
– As at 31 December 2022	–	–	–
– As at 31 December 2021	45.6	3.0	9.0
<b>MindChamps PreSchool @ Zhongshan Park Pte. Ltd.<sup>(b)</sup></b>			
– As at 31 December 2022	–	–	–
– As at 31 December 2021	45.0	3.0	9.0
<b>MindChamps PreSchool @ Marina Square Pte. Limited</b>			
– As at 31 December 2022	<b>38.0</b>	<b>3.0</b>	<b>9.0</b>
– As at 31 December 2021	33.2	6.0	9.0
<b>MindChamps PreSchool @ Woodlands Pte. Ltd.</b>			
– As at 31 December 2022	<b>43.0</b>	<b>3.0</b>	<b>9.0</b>
– As at 31 December 2021	41.3	17.0	9.0

**15 Intangible assets (Continued)**

 (a) *Goodwill arising on consolidation (Continued)*
*Impairment tests for goodwill (Continued)*

 (ii) Goodwill arising from the preschool businesses in Singapore – value-in-use (Continued)
*Key assumptions used for value-in-use calculations: (Continued)*

	<b>Gross margin<sup>1</sup></b>	<b>Growth rate<sup>2</sup></b>	<b>Discount rate<sup>3</sup></b>
	<b>%</b>	<b>%</b>	<b>%</b>
<b>MindChamps PreSchool @ Punggol Northshore Pte. Limited<sup>(a)</sup></b>			
– <b>As at 31 December 2022</b>	–	–	–
– As at 31 December 2021	45.9	3.0	9.0
<b>MindChamps PreSchool @ Buangkok Private Limited</b>			
– <b>As at 31 December 2022</b>	<b>40.1</b>	<b>3.0</b>	<b>9.0</b>
– As at 31 December 2021	40.0	3.0	9.0
<b>MindChamps Academie of Stars Pte. Limited</b>			
– <b>As at 31 December 2022</b>	<b>75.0</b>	<b>3.0</b>	<b>9.0</b>
– As at 31 December 2021	65.0	6.0	9.0

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

(a) Divested on 30 December 2022

(b) Divested on 30 June 2022

Management determined budgeted gross margins 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 rates used were pre-tax and reflected specific risks relating to the segment. There were no reasonably possible changes in significant assumptions used in the value-in-use calculations which would cause the recoverable amount of each entity to fall below the respective carrying amounts. Refer to Note 3 for the critical accounting estimates used for the assessment of impairment of goodwill.

 (iii) Completion of goodwill assessment for acquisition of a centralised childcare enrolment business

Goodwill arising from a centralised childcare enrolment business acquired on 19 April 2021 in Australia is provisionally determined for the financial year ended 31 December 2021. Paragraph 45 of SFRS(I) 3 Business Combinations allows the acquirer to complete the fair value assessments on the assets or liabilities acquired within one year after the acquisition date. In 2022, the Group has completed the fair value assessment and there are no further adjustments in respect to this matter.

**15 Intangible assets** (Continued)*(b) Franchise licences*

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Cost</u>		
Beginning and end of financial year	<u>42</u>	<u>42</u>
<u>Accumulated amortisation</u>		
Beginning and end of financial year	<u>42</u>	<u>42</u>
<b>Net book value</b>	<b><u>-</u></b>	<b><u>-</u></b>

*(c) Courseware development costs*

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>Cost</u>				
Beginning of financial year	<b>5,547</b>	4,625	<b>3,987</b>	3,401
Additions	<b>1,216</b>	922	<b>514</b>	586
Currency translation differences	<b>(17)</b>	-	-	-
End of financial year	<b><u>6,746</u></b>	<u>5,547</u>	<b><u>4,501</u></b>	<u>3,987</u>
<u>Accumulated amortisation</u>				
Beginning of financial year	<b>2,642</b>	1,778	<b>2,377</b>	1,778
Amortisation charge	<b>1,072</b>	864	<b>675</b>	599
End of financial year	<b><u>3,714</u></b>	<u>2,642</u>	<b><u>3,052</u></b>	<u>2,377</u>
<b>Net book value</b>	<b><u>3,032</u></b>	<u>2,905</u>	<b><u>1,449</u></b>	<u>1,610</u>

*(d) Computer software*

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>Cost</u>				
Beginning of financial year	<b>1,702</b>	1,530	<b>1,558</b>	1,386
Additions	<b>58</b>	172	<b>58</b>	172
Write-off	<b>(73)</b>	-	<b>(73)</b>	-
End of financial year	<b><u>1,687</u></b>	<u>1,702</u>	<b><u>1,543</u></b>	<u>1,558</u>
<u>Accumulated amortisation</u>				
Beginning of financial year	<b>1,146</b>	808	<b>1,005</b>	667
Amortisation charge	<b>346</b>	338	<b>346</b>	338
End of financial year	<b><u>1,492</u></b>	<u>1,146</u>	<b><u>1,351</u></b>	<u>1,005</u>
<b>Net book value</b>	<b><u>195</u></b>	<u>556</u>	<b><u>192</u></b>	<u>553</u>



**15 Intangible assets (Continued)**

 (e) *Copyrights*

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Cost</u>		
Beginning and end of financial year	<b>104</b>	104
<u>Accumulated amortisation</u>		
Beginning of financial year	<b>50</b>	29
Amortisation charge	<b>21</b>	21
End of financial year	<b>71</b>	50
<b>Net book value</b>	<b>33</b>	54

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

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Administrative expenses (Note 7)	<b>1,439</b>	1,223

**16 Investment in associates**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Equity accounting</i>		
Beginning of financial year	<b>147</b>	–
Addition during the financial year	–	160
Share of losses for financial year	<b>(25)</b>	(13)
End of financial year	<b>122</b>	147

Set out below are the associates of the Group and the Company as at 31 December 2022 and 2021:

<b>Name of entity</b>	<b>Place of business/country of incorporation</b>	<b>% of ownership Interest</b>	
		<b>2022</b>	<b>2021</b>
MindChamps (BeiJing) Education Ltd. (“MCBJE”)	People’s Republic of China	<b>49</b>	49
MindChamps PreSchool MYP Pte. Limited <i>(formerly known as MindChamps PreSchool MYP (Indonesia) Pte. Limited) (“MYP”)</i>	Singapore	<b>20</b>	20

There are no contingent liabilities relating to the Group and Company’s interest in the above associates.

On 1 November 2021, the Company, together with the Tahir Family of the Mayapada Group, under Leaders in Learning Pte. Ltd. (Leaders in Learning), have incorporated MindChamps PreSchool MYP Pte. Limited (formerly known as MindChamps PreSchool MYP (Indonesia) Pte. Limited) (“MYP”) in Singapore. The total issued capital of MYP is \$800,000, of which, the Group and the Company holds 20% and Leaders in Learning holds 80%. MYP is to provide quality preschool and childcare educational services in Indonesia.

**16 Investment in associates** (Continued)**Summarised financial information for associates****Summarised statement of financial position**

	MYP		MCBJE	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current assets	230	84	67	74
Current liabilities	(1,728)	(1,580)	(2,773)	(2,996)
Non-current assets	2,108	2,232	362	663
Non-current liabilities	-	-	-	-

**Summarised statement of comprehensive income**

	MYP		MCBJE	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Total comprehensive loss, representing net loss	(126)	(63)	(258)	(266)

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and associates.

**Reconciliation of summarised financial information**

Reconciliation of the summarised financial information presented, to the carrying amount of the Group and Company's interest in MCBJE, is as follows:

	MYP		MCBJE	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net assets/(liabilities)	610	736	(2,303)	(2,259)
Group's equity interest	20%	20%	49%	49%
Group's share of net assets	122	147	-	-

The Group's and the Company's share of losses in MCBJE equals to its interest in MCBJE. The Group and the Company did not recognise further losses. As at 31 December 2022, the cumulative unrecognised loss with respect to MCBJE was \$1,433,000 (2021: \$1,175,000).

**17 Investments in joint ventures**

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Equity accounting</i>				
Beginning of financial year	-	21	-	-
Additions	*	-	-	-
Share of profit/(losses) from joint ventures	1,035	(21)	-	-
End of financial year	1,035	-	-	-

\* Less than \$1,000

**17 Investments in joint ventures** (Continued)

Set out below are the joint ventures of the Group and the Company as at 31 December 2022 and 2021:

Name of entity	Place of business/country of incorporation	Group % of ownership interest		Company % of ownership interest	
		2022 %	2021 %	2022 %	2021 %
<b>Held by the Group</b>					
MindChamps – First Capital PreSchool China Capital Management Limited	Cayman Islands	50	50	–	–
MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd.	Singapore	50	50	–	–
MindChamps PreSchool @ Changi Airport Pte. Ltd. <sup>(a)</sup>	Singapore	50	–	50	–
<b>Held by the Company</b>					
MindChamps Emofront Pte. Limited	Singapore	50	50	50	50

- (a) On 1 January 2022, MindChamps PreSchool Singapore Pte. Limited, a subsidiary corporation of the Company has entered into a joint venture agreement with MindChamps PreSchool @ Changi Airport Pte. Ltd, which is a franchisee of the Group's subsidiary corporation. The Group's subsidiary corporation acquired 400,000 ordinary shares in MindChamps PreSchool @ Changi Airport Pte. Ltd, with a total consideration of \$1.
- (b) There are no contingent liabilities relating to the Group's and the Company's interests in these joint ventures.

**Summarised financial information for material joint ventures**
**Summarised statement of financial position**

	CHO		CT3	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current assets	429	532	1,161	–
Current liabilities	(1,695)	(4,961)	(1,761)	–
Non-current assets	219	901	1,101	–
Non-current liabilities	(30)	(182)	(828)	–

**17 Investments in joint ventures** (Continued)**Summarised statement of comprehensive income**

	CHO		CT3	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Total comprehensive income/(loss), representing net income/(loss)	<b>2,632</b>	(602)	<b>(315)</b>	–

Reconciliation of the summarised financial information presented to the carrying amount of the Group and Company's interest in the joint ventures, are as follows:

	CHO		CT3	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net assets liabilities	<b>(1,077)</b>	(3,710)	<b>(327)</b>	–
Group's equity interest	<b>50%</b>	50%	<b>50%</b>	–
Group's share of net liabilities	<b>(539)</b>	(1,855)	<b>(164)</b>	–

The Group's and the Company's share of losses in these joint ventures equals to its interests. The Group and the Company did not recognise further losses. As at 31 December 2022, the cumulative unrecognised losses with respect to these joint ventures were \$158,000 (2021: Less than \$280,000).

**18 Investments in subsidiary corporations**

	Company	
	2022 \$'000	2021 \$'000
<i>Equity investments at cost</i>		
Beginning and end of financial year	<b>81,677</b>	81,677

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

The Group and the Company have the following subsidiary corporations as at 31 December 2022 and 2021:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2022 %	2021 %	2022 %	2021 %
<b>Held by the Company</b>						
MindChamps PreSchool Singapore Pte. Limited <sup>(a)</sup>	Franchising of childcare services for preschool children	Singapore	100	100	–	–
Champion Mindset Academy Pte. Limited <sup>(a)</sup>	Commercial school offering higher education services	Singapore	100	100	–	–
MindChamps Shanghai Pte. Limited <sup>(a)</sup>	Business and management consultancy services and investment holding	Singapore	60	60	40	40
MindChamps – Pavcap PreSchool Global Holdings Pte. Limited <sup>(a)</sup>	Other holding	Singapore	100	100	–	–
MindChamps Capital Pte. Limited <sup>(a)</sup>	Asset management	Singapore	100	100	–	–
MindChamps Music Pte. Limited <sup>(a)</sup>	Music, dancing, art, speech and drama instruction	Singapore	80	80	20	20
MindChamps Academie of Stars Pte. Limited <sup>(a)</sup>	Music, dancing, art, speech and drama instruction	Singapore	70	70	30	30
MindChamps Early Learning Australia Pty. Limited <sup>(b)</sup>	Franchising of childcare services for preschool children	Australia	100	100	–	–
MindChamps International PreSchool Inc. <sup>(c)</sup>	Franchising of childcare services for preschool children	USA	100	–	–	–
MindChamps International PreSchool Franchising Inc. <sup>(c)</sup>	Franchising of childcare services for preschool children	USA	100	–	–	–

(a) Audited by CLA Global TS Public Accounting Corporation, a member firm of CLA Global

(b) Audited by Nexia Sydney Audit Pty. Ltd., a member firm of Nexia International; and reviewed by CLA Global TS Public Accounting Corporation for consolidation purposes.

(c) Incorporated during the financial year.

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

The Group and the Company have the following subsidiary corporations as at 31 December 2022 and 2021:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2022 %	2021 %	2022 %	2021 %
<b>Held by MindChamps PreSchool</b>						
<b>Singapore Pte. Limited</b>						
MindChamps PreSchool @ Paragon Pte. Limited <sup>(a)(d)</sup>	Childcare and related services	Singapore	-	100	-	-
MindChamps PreSchool @ Serangoon Pte. Limited <sup>(a)(c)</sup>	Childcare and related services	Singapore	-	80	-	20
MindChamps PreSchool @ Zhongshan Park Pte. Ltd. <sup>(a)(c)</sup>	Childcare and related services	Singapore	-	75	-	25
MindChamps PreSchool @ Marina Square Pte. Limited <sup>(a)</sup>	Childcare and related services	Singapore	<b>51</b>	51	<b>49</b>	49
MindChamps PreSchool @ Woodlands Pte. Ltd. <sup>(a)</sup>	Childcare and related services	Singapore	<b>100</b>	100	-	-
MindChamps PreSchool @ Punggol Northshore Pte. Limited <sup>(a)(d)</sup>	Childcare and related services	Singapore	-	100	-	-
MindChamps PreSchool @ Buangkok Private Limited <sup>(a)</sup>	Childcare and related services	Singapore	<b>100</b>	100	-	-
MindChamps PreSchool @ UPT Pte. Limited. <sup>(b)</sup>	Childcare and related services	Singapore	-	100	-	-

(a) Audited by CLA Global TS Public Accounting Corporation, a member firm of CLA Global

(b) Divested on 4 January 2021

(c) Divested on 30 June 2022

(d) Divested on 29 December 2022

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

The Group and the Company have the following subsidiary corporations as at 31 December 2022 and 2021:  
 (Continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2022 %	2021 %	2022 %	2021 %
<b>Held by MindChamps Early Learning Australia Pty. Limited.</b>						
MindChamps Early Learning 1 Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-
MindChamps Early Learning 2 Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-
MindChamps Early Learning 3 Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-
MindChamps Early Learning 4, Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-
MindChamps Australia Corporate Pty. Limited <sup>(c)</sup> (formerly known as MindChamps Australia Franchise Pty. Limited)	Franchising of childcare services for preschool children	Australia	100	100	-	-
MindChamps Early Learning 6 Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-
MindChamps Early Learning 7 Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-
MindChamps Early Learning 8 Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-
MindChamps Early Learning 9 Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-
MindChamps Early Learning 10 Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-
MindChamps Early Learning 11 Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-
MindChamps Early Learning 12 Pty. Limited <sup>(c)</sup>	Childcare and related services	Australia	100	100	-	-

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

The Group and the Company have the following subsidiary corporations as at 31 December 2022 and 31 December 2021: (Continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2022 %	2021 %	2022 %	2021 %
Champion Education Property Investment Pty. Limited <sup>(c)</sup>	Asset management	Australia	100	100	–	–
MindChamps Higher Education Academy Pty. Limited <sup>(b)(c)</sup>	Teacher training	Australia	100	–	–	–
The Enrolment Hub Pty Ltd <sup>(c)</sup>	Centralised childcare enrolment business	Australia	51	51	49	49
ELMSS Pty Ltd <sup>(b)</sup>	Investment holding and technology development	Australia	80	–	20	–

(a) Audited by CLA Global TS Public Accounting Corporation, a member firm of CLA Global

(b) Incorporated during the financial year

(c) Audited by Nexia Sydney Audit Pty. Ltd., a member firm of Nexia International; and reviewed by Nexia TS Public Accounting Corporation for consolidation purposes

**Additions of subsidiary corporations**

The following are additions during the financial year ended 31 December 2022 for the Group and the Company:

- (i) On 21 January 2022, the Company incorporated MindChamps International PreSchool Inc. in Florida, USA with an issued and paid-up share capital of US\$100 (equivalent to \$135).
- (ii) On 21 July 2022, MindChamps International PreSchool Inc., a wholly owned subsidiary corporation of the Company, incorporated MindChamps International PreSchool Franchising Inc. in Delaware, USA with an issued and paid-up share capital of US\$50,000 (equivalent to \$69,745) to spearhead the expansion of our franchise segment in USA.
- (iii) On 9 December 2022, MindChamps Early Learning Australia Pty. Limited, a subsidiary corporation of the Company, incorporated a subsidiary corporation, ELMSS Pty Ltd ("ELMSS"), holding 80% equity interest in ELMSS, at a consideration of A\$60 (equivalent to \$55).



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

**Additions of subsidiary corporations** (Continued)

The following are additions during the financial year ended 31 December 2021 for the Group and the Company:

- (i) On 19 April 2021, the Group completed the 51% equity interest acquisition in a centralised childcare enrolment business ("EB") in Australia. The principal activity of the acquired business is to provide childcare providers access to a centralised enrolment team for occupancy maximisation of existing centres and preparations for the Group's franchise expansion in Australia.
- (ii) On 25 May 2021, MindChamps Early Learning Australia Pty. Limited, a subsidiary corporation of the Company, incorporated a wholly-owned subsidiary corporation, MindChamps Higher Education Academy Pty. Limited, at a consideration of A\$50,000 (equivalent to \$49,000).

Carrying value of non-controlling interests

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
MindChamps PreSchool @ Serangoon Pte. Limited ("SRG")	-	417
MindChamps PreSchool @ Zhongshan Park Pte. Ltd. ("ZSP")	-	293
Other subsidiary corporations with immaterial non-controlling interests	<b>(510)</b>	(312)
<b>Total</b>	<b>(510)</b>	398

***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 statement of financial position***

	<b>ZSP</b>		<b>SRG</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Current</i>				
Assets	-	2,617	-	4,502
Liabilities	-	(866)	-	(2,443)
Total current net assets	-	1,751	-	2,059
<i>Non-current</i>				
Assets	-	184	-	1,887
Liabilities	-	(775)	-	(1,937)
Total non-current net liabilities	-	(591)	-	(50)
<b>Net assets</b>	<b>-</b>	<b>1,160</b>	<b>-</b>	<b>2,009</b>

**18 Investments in subsidiary corporations** (Continued)**Summarised financial information of subsidiary corporations with material non-controlling interests**  
(Continued)**Summarised statement of comprehensive income**

	ZSP		SRG	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue	820	1,589	2,298	4,261
<b>Profit before income tax</b>	<b>87</b>	319	<b>606</b>	1,131
Income tax expense	(16)	(36)	(80)	(144)
<b>Total comprehensive income, representing net profit</b>	<b>71</b>	283	<b>526</b>	987
Total comprehensive income allocated to non-controlling interests	18	71	105	197
Dividends paid to non-controlling interests	157	58	447	150

**Summarised cash flows statement**

	ZSP		SRG	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Net cash provided by operating activities</b>	<b>72</b>	533	<b>698</b>	1,649
<b>Net cash used in investing activities</b>	<b>(7)</b>	(26)	<b>(13)</b>	(54)
<b>Net cash used in financing activities</b>	<b>(78)</b>	(416)	<b>(599)</b>	(1,574)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(13)</b>	91	<b>86</b>	21
Cash and cash equivalents at beginning of financial year	105	14	65	44
<b>Cash and cash equivalents at end of financial period/year</b>	<b>92</b>	105	<b>151</b>	65

**19 Trade and other payables**

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables				
– Non-related parties	2,599	1,544	–*	–*
– Related parties	–	–	–*	–*
– Subsidiary corporations	–	–	1	1
	<b>2,599</b>	1,544	<b>1</b>	1
Other payables				
– Non-related parties	6,398	2,126	1,480	390
– Related parties	579	102	428	118
– Subsidiary corporations	–	–	26,008	16,428
	<b>6,977</b>	2,228	<b>27,916</b>	16,936
Deposit received	4,855	3,739	615	33
Accrued operating expenses	5,476	6,494	793	721
Total trade and other payables	<b>19,907</b>	14,005	<b>29,325</b>	17,691

\* Less than \$1,000

Non-trade amounts due to related parties and subsidiary corporations are unsecured, interest-free and are repayable on demand.

**20 Borrowings**

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Current</i>				
Bank overdrafts (Note 11)	2,000	2,000	2,000	2,000
Term loans	10,840	9,372	8,585	6,179
	<b>12,840</b>	11,372	<b>10,585</b>	8,179
Lease liabilities	6,859	7,780	1,206	1,171
	<b>19,699</b>	19,152	<b>11,791</b>	9,350
<i>Non-current</i>				
Term loans	12,740	26,177	8,539	17,124
Lease liabilities	16,583	18,616	1,297	2,503
	<b>29,323</b>	44,793	<b>9,836</b>	19,627
Total borrowings	<b>49,022</b>	63,945	<b>21,627</b>	28,977

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

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
6 month or less	7,685	5,688	6,584	4,080
6 – 12 months	5,110	5,684	3,993	4,099
1 – 5 years	12,785	26,177	8,547	17,124
Total borrowings	<b>25,580</b>	37,549	<b>19,124</b>	25,303

**20 Borrowings** (Continued)*Securities granted*

Term loans and bank overdrafts of the Group amounting to \$25,580,000 (2021: \$37,549,000) and the Company amounting to \$19,124,000 (2021: \$25,303,000) include secured liabilities. Term loans and bank overdrafts of the Group and the Company are secured by means of Specific Security Deeds in respect of securities over shares in the following subsidiary corporations:

- MindChamps Early Learning Australia Pty. Limited
- MindChamps Early Learning 1 Pty. Limited
- MindChamps Early Learning 3 Pty. Limited
- MindChamps Early Learning 4 Pty. Limited
- MindChamps Early Learning 6 Pty. Limited
- MindChamps Early Learning 7 Pty. Limited
- MindChamps Early Learning 8 Pty. Limited
- MindChamps Early Learning 9 Pty. Limited
- MindChamps Early Learning 10 Pty. Limited
- MindChamps Early Learning 11 Pty. Limited
- MindChamps Early Learning 12 Pty. Limited
- MindChamps PreSchool @ Buangkok Pre Limited

*Effective interest rates*

The followings are the effective interest rates of the Group and the Company as at financial year ended:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Bank overdraft	<b>6.65 – 6.68</b>	3.19	<b>6.65 – 6.68</b>	3.19
Term loans	<b>3.50 – 6.41</b>	2.31 – 3.50	<b>3.50 – 6.41</b>	2.31 – 3.50

*Fair value of non-current borrowings*

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Term loans	<b>5,447</b>	17,178	<b>3,406</b>	11,470

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

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Term loans	<b>5.25</b>	5.25

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

*Loan covenants*

The Group's and the Company's loan agreements are subject to covenant clauses, whereby the Group and the Company are required to meet certain financial ratios. The Group and the Company have pro-actively worked with the lenders to create some contingency buffers as at the date of these financial statements.

As at 31 December 2022, the Group placed an amount of \$2,509,000 (2021: \$3,111,000) for debt servicing requirement which is restricted cash (Note 11).

## 21 Provision for reinstatement costs

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Beginning of financial year	976	984	37	34
Additions	199	97	3	3
Provisions utilised	–	(4)	–	–
Reversal of provisions	(193)	(74)	–	–
Currency translation differences	(47)	(27)	–	–
End of financial year	<b>935</b>	976	<b>40</b>	37

The provision relates to the Group's and the Company's obligation to reinstate leased premises to its original condition upon termination of each individual lease and is based on the management's estimate in similar situations. The Group and the Company expect to incur the liability upon the expiration of each individual 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 taxation authority.

The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
Deferred income tax assets	2,034	1,768	113	28
Deferred income tax liabilities	(30)	(40)	–	–
Net deferred tax assets	<b>2,004</b>	1,728	<b>113</b>	28

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 deferred income tax assets balance of \$2,034,000 (2021: \$1,768,000) relates to the temporary differences arising from certain profitable subsidiary corporations. The Group has concluded that the deferred tax assets will be recoverable based on the estimated future taxable income of its subsidiary corporations based on the approved business plans and budgets in upcoming financial years. The temporary differences have no expiry date.

The Group has unrecognised tax losses of \$3,856,000 (2021: \$2,807,000) and capital allowances of \$8,232,000 (2021: \$7,238,000) at the statement of financial position 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.

As at 31 December 2022 and 2021, no deferred tax liabilities were recognised for withholding and other taxes that would be payable on the unremitted profits of the Group's overseas subsidiary corporations when remitted to the holding corporation as the overseas subsidiary corporations did not have unremitted profits as at the statement of financial position dates.

**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:

<b>Group</b>	<b>Provisions</b>	<b>Tax losses</b>	<b>Total</b>
<b><i>Deferred income tax assets</i></b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2022</b>			
Beginning of financial year	(1,609)	(159)	(1,768)
(Credited)/charged to profit or loss	(62)	(336)	(398)
Divestment in subsidiary corporations	54	-	54
Currency translation differences	184	(106)	78
End of financial year	<b>(1,433)</b>	<b>(601)</b>	<b>(2,034)</b>
<b>2021</b>			
Beginning of financial year	(1,129)	(626)	(1,755)
(Credited)/charged to profit or loss	(532)	427	(105)
Currency translation differences	52	40	92
End of financial year	<b>(1,609)</b>	<b>(159)</b>	<b>(1,768)</b>
<b>Group</b>			<b>Total</b>
<b><i>Deferred income tax liabilities</i></b>			<b>\$'000</b>
<u>Accelerated tax depreciation</u>			
<b>2022</b>			
Beginning of financial year			40
Charged to profit or loss			29
Divestment in a subsidiary corporation (Note 11)			(39)
End of financial year			<b>30</b>
<b>2021</b>			
Beginning of financial year			105
Credited to profit or loss			(64)
Divestment in a subsidiary corporation (Note 11)			(1)
End of financial year			<b>40</b>
<b>Company</b>	<b>Provisions</b>	<b>Tax losses</b>	<b>Total</b>
<b><i>Deferred income tax assets</i></b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2022</b>			
Beginning of financial year	(28)	-	(28)
Credited to profit or loss	(85)	-	(85)
End of financial year	<b>(113)</b>	<b>-</b>	<b>(113)</b>
<b>2021</b>			
Beginning of financial year	-	-	-
Credited to profit or loss	(28)	-	(28)
End of financial year	<b>(28)</b>	<b>-</b>	<b>(28)</b>

## 22 Deferred income taxes (Continued)

<b>Company</b>	<b>Total</b>
<b><i>Deferred income tax liabilities</i></b>	<b><u>\$'000</u></b>
<u>Accelerated tax depreciation</u>	
<b>2022</b>	
Beginning of financial year	-
Credited to profit or loss	-
End of financial year	<u>-</u>
<b>2021</b>	
Beginning of financial year	63
Charged to profit or loss	(63)
End of financial year	<u>-</u>

## 23 Share capital

	<b>Group and Company</b>			
	<b>2022</b>		<b>2021</b>	
	<b>No. of ordinary shares issued (<b>'000</b>)</b>	<b>Amount \$'000</b>	<b>No. of ordinary shares issued (<b>'000</b>)</b>	<b>Amount \$'000</b>
Beginning and end of financial year	<u><b>241,600</b></u>	<u>49,301</u>	<u><b>241,600</b></u>	<u>49,301</u>

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/(Accumulated losses)

The retained profits of the Group are distributable, except for the accumulated profit from associates and joint ventures amounting to \$709,000 (2021: Loss \$126,000). The retained profits of the Company are distributable.

Movement in retained profits for the Company is as follows:

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Beginning of financial year	<b>10,058</b>	(6,903)
Net loss	<b>(6,101)</b>	(4,774)
Dividend income	-	21,735
End of financial year	<u><b>3,957</b></u>	<u>10,058</u>

**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.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
Net profit attributable to equity holders of the Company (\$'000)	<b>3,040</b>	2,411
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>241,600</b>	241,600
Basic earnings per share (cents per share)	<b>1.26</b>	1.00

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

**26 Contingencies***Contingent liabilities*

In previous financial year, the Company has issued corporate guarantees to a bank for borrowings of certain subsidiary corporations amounts of \$2,811,000.

**27 Leases – The Group and the Company as a lessee****Nature of the Group and the Company's leasing activities****Office and preschool premises**

The Group leases office space and preschool premises for the purpose of back office operations and preschool operations respectively.

The Company leases office space for the purpose of back office operations.

## (a) Carrying amounts

Right-of-use assets classified within property, plant and equipment (Note 14):

	<b>Office and preschool premises</b>	
	<b>Group</b>	<b>Company</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2022</b>		
Balance as at 1 January 2022	<b>23,048</b>	<b>1,516</b>
Additions during the year	<b>11,278</b>	-
Reclassification to lease receivables (Note 14)	<b>(339)</b>	<b>(339)</b>
Depreciation charge during the year	<b>(7,878)</b>	<b>(478)</b>
Divestment of subsidiary corporations	<b>(4,547)</b>	-
Currency translation difference	<b>(1,140)</b>	-
<b>Balance as at 31 December 2022</b>	<b>20,422</b>	<b>699</b>
<b>2021</b>		
Balance as at 1 January 2021	26,626	2,417
Additions during the year	6,466	-
Reclassification to lease receivables (Note 14)	(416)	(416)
Depreciation charge during the year	(8,492)	(485)
Divestment of a subsidiary corporation	(519)	-
Currency translation difference	(617)	-
<b>Balance as at 31 December 2021</b>	<b>23,048</b>	<b>1,516</b>



**27 Leases – The Group and the Company as a lessee (Continued)**
**Nature of the Group and the Company's leasing activities** (Continued)

## (b) Interest expense

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest expense on lease liabilities	<u>896</u>	<u>1,048</u>	<u>98</u>	<u>133</u>

## (c) Lease expense not capitalised in lease liabilities

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Lease expense – low-value leases	<u>62</u>	<u>58</u>	<u>4</u>	<u>4</u>
Lease expense – short-term leases	<u>137</u>	<u>101</u>	<u>-</u>	<u>-</u>

(d) Total income from subleasing right-of-use assets was \$43,000 (2021: \$76,000) (Note 5).

(e) Total cash outflow for all the leases in 2022 was \$9,365,000 (2021: \$9,426,000) and \$1,269,000 (2021: \$1,308,000) for the Group and the Company respectively.

(f) Future cash outflow which are not capitalised in lease liabilities:

- Variable lease payments

The lease for a preschool premise contains variable lease payments on top of fixed payments that are based on a certain percentage of net sales of each month less base rent, service charge and advertising and promotion contribution. There was no variable lease payments paid for the Group and the Company during the financial year ended 31 December 2022 and 2021 as the monthly base rent and service charge are higher.

- Extension options

The leases for office and preschool premises contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group and the Company are not reasonably certain to exercise these extension options. The Group and the Company negotiate extension options to optimise operational flexibility in terms of managing the assets used in the Group and the Company's operations.

As at 31 December 2022, potential future (undiscounted) cash outflows of approximately \$13,409,000 (2021: \$15,140,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

**28 Leases – The Group as a lessor****Nature of the Group’s leasing activities – the Group as a lessor**

The Group has leased out classroom spaces under an operating lease agreement. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

**Nature of the Group and the Company’s leasing activities – the Group and the Company as an intermediate lessor***Subleases – classified as finance leases*

The Group and the Company’s sublease of its right-of-use of the office space is classified as finance lease because the sublease is for the entire remaining lease term of the head lease.

Right-of-use assets relating to the head leases with subleases classified as finance lease are derecognised. The net investment in the sublease is recognised under “Lease receivables”.

Finance income on the net investment in sublease during the financial year is \$43,000 (2021: \$76,000) (Note 5). This amount is not related to variable lease payments and is not depended on an index or rate.

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$’000</b>	<b>\$’000</b>
Not later than one year	<b>879</b>	752
Between one and five years	<b>1,048</b>	1,547
Total undiscounted lease payments	<b>1,927</b>	2,299
Less: Unearned finance income	<b>(126)</b>	(105)
<b>Net investment in finance lease</b>	<b>1,801</b>	2,194
Current	<b>837</b>	696
Non-current	<b>964</b>	1,498
<b>Total</b>	<b>1,801</b>	2,194

**29 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 key 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 the Group’s 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 the information provided to key management team.

**29 Financial risk management** (Continued)

**Financial risk factors** (Continued)

 (a) *Market risk*

 (i) Currency risk

The Group operates in Singapore and Australia. Entities in the Group regularly transact in their respective functional currencies. The Group has hedging arrangements in place. Currently, the Group does not 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 is not exposed to the currency transaction risk as the transactions, financial assets and financial liabilities are denominated in the currency of respective country where the business domiciles and operates.

The Group is exposed to currency translation risk on the net assets of the Group's foreign operations in Australia, which are denominated in Australian Dollar ("AUD"). The Group does not enter into any of the hedging instruments for the purpose of hedging the translation of its foreign operations. There is no debt instrument denominated in foreign currency as at statement of financial position date.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Company is not exposed to the currency risk as the transactions are predominantly denominated in Singapore Dollar ("SGD").

The Group's currency exposures based on the information provided to key management are as follows:

<b>As at 31 December 2022</b>	<b>SGD \$'000</b>	<b>AUD \$'000</b>
<b>Group</b>		
<b>Financial assets</b>		
Cash and cash equivalents	4,463	2,283
Trade and other receivables	18,500	5,213
Lease receivables	1,801	–
	<u>24,764</u>	<u>7,496</u>
<b>Financial liabilities</b>		
Borrowings	(25,580)	–
Lease liabilities	(6,286)	(17,156)
Trade and other payables	(12,901)	(7,006)
	<u>(44,767)</u>	<u>(24,162)</u>
<b>Net financial liabilities</b>	<u>(20,003)</u>	<u>(16,666)</u>
Less: Net financial liabilities denominated in respective entities' functional currencies	<u>(16,296)</u>	<u>(16,666)</u>
<b>Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies</b>	<u>(3,707)</u>	<u>–</u>

**29 Financial risk management** (Continued)**Financial risk factors** (Continued)(a) *Market risk* (Continued)(i) Currency risk (Continued)

The Group's currency exposures based on the information provided to key management are as follows: (Continued)

<b>As at 31 December 2021</b>	<b>SGD \$'000</b>	<b>AUD \$'000</b>
<b>Group</b>		
<b>Financial assets</b>		
Cash and cash equivalents	5,395	5,580
Trade and other receivables	11,641	5,129
Lease receivables	2,194	–
	<u>19,230</u>	<u>10,709</u>
<b>Financial liabilities</b>		
Borrowings	(37,549)	–
Lease liabilities	(10,006)	(16,390)
Trade and other payables	(6,271)	(7,734)
	<u>(53,826)</u>	<u>(24,124)</u>
<b>Net financial liabilities</b>	<u>(34,596)</u>	<u>(13,415)</u>
Less: Net financial liabilities denominated in respective entities' functional currencies	<u>(31,589)</u>	<u>(13,415)</u>
<b>Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies</b>	<u>(3,007)</u>	<u>–</u>

If the AUD changes against the SGD by 7% (2021: 4%) with all other variables including tax rate being held constant, the effects arising from the net financial liabilities/assets (excluding equity instruments) that are exposed to currency risk will be as follows:

	<b>Profit after tax \$'000</b>	<b>Increase/(Decrease) Other comprehensive income \$'000</b>
<b>Group</b>		
<b>31 December 2022</b>		
AUD against SGD		
– Strengthened	147	216
– Weakened	(147)	(216)
	<u>–</u>	<u>–</u>
<b>31 December 2021</b>		
AUD against SGD		
– Strengthened	57	100
– Weakened	(57)	(100)
	<u>–</u>	<u>–</u>

**29 Financial risk management** (Continued)**Financial risk factors** (Continued)*(a) Market risk* (Continued)*(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 or lower by 10% (2021: 10%) with all other variables including tax rate being held constant, the profit after tax would have been lower or higher by \$108,000 (2021: \$81,000) as a result of higher or lower interest expense on these borrowings.

*(b) Credit risk*

Credit risk refers to the risk that a 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 trade receivables, other receivables, lease receivables, deposits and cash and cash equivalents.

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 high credit quality financial institutions and counterparties.

For lease receivables, management has performed credit evaluation before entering into the sublease of the office space to the tenant. The Group adopts the policy of dealing only with reputable companies with high credit quality.

Credit exposure to an individual customer is restricted by establishing maximum payment periods of less than one-month period for both individual and corporate customers. 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.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

**29 Financial risk management** (Continued)**Financial risk factors** (Continued)(b) *Credit risk* (Continued)

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 statement of financial position, except as follows:

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Corporate guarantees provided to banks on subsidiary corporations' loans (Note 26)	–	2,811

The movements in credit loss allowance are as follows:

	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2022</b>			
<b>Group</b>			
<b>Balance as at 1 January 2022</b>	<b>782</b>	<b>154</b>	<b>936</b>
Loss allowance recognised in profit or loss during the year on:			
– Additions	27	–	27
– Utilised	(128)	(17)	(145)
<b>Balance as at 31 December 2022 (Note 12)</b>	<b>681</b>	<b>137</b>	<b>818</b>
<b>Company</b>			
<b>Balance as at 1 January 2022 and 31 December 2022 (Note 12)</b>	<b>456</b>	<b>480</b>	<b>936</b>
<b>2021</b>			
<b>Group</b>			
<b>Balance as at 1 January 2021</b>	171	15	186
Loss allowance recognised in profit or loss during the year on:			
– Additions	789	139	928
– Utilised	(178)	–	(178)
<b>Balance as at 31 December 2021 (Note 12)</b>	<b>782</b>	<b>154</b>	<b>936</b>
<b>Company</b>			
<b>Balance as at 1 January 2021</b>	–	343	343
Loss allowance recognised in profit or loss during the year on:			
– Additions	456	137	593
<b>Balance as at 31 December 2021 (Note 12)</b>	<b>456</b>	<b>480</b>	<b>936</b>

**29 Financial risk management** (Continued)

**Financial risk factors** (Continued)

 (b) *Credit risk* (Continued)

 (i) Trade receivables

The Group and the Company use a provision matrix to measure the lifetime Expected Credit Loss (“ECL”) allowance for trade receivables.

In calculating the ECL rates, trade receivables are grouped based on shared credit risk characteristics and days past due. The Group and the Company consider historical loss rates for each category of customers and adjust to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified the gross domestic product (“GDP”) of the countries in which it sell goods and services to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and/or the Company. The Group and the Company consider a financial asset is in default if the counterparty fails to make contractual payments within 180 days when they fall due and writes off the financial asset when it is certain that the outstanding amount is not collectible. Where receivables are written off, the Group and the Company continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are received, these are recognised in profit or loss.

The Group’s and the Company’s credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2022 are set out in the provision matrix as follows:

	Not past due \$'000	Past due			Total \$'000
		Less than 3 months \$'000	3 to 6 months \$'000	More than 6 months \$'000	
<b>Group</b>					
<b>School fees</b>					
Trade receivables	–	30	169	584	783
Loss allowance	–	–	–	(183)	(183)
<b>Franchise income</b>					
Trade receivables	5,114	–	–	112	5,226
Loss allowance	–	–	–	(27)	(27)
<b>Royalty income and sales of merchandise</b>					
Trade receivables	452	1,333	1,112	1,270	4,167
Loss allowance	–	–	–	(572)	(572)
<b>Company</b>					
<b>Franchise income</b>					
Trade receivables	5,118	–	–	71	5,189
Loss allowance	–	–	–	(27)	(27)
<b>Royalty income and sales of merchandise</b>					
Trade receivables	28	3	9	747	787
Loss allowance	–	–	–	(429)	(429)

**29 Financial risk management** (Continued)**Financial risk factors** (Continued)(b) *Credit risk* (Continued)(i) Trade receivables (Continued)

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as of 31 December 2021 are set out in the provision matrix as follows:

<b>Group</b>	<b>Not past due</b> <b>\$'000</b>	<b>Past due</b>			<b>Total</b> <b>\$'000</b>
		<b>Less than 3 months</b> <b>\$'000</b>	<b>3 to 6 months</b> <b>\$'000</b>	<b>More than 6 months</b> <b>\$'000</b>	
<b>School fees</b>					
Trade receivables	28	735	163	465	1,391
Loss allowance	–	–	–	(183)	(183)
<b>Franchise income</b>					
Trade receivables	4,688	150	–	414	5,252
Loss allowance	–	–	–	(27)	(27)
<b>Royalty income and sales of merchandise</b>					
Trade receivables	972	616	200	1,250	3,038
Loss allowance	–	–	–	(572)	(572)
<b>Others</b>					
Trade receivables	–	32	–	–	32
Loss allowance	–	–	–	–	–
<b>Company</b>					
<b>Franchise income</b>					
Trade receivables	4,688	150	–	370	5,208
Loss allowance	–	–	–	(27)	(27)
<b>Royalty income and sales of merchandise</b>					
Trade receivables	18	10	–	777	805
Loss allowance	–	–	–	(429)	(429)

(ii) Cash and cash equivalents, other receivables and deposits

The Group and the Company use the general approach for assessment of ECLs for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.



## 29 Financial risk management (Continued)

### Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Cash and cash equivalents, other receivables and deposits (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECLs.

As at 31 December 2022 and 2021, the Group and the Company performed an assessment of qualitative and quantitative factors which are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, available press information and applying experienced credit judgement) and an assessment of impairment using the 12-month ECL basis on these financial assets. The Group concluded that the loss allowance on these financial assets is insignificant. The Company concluded the loss allowance provided for other receivables is adequate and the loss allowance on other financial assets is insignificant.

##### (iii) Lease receivables

Lease receivables of \$1,801,000 (2021: \$2,194,000) are subject to immaterial credit loss as the Group and the Company entered into lease arrangements with a related corporation and there is no history of default.

#### (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 operations 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 statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Less than 1 year \$'000</b>	<b>Between 1 and 5 years \$'000</b>	<b>More than 5 years \$'000</b>
<b>Group</b>			
<b>At 31 December 2022</b>			
Trade and other payables	19,907	-	-
Lease liabilities	7,115	17,270	-
Borrowings	12,840	13,346	-
<b>At 31 December 2021</b>			
Trade and other payables	14,005	-	-
Lease liabilities	8,496	17,834	1,982
Borrowings	12,180	27,082	-

**29 Financial risk management** (Continued)**Financial risk factors** (Continued)(c) *Liquidity risk* (Continued)

	<b>Less than 1 year \$'000</b>	<b>Between 1 and 5 years \$'000</b>	<b>More than 5 years \$'000</b>
<b>Company</b>			
<b>At 31 December 2022</b>			
Trade and other payables	29,325	-	-
Lease liabilities	1,265	1,321	-
Borrowings	10,873	8,990	-
Financial guarantee contracts	-	-	-
<b>At 31 December 2021</b>			
Trade and other payables	17,691	-	-
Lease liabilities	1,265	2,586	-
Borrowings	8,641	17,576	-
Financial guarantee contracts	2,811	-	-

(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 Directors monitors its capital based on debt ratio. The debt ratio is calculated as total liabilities divided by total assets.

	<b>Group</b>		<b>Company</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Total liabilities	72,062	81,976	50,992	46,705
Total assets	140,364	153,690	104,250	106,064
Debt ratio	51%	53%	49%	44%

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

(e) *Fair value measurements*

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

**29 Financial risk management** (Continued)**Financial risk factors** (Continued)(f) *Financial instruments by category*

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets, at amortised cost	<b>32,394</b>	29,950	<b>19,039</b>	19,337
Financial liabilities, at amortised cost	<b>68,929</b>	77,950	<b>50,952</b>	46,668

**30 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) *Sale and purchase of goods and services*

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Income from related parties		
– Interest income from net investment in sublease	<b>43</b>	76
– Royalty fees	<b>152</b>	186
– Service income	<b>–</b>	232
Expenses to related parties		
– Commission	<b>143</b>	138
– Purchase of merchandise and event expense	<b>243</b>	318
Income from immediate holding corporation		
– Service income	<b>177</b>	177
Repayment of lease liabilities to immediate holding corporation of a major shareholder	<b>–</b>	412

Related parties comprise mainly corporations which are controlled by the Group's key management personnel, their close family members, fellow subsidiary corporations, joint ventures and associate.

Outstanding balances at 31 December 2022, arising from sales and purchases of goods and services, are unsecured and receivable/payable within 12 months from statement of financial position date and are disclosed in Notes 12 and 19 respectively.

**30 Related party transactions** (Continued)*(b) Key management compensation*

Key management personnel compensation is as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	<b>1,748</b>	1,719
Employer's contribution to defined contribution plans, including Central Provident Fund	<b>52</b>	37
Other short-term benefits	<b>204</b>	78
	<b>2,004</b>	1,834

**31 Business combination***(i) Acquisition of a centralised childcare enrolment business in 2021*

On 19 April 2021, the Group completed the 51% equity interest acquisition in a centralised childcare enrolment business ("EB") in Australia. The principal activity of the acquired business is to provide childcare providers access to a centralised enrolment team for occupancy maximisation of existing centres and preparations for the Group's franchise expansion in Australia.

	<b>EB</b>
	<b>\$'000</b>
(a) Purchase consideration	
Cash paid	263
Deferred consideration	263
<b>Consideration transferred for the business</b>	<b>526</b>
(b) Effect on cash flows of the Group	
Cash paid	(263)
Less: cash and cash equivalents in subsidiary corporation acquired	454
<b>Cash inflow on acquisition</b>	<b>191</b>

**31 Business combination** (Continued)

(i) *Acquisition of a centralised childcare enrolment business in 2021* (Continued)

	<b>EB At Provisional Fair Value \$'000</b>
(c) Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	454
Trade and other receivables	519
Total assets	973
Trade and other payables	(277)
Total liabilities	(277)
<b>Total identifiable net assets</b>	696
Less: Non-controlling interest (Note (g), as below)	(341)
Add: Goodwill (Note 15(a))	171
<b>Consideration transferred for the business</b>	<b>526</b>

(d) Acquisition-related costs

No acquisition related costs were incurred as due diligence has been done internally.

(e) Acquired receivables

The fair value of trade receivables is \$170,000. The gross contractual amount for trade receivables due is \$170,000 and at the acquisition date, the entire contractual amount was expected to be collectible.

(f) Acquired other receivables

Other receivables include the fair value of deferred consideration receivable amounting to \$263,000 attributable to the issuance of new shares. The gross contractual amount of \$263,000 has been collected as of June 2021.

(g) Non-controlling interest

The Group recognises the 49% non-controlling interest in EB at the date of acquisition at its proportionate share of EB's identifiable net assets of \$696,000.

(h) Goodwill

The goodwill recognised for EB of \$171,000 arising from the acquisition is attributable to the synergies of the business combination by leveraging on EB's access to trained centralised enrolments teams to maximise occupancy rates in MindChamps Preschool businesses. It is not deductible for tax purposes.

**31 Business combination** (Continued)*(i) Acquisition of a centralised childcare enrolment business in 2021* (Continued)*(i) Revenue and profit contribution*

The acquired business contributed revenue of \$620,000 and net loss of \$48,000 to the Group from 20 April 2021 to 31 December 2021.

Had EB been acquired from 1 January 2021, there would be no significant impact to the consolidated revenue and consolidated net profit for the financial year ended 31 December 2021.

**32 Segment information**

The Key Management ("KM") is the Group's chief decision-maker. The KM comprises the Founder Chief Executive Officer & Executive Chairman, the Chief Financial Officer and the Chief Brand Officer & Global Group General Manager.

The KM considers the business from both a geographic and business segment perspective. Geographically, the KM manages and monitors the business in the two primary geographic areas namely, Singapore and Australia. From a business segment perspective, the KM 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*

Franchising of childcare services and enrichment classes.

*(iii) Corporate*

Provision of administrative support services and corporate office.

*(iv) Others*

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

**32 Segment information** (Continued)

The segment information provided to the KM for the reportable segments are as follows:

	Singapore				Australia			Group Total \$'000
	Education \$'000	Franchise \$'000	Corporate \$'000	Others \$'000	Education \$'000	Franchise \$'000	Others \$'000	
<b>2022</b>								
<b>Sales</b>								
Total segment sales	<b>16,660</b>	<b>9,489</b>	-	-	<b>34,853</b>	<b>794</b>	<b>2,106</b>	<b>63,902</b>
Inter-segment sales	-	<b>(1,433)</b>	-	-	-	-	<b>(923)</b>	<b>(2,356)</b>
Sales to external parties	<b>16,660</b>	<b>8,056</b>	-	-	<b>34,853</b>	<b>794</b>	<b>1,183</b>	<b>61,546</b>
<b>Adjusted EBITDA</b>	<b>7,655</b>	<b>7,893</b>	<b>(3,504)</b>	<b>47</b>	<b>7,142</b>	<b>(3,731)</b>	<b>(3)</b>	<b>15,499</b>
Depreciation	<b>3,149</b>	<b>24</b>	<b>703</b>	<b>10</b>	<b>5,128</b>	<b>58</b>	-	<b>9,072</b>
Amortisation	-	<b>1</b>	<b>1,041</b>	<b>397</b>	-	-	-	<b>1,439</b>
Impairment of goodwill	-	-	-	-	<b>574</b>	-	-	<b>574</b>
Segment assets	<b>17,114</b>	<b>5,372</b>	<b>17,430</b>	<b>1,278</b>	<b>95,445</b>	<b>2,798</b>	<b>927</b>	<b>140,364</b>
Segment assets includes:								
Additions to:								
- property, plant and equipment	<b>5,732</b>	<b>3</b>	<b>26</b>	<b>5</b>	<b>7,397</b>	-	-	<b>13,163</b>
- intangible assets	<b>370</b>	-	<b>499</b>	<b>332</b>	-	-	-	<b>1,201</b>
<b>Segment liabilities</b>	<b>(4,135)</b>	<b>(17,193)</b>	<b>(24,621)</b>	<b>(26)</b>	<b>(23,362)</b>	<b>(2,367)</b>	<b>(358)</b>	<b>(72,062)</b>
<b>2021</b>								
<b>Sales</b>								
Total segment sales	18,664	10,455	-	-	34,251	365	1,174	64,909
Inter-segment sales	-	<b>(1,646)</b>	-	-	-	-	<b>(554)</b>	<b>(2,200)</b>
Sales to external parties	18,664	8,809	-	-	34,251	365	620	62,709
<b>Adjusted EBITDA</b>	8,660	3,340	<b>(4,351)</b>	<b>(13)</b>	10,074	<b>(2,717)</b>	<b>(46)</b>	14,947
Depreciation	3,206	24	703	9	5,609	68	-	9,619
Amortisation	-	1	957	265	-	-	-	1,223
<b>Segment assets</b>	23,215	2,091	20,198	1,422	101,446	4,485	833	153,690
Segment assets includes:								
Additions to:								
- property, plant and equipment	5,669	7	33	27	1,660	-	-	7,396
- intangible assets	-	-	757	337	-	-	-	1,094
<b>Segment liabilities</b>	<b>(18,118)</b>	<b>(7,871)</b>	<b>(30,106)</b>	<b>(174)</b>	<b>(23,261)</b>	<b>(2,224)</b>	<b>(222)</b>	<b>(81,976)</b>

**32 Segment information** (Continued)*(a) Reconciliation**Segment profits*

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

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Adjusted EBITDA for reportable segments	<b>15,457</b>	14,960
Adjusted EBITDA for other segments	<b>42</b>	(13)
Depreciation (Note 7)	<b>(9,072)</b>	(9,619)
Amortisation (Note 7)	<b>(1,439)</b>	(1,223)
Finance expense (Note 9)	<b>(2,359)</b>	(2,155)
Interest income (Note 5)	<b>213</b>	202
<b>Profit before income tax</b>	<b>2,842</b>	2,152

*(b) Revenue from major services*

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

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Revenue</u>		
Education	<b>51,513</b>	52,915
Franchise	<b>8,850</b>	9,174
Others	<b>1,183</b>	620
	<b>61,546</b>	62,709

There were no transactions with a single external customer which amounted to 10 per cent or more of the Group's revenue.

*(c) Geographical information*

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

*(i) 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, providing training courses for performing arts, business and management consulting services, investment holding and corporate services.



**32 Segment information** (Continued)(c) *Geographical information* (Continued)(ii) 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, provision of centralised childcare enrolment service and corporate office.

	<b>Non-current assets</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Singapore	<b>17,840</b>	29,395
Australia	<b>90,859</b>	95,404
	<b>108,699</b>	124,799

The Group's revenue by geographical areas is disclosed under Note 4(a).

**33 Event occurring after reporting date**

- (i) On 28 February 2023, the Group has granted and awarded ordinary shares of the Group to eligible employees of (a) the Group and (b) MindChamps Holdings Pte. Ltd. and its subsidiaries pursuant to the MindChamps Performance Share Plan. The aggregate number of shares granted is 1,270,963 shares at the price of \$0.18, the closing price of the Company as at 28 February 2023.

The new shares issued rank pari passu in all respects with the existing shares of the Company. With the allotment and issuance of new shares, the total number of issued shares of the Company is increased from 241,600,000 shares to 242,870,963 shares.

- (ii) On 30 March 2023, the Group has entered into a joint venture with US MF25 Pte. Ltd. (the "Joint Venture Partner"). The Group's wholly-owned subsidiary incorporated during the financial year ended 31 December 2022, MindChamps International PreSchool Franchising Inc (the "JV Company") will be the joint venture company. Management has intended for the joint venture company to operate as master unit franchisee in the United States. The joint venture company will purchase the first batch of fifty licences from the Group at US\$70,000 each for a total of US\$3.5 million.

### 34 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 2023 and which the Group has not early adopted.

#### **Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)**

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

#### **Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)**

The amendment to SFRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

SFRS(1) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

### 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 on 13 April 2023.

**Ordinary Shareholdings**

Total number of issued shares	:	242,870,963
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

The Company did not have treasury shares and shares held by a subsidiary corporation.

<b>Number of Ordinary Shares Held</b>	<b>Number of Shareholders</b>	<b>%</b>	<b>Number of Ordinary Shares</b>	<b>%</b>
1 – 99	3	0.26	180	0.00
100 – 1,000	200	17.44	163,000	0.07
1,001 – 10,000	606	52.83	2,953,900	1.22
10,001 – 1,000,000	327	28.51	25,266,456	10.40
1,000,001 and above	11	0.96	214,487,427	88.31
<b>Total</b>	<b>1,147</b>	<b>100.00</b>	<b>242,870,963</b>	<b>100.00</b>

**Substantial Shareholders**

As recorded in the Register of Substantial Shareholders of the Company:

<b>Name</b>	<b>Direct Interest</b>	<b>Number of Ordinary Shares</b>		
		<b>%*</b>	<b>Deemed Interest</b>	<b>%*</b>
David Chiem Phu An	–	–	126,806,441 <sup>(1)</sup>	52.21
Catherine Du	–	–	126,606,441 <sup>(2)</sup>	52.13
MindChamps Holdings Pte. Limited	–	–	124,895,913 <sup>(3)</sup>	51.42
Champion Minds Pte. Limited	–	–	124,895,913 <sup>(4)</sup>	51.42
Invest Learning Pte. Ltd.	48,320,000	19.89	–	–
Cuscaden Peak Investments Private Limited (f.k.a. Singapore Press Holdings Limited)	–	–	48,320,000 <sup>(5)</sup>	19.90

**Notes:**

\* Percentage is based on 242,870,963 ordinary shares (excluding treasury shares).

- (1) Mr David Chiem Phu An holds 35.77% of the issued ordinary shares of Champion Minds Pte. Limited ("**Champion Minds**"), which in turn wholly-owns MindChamps Holdings Pte. Limited ("**MCH**"). Accordingly, for the purpose of Section 4 of the Securities and Futures Act 2001 of Singapore, Mr Chiem is deemed to be interested in the shares of the Company ("**Shares**") held by MCH. Mr Chiem also holds 1,910,528 Shares through DBS Nominees (Private) Limited.
- (2) Ms Catherine Du holds 35.77% of the issued ordinary shares of Champion Minds, which in turn wholly-owns MCH. Accordingly, for the purpose of Section 4 of the Securities and Futures Act 2001 of Singapore, Ms Du is deemed to be interested in the Shares held by MCH. Ms Du also holds 1,710,528 Shares through Citibank Nominees Singapore Pte Ltd.
- (3) MCH is deemed interested in the Shares registered in the names of DBS Vickers Securities (Singapore) Pte. Ltd. and Maybank Nominees (Singapore) Private Limited.
- (4) Champion Minds wholly-owns MCH. Accordingly, for the purposes of Section 4 of the Securities and Futures Act 2001 of Singapore, Champion Minds is deemed to be interested in the Shares in which MCH has an interest.
- (5) Cuscaden Peak Investments Private Limited (f.k.a. Singapore Press Holdings Limited) ("**CPI**") wholly-owns Invest Learning Pte. Ltd. ("**Invest Learning**"). Accordingly, for the purposes of Section 4 of the Securities and Futures Act 2001 of Singapore, CPI is deemed to be interested in the Shares in which Invest Learning has an interest. For further information on the companies and individual(s) which have direct interest and/or deemed interest in CPI, please refer to the Company's publication of the "Disclosure Of Interest/Changes In Interest Of Substantial Shareholder(s)/Unitholder(s)" in SGXNet and the Company's website on 6 May 2022 and 10 May 2022.

**Twenty Largest Ordinary Shareholders**

As shown in the Register of Members and Depository Register of the Company:

Name	Number of Ordinary Shares	%
DBS VICKERS SECURITIES (S) PTE LTD	100,404,913	41.34
INVEST LEARNING PTE. LTD.	48,320,000	19.90
MAYBANK NOMINEES (SINGAPORE) PTE LTD	24,510,000	10.09
PHILLIP SECURITIES PTE LTD	12,611,800	5.19
MERRILL LYNCH (SINGAPORE) PTE LTD	11,863,100	4.88
DBS NOMINEES PTE LTD	8,680,128	3.57
CITIBANK NOMINEES SINGAPORE PTE LTD	2,187,128	0.90
TEOH MEI YIAN (ZHAO MEIYAN)	1,807,229	0.74
WONG WEI HSNH (WANG WEISHENG)	1,807,229	0.74
RAFFLES NOMINEES (PTE) LIMITED	1,195,400	0.49
IFAST FINANCIAL PTE LTD	1,100,500	0.45
NG EE YONG (HUANG YURONG)	1,000,000	0.41
ABN AMRO CLEARING BANK N.V.	926,600	0.38
ANG HAO YAO (HONG HAOYAO)	889,800	0.37
OCBC NOMINEES SINGAPORE PTE LTD	686,900	0.28
PEH POH GEOK	610,600	0.25
LIM AH KAW @ LIM LAN CHING	594,800	0.24
WATGLEN PTY LTD	589,504	0.24
TAN THIAM CHYE (CHEN TIANCAI)	560,000	0.23
CHIAN SHIAN ANN @ CHIAM YEOW ANN	557,500	0.23
	<b>220,903,131</b>	<b>90.92</b>

**Free Float**

Based on the information available to the Company, approximately 26.55% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

**MINDCHAMPS PRESCHOOL LIMITED**

(Company Registration Number: 200814577H)

(Incorporated in the Republic of Singapore)

(the "Company")

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("AGM") of the Company will be held by way of electronic means on Friday, 28 April 2023 at 10.00 a.m., for the purpose of transacting the following businesses:

**As Ordinary Business**

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Mr David Chiem Phu An as Director who is retiring by rotation pursuant to Regulations 94 and 95. **(Resolution 2)**  
*(See Explanatory Note (a))*
3. To re-elect Prof Petrina Sue Coventry as Director who is retiring pursuant to Regulations 100. **(Resolution 3)**  
*(See Explanatory Note (b))*
4. To note that Mr Phua Chin Chor, who will be retiring as Director pursuant to Regulations 94 and 95, will not seek re-election at this AGM. **(Resolution 4)**  
*(See Explanatory Note (c))*
5. To elect Dr Roger Neil Sexton AM as Director pursuant to Regulation 100. **(Resolution 5)**  
*(See Explanatory Note (d))*
6. To approve payment of Directors' fees of S\$180,750 for the financial year ended 31 December 2022. **(Resolution 6)**  
*(See Explanatory Note (e))*
7. To re-appoint Messrs CLA Global TS Public Accounting Corporation (formerly Nexia TS) as Auditors and to authorise Directors to fix the Auditors' remuneration. **(Resolution 7)**

**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 **(Resolution 8)**

"That pursuant to Section 161 of the Companies Act 1967, Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Constitution of the Company, the Directors of the Company be and are hereby authorised to:

- (a) (i) issue shares in the capital of the Company ("**Shares**" and each a "**Share**") 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 that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments 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 Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury Shares 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 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (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 percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury Shares and subsidiary holdings) 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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

**(See Explanatory Note (f))**

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

"That pursuant to Section 161 of the Companies Act 1967, 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 options 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 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; and (iii) the total number of Shares subject to any other share option or share schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) on the date preceding the date of the relevant award."

**(See Explanatory Note (g))**

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

"That pursuant to Section 161 of the Companies Act 1967, 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 options already granted under the MindChamps PreSchool Share Option Plan; and (iii) the total number of Shares subject to any other share option or share schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) on the date preceding the date of the relevant award."

**(See Explanatory Note (h))**

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

"That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act 1967, the authority conferred on the Directors of the Company to exercise 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 1967,

and otherwise in accordance with the Companies Act 1967 and all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby 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 AGM 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 Market Price”** means the average of the closing market prices of Shares over the last five market days, on which transactions in Shares were recorded, before the day on which the purchases are made, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

**“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 Market Price and in the case of an off-market purchase of a Share, 120% of the Average Closing Market Price.

***(See Explanatory Note (i))***

### **Any Other Business**

12. To transact any other business which may be properly transacted at an AGM.

### **BY ORDER OF THE BOARD**

**Yeo Hui Leng**  
Company Secretary

Singapore, 13 April 2023

This Notice has been made available on SGXNet and the Company’s website and may be accessed at <https://investor.mindchamps.org/ar.html>. A printed copy of this Notice, proxy form and the Company’s Annual Report and Sustainability Report 2022 will NOT be despatched to shareholders.



**Explanatory Notes to Resolutions:**

- a) **Resolution 2** is to re-elect Mr David Chiem Phu An who will, upon re-election, continue to serve as the Chief Executive Officer & Executive Chairman of the Company. The detailed information on Mr Chiem can be found in the 'Board of Directors' and 'Further Information on Directors Seeking Re-election' sections of the Company's Annual Report and Sustainability Report.
- b) **Resolution 3** is to re-elect Prof Petrina Sue Coventry who will, upon re-election, continue to serve as an Independent Director of the Company, the Chairman of the Remuneration Committee and a Member of the Audit Committee and the Nominating Committee. Prof Coventry is considered as an Independent Director of the Company. The detailed information on Prof Coventry can be found in the 'Board of Directors' and 'Further Information on Directors Seeking Re-election' sections of the Company's Annual Report and Sustainability Report.
- c) Mr Phua Chin Chor will, upon his retirement as a Director of the Company, cease to be the Chairman of the Audit Committee and a Member of the Nomination Committee and the Remuneration Committee.
- d) **Resolution 4** is to elect Dr Roger Neil Sexton AM who will, upon election, be appointed as the Chairman of the Audit Committee and a Member of the Nomination Committee and the Remuneration Committee. Dr Sexton AM will be considered an Independent Non-Executive Director of the Company, pursuant to Rule 704(8) of the Listing Manual of the SGX-ST Mainboard Rules.
- e) **Resolution 5** is to approve the proposed Directors' fees of S\$180,750 for services rendered by the Non-Executive Directors of the Company on the Board and/or the Board Committees in the financial year ended 31 December 2022.
- f) **Resolution 7** is to empower the Directors from the date of the AGM until the date of the next AGM, to issue Shares and/or to make or grant Instruments convertible into Shares, and to issue Shares in pursuance of such Instruments. The aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the Company's total number of issued Shares (excluding treasury Shares and subsidiary holdings), provided that the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the Company's total number of issued Shares (excluding treasury Shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM 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 Instruments made or granted under this authority.
- g) **Resolution 8** is to empower the Directors 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.
- h) **Resolution 9** is to empower the Directors 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.
- i) **Resolution 10** 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 AGM for more details. For the foregoing reasons, the Directors seek to renew the Share Purchase Mandate, which was approved by Shareholders at the AGM held on 29 April 2022.

**Notes:****Participation in the AGM via live webcast or live audio feed**

- As the AGM will be held by way of electronic means, shareholders will NOT be able to attend the AGM in person. All shareholders or their corporate representative (in the case of shareholders which are legal entities) will be able to participate in the AGM proceeding by accessing a live webcast or live audio feed. To do so, shareholders are required to pre-register their participation in the AGM via <https://conveneagm.sg/mindchamps2023> ("**Pre-registration Website**") by **10.00 a.m. on Tuesday, 25 April 2023** ("**Registration Deadline**") for verification of their status as shareholders (or corporate representatives of such shareholders).
- Following verification, authenticated shareholders or their corporate representatives will receive a confirmation email and will be able to access the live webcast and live audio feed of the AGM proceedings via logging in using their credentials created during pre-registration. Members who do not receive such email by 10.00 a.m. on Thursday, 27 April 2022 but have pre-registered by the Registration Deadline should contact the Company for assistance at (65) 6828 2688 or via email to [ir@mindchamps.org](mailto:ir@mindchamps.org).
- Shareholders or their corporate representatives must not forward the email to other persons who are not shareholders of the Company and who are not entitled to participate in the AGM. This is to avoid any technical disruptions or overload to the live webcast or live audio feed. Recording of the AGM proceedings in whatever form is also strictly prohibited.

**Live Voting and Voting by Proxy**

- Shareholders (except a relevant intermediary) may exercise their voting rights at the AGM via live voting.
- As an alternative to live voting at the AGM, shareholders who wish to vote on any or all of the resolutions to be tabled for approval at the AGM may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) as their proxy to do so on their behalf.
- The instrument appointing the Chairman of the AGM as proxy must be (a) deposited at the registered office of the Company at **6 Raffles Boulevard #04-100 Marina Square Singapore 039594**; or (b) be submitted via email to [ir@mindchamps.org](mailto:ir@mindchamps.org); or (c) be submitted online via the Pre-registration Website not less than seventy-two (72) hours (i.e. by 10.00 a.m. on Tuesday, 25 April 2023), before the time appointed for holding the AGM. The proxy form can be downloaded from SGXNet or the Company's website at <https://investor.mindchamps.org/ar.html>.

4. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") at least seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the AGM by appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act 2001, Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the AGM. Any shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such shareholder deposits his/her proxy form forty-eight (48) hours before the AGM, the Chairman of the AGM (or any person other than the Chairman of the AGM) who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the AGM.
5. CPF or SRS Investors may attend and cast his/her votes at the AGM. CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on Wednesday, 19 April 2023), to ensure that their votes are submitted.
6. A proxy need not be a member of the Company.

#### **Access to documents or information relating to the AGM**

All documents and information relating to the business of the AGM (including the Annual Report and Sustainability Report and the proxy form) have been published on SGXNet and the Company's website at <https://investor.mindchamps.org/ar.html>. Printed copies will not be sent to shareholders.

#### **Submission of questions prior and/or live at the AGM**

1. Shareholders or their corporate representatives may submit questions related to the resolutions to be tabled at the AGM (a) via email to [ir@mindchamps.org](mailto:ir@mindchamps.org), or; (b) by post to the Company at **6 Raffles Boulevard #04-100 Marina Square Singapore 039594**; or (c) by the Pre-registration Website. All questions must be submitted by **10.00 a.m. on Friday, 21 April 2023**.
2. Shareholders or their corporate representatives who submit questions by post or email must provide his/her (i) full name; (ii) number of shares held; and (iii) the manner in which he/she hold shares in the Company (e.g., via CDP, CPF or SRS). Any question without the identification details will not be addressed.
3. The Company will endeavour to address the substantial and relevant questions (as may be determined by the Company in its sole discretion) on or before **10.00 a.m. on Tuesday, 25 April 2023**. The Company will publish the minutes of the AGM, including substantial and relevant comments or queries from shareholders relating to the agenda of the AGM, and responses from the Company on SGXNet and the Company's website within one month after the date of AGM.
4. Shareholders (including CPF and SRS Investors) and, where applicable, appointed proxies, who have pre-registered for the AGM will be able to ask questions at the AGM live, by typing and submitting their questions via the online platform hosting the live webcast or audio feed.

#### **Personal data privacy:**

By (a) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) submitting the relevant details for the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof);
- (ii) the processing of the Pre-registration for purposes of granting access to shareholders (or their corporate representatives in the case of shareholders which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from shareholders received before the AGM and if necessary, following up with the relevant shareholders in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

**APPENDIX DATED 13 APRIL 2023****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 Notice of Annual General Meeting and the Proxy Form, which form part of the Company’s Annual Report and Sustainability Report 2022 which is available for download from the Company’s website. 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 Friday, 28 April 2023 at 10.00 a.m. via electronic means.

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.

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 13 APRIL 2023****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*)

Phua Chin Chor (*Independent Director*)

Lee Suan Hiang (*Independent Director*)

Prof Petrina Sue Coventry (*Independent Director*)

#### Registered Office:

6 Raffles Boulevard

#04-100 Marina Square

Singapore 039594

13 April 2023

#### 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 the Company dated 13 April 2022 (the “**Notice**”), accompanying the Annual Report and Sustainability Report 20222022, convening the annual general meeting which is scheduled to be held on Friday, 28 April 2023 at 10.00 a.m. (“**AGM**”) 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 Share Purchase Mandate was first approved by Shareholders at the Extraordinary General Meeting held on 9 November 2017 and was last renewed at the annual general meeting held on 29 April 2022. The Share Purchase Mandate will expire on the date of the forthcoming AGM. The approval of Shareholders is being sought for the proposed renewal of the Share Purchase Mandate.

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 Company and its subsidiaries (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, the ordinary shares in the capital of the Company (“**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 242,870,963 issued Shares (excluding treasury shares and subsidiary holdings) as at 16 March 2023 (the "**Latest Practicable Date**"), and assuming that no further Shares are issued on or prior to the AGM at which the resolution for the Share Purchase Mandate is passed, our Company may not purchase or acquire more than 24,287,096 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 Rule 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 Market Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Market Price.

For the above purposes:

**"Average Closing Market Price"** means the average of the closing market prices of Shares over the last five market days, on which transactions in Shares were recorded, before the day on which the purchases are made, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made; 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 its 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 or external borrowings, or a combination of both, to finance our Company's purchase or acquisition of its 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 2022, 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.
- (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 242,870,963 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 24,287,096 Shares.

### (c) Maximum Price Paid for Shares Acquired or Purchased

In the case of Market Purchases and assuming that our Company purchases or acquires 24,287,096 Shares at the Maximum Price of \$0.170 for each Share (being the price equivalent to 105% of the Average Closing Market Price as at the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 24,287,096 Shares would be approximately \$4,128,806.

In the case of Off-Market Purchases and assuming that our Company purchases or acquires 24,287,096 Shares at the Maximum Price of \$0.200 for each Share (being the price equivalent to 120% of the Average Closing Market Price as at the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 24,287,096 Shares would be approximately \$4,857,419.

### (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 2022 purchased 24,287,096 Shares (representing 10% of our issued Shares of 242,870,963 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 2022 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
<b>Profit attributable to equity holders of our Company as at 31 December 2022</b>	<b>3,040</b>	<b>3,040</b>	<b>3,040</b>	<b>3,040</b>
Share Capital	49,301	49,301	49,301	49,301
Currency translation reserve	(6,775)	(6,775)	(6,775)	(6,775)
Retained profits	26,286	26,286	26,286	26,286
Treasury shares	–	(4,129)	–	(4,857)
<b>Shareholders' equity</b>	<b>68,812</b>	<b>64,683</b>	<b>68,812</b>	<b>63,955</b>
<b>Total equity</b>	<b>68,302</b>	<b>64,173</b>	<b>68,302</b>	<b>63,445</b>
<b>Net assets value (NAV)</b>	<b>68,302</b>	<b>64,173</b>	<b>68,302</b>	<b>63,445</b>
Current assets <sup>(1)</sup>	23,948	23,948	23,948	23,948
Current liabilities <sup>(2)</sup>	22,075	22,075	22,075	22,075
<b>Working capital</b>	<b>1,873</b>	<b>1,873</b>	<b>1,873</b>	<b>1,873</b>
Total borrowings	25,580	29,709	25,580	30,437
Cash and cash equivalents	6,880	6,880	6,880	6,880
Net cash	(18,700)	(22,829)	(18,700)	(23,557)
Number of shares as at Practicable Date ('000)	242,871	218,584	242,871	218,584
Weighted average number of shares as at Practicable Date ('000)	242,871	243,470	242,871	243,470
<b>Financial Ratios</b>				
NAV per share <sup>(2)</sup> (\$)	0.28	0.29	0.28	0.29
Gearing ratio <sup>(3)</sup>	0.37	0.46	0.37	0.48
Current ratio <sup>(4)</sup>	0.88	0.88	0.88	0.88
Basic EPS (\$) <sup>(5)</sup>	0.01	0.01	0.01	0.01

**Notes:**

- (1) Current assets excluding cash and lease receivables.
- (2) Current liabilities excluding current borrowings and lease liabilities.
- (3) NAV divided by number of shares as of 31 December 2022.
- (4) Total borrowings divided by Total equity.
- (5) Current assets excluding lease receivables divided by Current liabilities excluding lease liabilities.
- (6) Profit attributable to equity owners of our Company divided by the weighted average number of shares as at 31 December 2022.

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 2022 and is not necessarily representative of future financial performance.

Although the Share Purchase Mandate would authorise 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 half-year and full-year 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 26.55% 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 24,287,096 Shares, being the full 10% limit pursuant to the Share Purchase Mandate and holds these shares as treasury shares, approximately 16.55% 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% but not more than 50% 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% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of our Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% 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% or more, or, if such Shareholder holds between 30% and 50% of our Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months.

Based on their shareholding interests as disclosed in the "Shareholders' Information" section of the Company's Annual Report and Sustainability Report 2022 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% of our issued Shares. The shareholding interests of our Directors are also disclosed in the "Directors' Statement" section of the Company's Annual Report and Sustainability Report 2022.

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 AGM.

Yours 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 Number: 200814577H)  
(Incorporated in the Republic of Singapore)

### IMPORTANT

- The AGM (as defined below) is being convened, and will be held by electronic means in view of the current COVID-19 advisories issued by the relevant authorities and to minimise physical interactions and risks of COVID-19 transmission. Alternative arrangements relating to, among others, attendance, submission of questions in advance of or live at the AGM and/or voting by electronic means live or by proxy at the AGM are set out in the Notice of AGM dated 13 April 2023 which has been uploaded on websites of SGXNet and the Company on the same day as this form.
- A shareholder will not be able to attend the AGM in person. Shareholders (except a Relevant Intermediary (as defined below)) may cast their votes for each resolution live at the AGM. Unique access details for live voting will be provided to shareholders who pre-registered and are verified to attend the AGM. As an alternative to live voting at the AGM in the foregoing manner, a shareholder (whether individual or corporate) may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) to act as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting (or any person other than the Chairman of the AGM) as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting (or any person other than the Chairman of the AGM) as proxy for that resolution will be treated as invalid. A proxy need not be a member of the Company.
- This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF members and SRS investors. CPF members and SRS investors:
  - may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Approved Banks, and should contact their respective CPF Agent Banks or SRS Approved Banks if they have any queries regarding their appointment as proxies; or
  - may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Approved Banks to submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 19 April 2023) to specify voting instructions and to ensure that their votes are submitted.
- By submitting this Proxy Form, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2023.

## PROXY FORM

I/We, \_\_\_\_\_ (Name)

\_\_\_\_\_ (NRIC/Passport/Company Registration Number)

of \_\_\_\_\_ (Address),

being a shareholder/shareholders of MindChamps PreSchool Limited (the "Company"), hereby appoint

Name	Address	Email Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or

Name	Address	Email Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on Friday, 28 April 2023 at 10.00 a.m. and at any adjournment thereof in the following manner:

No.	Ordinary Resolutions	For	Against	Abstain
<b>Ordinary Business</b>				
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Auditors' Report thereon.			
2.	To re-elect Mr David Chiem Phu An as Director pursuant to Regulations 94 and 95.			
3.	To re-elect Prof Petrina Sue Coventry as Director pursuant to Regulation 100.			
4.	To elect Dr Roger Neil Sexton AM as Director pursuant to Regulation 100.			
5.	To approve payment of Directors' fees for the financial year ended 31 December 2022.			
6.	To re-appoint Messrs CLA Global TS Public Accounting Corporation (formerly Nexia TS) as Auditors and to authorise Directors to fix the Auditors' remuneration.			
<b>Special Business</b>				
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.			

Voting will be conducted by poll. 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 direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Total Number of Shares Held

\_\_\_\_\_

Signature(s) of Shareholder(s) or Common Seal

**IMPORTANT: Please read notes overleaf.**



**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.
2. Shareholders (except a Relevant Intermediary) may exercise their voting rights at the AGM via live voting. As an alternative to live voting at the AGM, shareholders who wish to vote on any or all of the resolutions to be tabled for approval at the AGM may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) as their proxy to do so on their behalf. This proxy form has been made available on SGXNET and may be accessed at this link: <https://investor.mindchamps.org/ar.html>. A printed copy of this proxy form will **NOT** be sent to shareholders.
3. CPF or SRS Investors may attend and cast his/her vote(s) at the AGM. CPF or SRS Investors who are unable to attend the AGM may appoint the Chairman of the AGM as proxy, and should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by **5.00 p.m. on Wednesday, 19 April 2023**), to ensure that their votes are submitted.  
A "Relevant Intermediary" is:
  - (a) a banking corporation licensed under the Banking Act 1970 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; or
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 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 proxy need not be a member of the Company.
5. The instrument appointing the Chairman of the AGM as proxy must be deposited (a) at the registered office of the Company at **6 Raffles Boulevard #04-100 Marina Square Singapore 039594**; or (b) be submitted via email to [ir@mindchamps.org](mailto:ir@mindchamps.org); or (c) be submitted online via <https://conveneagm.sg/mindchamps2023> (the "Pre-registration Website") not less than seventy-two (72) hours (i.e. by **10.00 a.m. on Tuesday, 25 April 2023**), before the time appointed for holding the AGM. **In view of the Covid-19 situation in Singapore, shareholders are strongly encouraged to submit completed proxy forms electronically via email or the Pre-registration Website.**
6. The instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument. The dispensation of the use of common seal pursuant to Sections 41A, 41B and 41C of the Companies Act 1967 is applicable at this AGM.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy 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.
8. In the case of shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy lodged if such shareholders are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

AFFIX  
STAMP

The Company Secretary  
**MINDCHAMPS PRESCHOOL LIMITED**  
6 Raffles Boulevard  
#04-100 Marina Square  
Singapore 039594

# Corporate Information

## BOARD OF DIRECTORS

David Chiem Phu An  
(Founder Chief Executive Officer & Executive Chairman)  
Catherine Du  
(Non-Independent Non-Executive Director)  
Phua Chin Chor (Independent Director)  
Lee Suan Hiang (Independent Director)  
Dr Petrina Sue Coventry (Independent Director)

## AUDIT COMMITTEE

Phua Chin Chor (Chairman)  
Lee Suan Hiang  
Professor Petrina Sue Coventry

## NOMINATING COMMITTEE

Lee Suan Hiang (Chairman)  
Phua Chin Chor  
Professor Petrina Sue Coventry

## REMUNERATION COMMITTEE

Professor Petrina Sue Coventry (Chairperson)  
Phua Chin Chor  
Lee Suan Hiang

## REGISTERED OFFICE

6 Raffles Boulevard  
#04-100 Marina Square  
Singapore 039594  
Tel: (65) 6828 2688  
Fax: (65) 6828 2699  
Website: [www.mindchamps.org/preschool](http://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 4399  
Website: [www.sg.tricorglobal.com](http://www.sg.tricorglobal.com)

## COMPANY SECRETARY

Yeo Hui Leng (LLB (Hons))

## EXTERNAL AUDITORS

CLA Global TS Public Accounting Corporation  
*\*formerly Nexia TS*  
(appointed on 19 October 2009)  
80 Robinson Road  
#25-00  
Singapore 068898

Director-in-charge:

Loh Ji Kin  
(appointed since the financial year ended 2018)

## 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

DBS Bank Ltd.

12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

## INVESTOR RELATIONS

6 Raffles Boulevard  
#04-100 Marina Square  
Singapore 039594  
Tel: (65) 6828 2688  
Email: [ir@mindchamps.org](mailto:ir@mindchamps.org)  
Website: [investor.mindchamps.org](http://investor.mindchamps.org)

## STOCK CODE

CNE.SI

**MindChamps  
PreSchool Limited**

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Singapore 039594  
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