

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

JOINT VENTURE AND APPOINTMENT OF MASTER FRANCHISEE IN THE UNITED STATES – SALE OF FIRST BATCH OF FIFTY (50) LICENCES

1. INTRODUCTION

The Board of Directors (the “**Board**”) of MindChamps PreSchool Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has entered into a joint venture with US MF25 Pte. Ltd. (the “**JV Partner**”). The parties will use the Group’s wholly-owned subsidiary, MindChamps International PreSchool Franchising Inc. (the “**JV Company**”), a company incorporated on 21 July 2022 under the laws of Delaware, United States of America, as the joint venture company. It is intended that the JV Company will operate as the Company’s master franchisee for the United States.

2. INFORMATION OF THE JOINT VENTURE AND ITS STRUCTURE

Before the joint venture, the shareholding structure of the JV Company is as follows:

Name of Shareholder	No. of Shares	Class of Shares	Shareholding Percentage
MindChamps International PreSchool Inc. (the Company’s wholly-owned subsidiary incorporated in Florida, United States)	50	Ordinary	100%
<i>Total:</i>	50	Ordinary	100%

JV Structure

The JV Company will issue 3,450 additional shares @ US\$1,000 each and allot (i) 1,750 ordinary shares at US\$1,000.00 each to the JV Partner; (ii) 1,700 ordinary shares at US\$1,000.00 each to MindChamps International PreSchool Inc. After the issuance and subscription of the additional shares, the shareholding structure of the JV Company will be as follows:

Name of Shareholder	No. of Shares	Class of Shares	Shareholding Percentage
MindChamps International PreSchool Inc.	1,750	Ordinary	50%
JV Partner	1,750	Ordinary	50%
<i>Total:</i>	3,500	Ordinary	100%

The JV Company will become a 50-50 joint venture between MindChamps International PreSchool Inc. and the JV Partner.

The total consideration to be paid by the JV Partner to the JV Company is US\$1,750,000.00 (i.e. 1,750 x US\$1,000 for each share). MindChamps International PreSchool Inc. will subscribe for additional 1,700 shares of the JV Company @ US\$1,000.00 each. In total, the JV Company will have a paid-up capital of US\$3.5 million.

Appointment as US Master Franchisee for First Batch of Fifty (50) Licences

As the master franchisee for the United States, the JV Company will purchase the first batch of fifty (50) licences from the Company at US\$70,000.00 each for a total of US\$3.5 million.

3. STRATEGIC REASONS FOR THE JOINT VENTURE

The JV Partner is owned by a group of existing franchisees of the Company and/or its related entities who have supported the Company's expansion in Singapore. They are experienced MindChamps franchisees who share the same vision on the opportunities of the United States preschool market. The synergy and alignment of interests of the JV Partner are beneficial to the Company in the long run as the Company kickstarts its United States expansion.

The joint venture will also allow the Company to capitalise on growth opportunities, particularly in the United States and unlock the value of the assets in the JV Company.

4. FINANCIAL EFFECT

The joint venture is not expected to have any material impact on the net tangible asset or earnings per share of the Group for the financial year ending 31 December 2023.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company have any interest, directly or indirectly, in the joint venture save for their interest arising by way of their shareholdings and/or directorships, as the case may be, in the above joint venture.

6. CHAPTERS 9 AND 10 OF THE SGX-ST LISTING MANUAL

The entry into the joint venture and the appointment of the master franchisee are not interested person transactions for the purposes of Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual (the "**Listing Manual**"). They are also in the ordinary course of expansion of the Company's business for the purposes of Chapter 10 of the Listing Manual.

7. FURTHER ANNOUNCEMENTS

Further announcements will be released on this matter as and when there are material developments.

MindChamps PreSchool Limited
30 March 2023