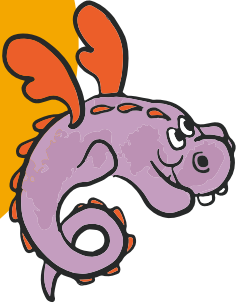




CHALLENGING & UPLIFTING EDUCATION STANDARDS GLOBALLY

Annual Report and
Sustainability Report 2023





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) and are empowered with the mindset of 100% RESPECT, Zero Fear.

SOCIAL CHARTER

To challenge and lift education standards globally and to provide educational opportunities to those who would not otherwise have the means.

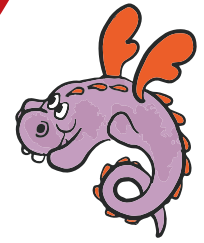


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The MindChamps Journey



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.

Launched the first MindChamps PreSchool in Malaysia.

Launched the first MindChamps International PreSchool centre in Myanmar.

2020

Launched our 40th 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.

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).

Opened a new centre in Malaysia at the integrated township of Sunsuria City.

2022

Opened two new centres in Indonesia.

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.

Staged I'm Proud of You: ChampsFest 2022 at Marina Square, Singapore.

2023

Signed two Sale Agreements in the U.S.A. in March 2023 and September 2023 respectively.

Signed a Sale Agreement to take the MindChamps Movement to Western Australia.

Initiated a new research programme in collaboration with the University of South Australia to examine how MindChamps' proprietary programmes simultaneously stimulate multiple cognitive functions in preschool children.

Achieved a judgement against two defendants who had set up a 'copycat' MindChamps PreSchool in a rare and significant victory for IP protection in China.

Staged I'm Proud of You: ChampsFest 2023 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 Global Research,

Advisory & Programme Development 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-Mind model of education – the Champion, Learning and Creative 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 4 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 (Preschool category) 2023 *Superbrands*

For the tenth 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 nine 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, 2019, 2021 and 2022. 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/



Executive Chairman's Message

“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, Founder Executive Chairman**

Dear Valued Shareholders

Challenging and Uplifting Education Standards Globally

This has been our mission since our beginnings as an educational research centre in Sydney, Australia, 25 years ago. And now, more than ever, in a world that is being transformed by the AI Tsunami, we must continue to challenge and uplift education standards globally.

As I look around at all we have achieved over the past year, I am filled with pride and admiration for our incredible team and partners and the amazing progress we have made in the field of education as we worked together in nurturing the children in our care to their fullest potential.

We have continued to set new standards for early education by investing in innovative new programmes, cutting-edge research, and strategic partnerships.

Uplifting Singapore

In Singapore, we opened a new MindChamps PreSchool at Sengkang Grand Mall. This MindChamps Version 2.0 preschool features 11,000 sq ft of space with a dedicated MindChamps Music™ room and outdoor playground.

When MindChamps began as a research centre in Sydney 25 years ago, it was in response to what we foresaw as the dawn of the “AI century”. Even then, we predicted the immense disruptive potential of artificial intelligence, and we researched ways to nurture children to thrive in this unpredictable future. During my annual address in August, together with our Brand Ambassador and Programme Director Dr William Tan, I explained how our breakthrough 3-Mind model of education, the Champion, Learning and Creative Mind would give our Champs the tools to learn, unlearn and relearn, along with the ability to turn setbacks into set ups and the skills to thrive in an unpredictable future. During the address our Champion Parents also got to sample the delicious, sugar-free and healthy snacks the MindChamps Global team has designed for our Champs.



In September 2023, the popular I'm Proud of You: ChampsFest returned to Marina Square, promoting the pride all parents have in their children. Over six exciting days, thousands of parents and children took part in a host of activities and exciting stage shows that celebrated and elevated the Champion, Learning and Creative Minds.

I am pleased to report that our revenue increased from S\$61.5 million in FY2022 to S\$72.9 million in FY2023, while our net profit increased 75% year-on-year to S\$5.2 million for the full Financial Year of 2023, and we are poised for further growth as we continue our global expansion.

Uplifting Western Australia

In July 2023, MindChamps signed a Sale Agreement to take the MindChamps Movement to Western Australia. The new flagship centre will be located at The Cove, a beautiful heritage building in Perth, which dates back to 1919.

Further Developing and Protecting our IP

In an exciting development, the MindChamps Applied Integration Research (A.I.R.) team initiated a new research programme in collaboration with the University of South Australia to examine how MindChamps' proprietary programmes simultaneously stimulate multiple cognitive functions in preschool children. This new study, involving our PreSchool Champs in Singapore, is due to begin in the second quarter of 2024.

The A.I.R. team also conducted a study with our Champs in Australia to research the impact of MindChamps Reading and the results were significant in that they showed that the children who experienced MindChamps Reading scored significantly higher in the TOPEL preschool early literacy test compared to the ones who didn't. And what made this result special is that, as well as the average score improving by a significant margin, the improvement was across the board.

As a leader in the early education sector and unique in having a proprietary research-backed pedagogy and curriculum, there have been a number of occasions where we have had to take steps to protect our intellectual property. In July 2023, in a rare and significant victory for IP protection in China, MindChamps Preschool Limited achieved a judgement against two defendants who had set up a 'copycat' MindChamps PreSchool. Winning this case reinforces the strength of our MindChamps brand, which has been built up over 25 years.

Setting Standards at a Global Level

MindChamps signed two Sale Agreements in the U.S.A. in March 2023 and September 2023 respectively. These Agreements will allow MindChamps to capitalise on growth opportunities in the United States.

As MindChamps PreSchool expands into new markets across the world, MindChamps Global Headquarters in Singapore welcomed new MindChamps centre owners from the United States who saw for themselves the incredible impact as they visited centres in Singapore.

In appreciation

To our MindChamps teachers and corporate team members, I would like to personally thank each of you for your commitment and dedication as you embodied the spirit and values of true MindChampions.

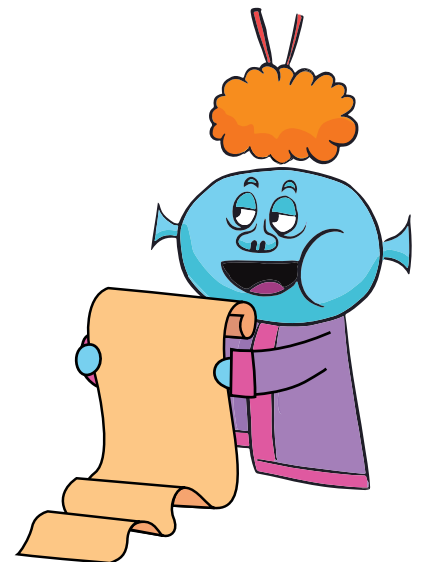
A big thank you to our Champion Parents for believing in the MindChamps vision and trusting us with your young child.

To our shareholders, we appreciate your strong, continued support. Thank you.

Together with the Board, Executive Offers and the global MindChamps team, we are confident that MindChamps will continue to embrace the spirit of 100% Respect, Zero Fear as we create and seize opportunities in the year to come and continue our mission to take Singapore's No. 1 Premium Preschool to the world.

Mr David Chiem

Founder, Executive Chairman
& Group CEO



Board of Directors



MR DAVID CHIEM

Founder, Executive Chairman
& Group CEO

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. 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 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 from which her children have 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.

**DR ROGER NEIL SEXTON AM**

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

Dr Roger Neil Sexton AM (“Dr Sexton”) was appointed as our Independent Director on 28 April 2023.

Dr Sexton is a leading investment banker having 25 years of Director and Chief Executive experience in the Asia Pacific region. After spending the first 14 years of his career in high level public service roles in both the Commonwealth Government of Australia and the South Australian State Government, he held positions as Executive Director of Morgan Grenfell Australia Limited and Challenger Group Limited. He has specialised skills and experience in corporate reconstructions and undertook a number of “work out” roles in Beneficial Finance Ltd on behalf of the State Bank of South Australia in the early nineties. In 1994, he was appointed as Chairman of the Asset Management Task Force to take responsibility for managing the rehabilitation and sale of some AUD 7 billion of Government assets.

As Founder of the Beston Pacific Group, he has started and developed a number of substantial companies, the most recent being Discovery Holiday Parks, the largest owner/operator of caravan parks in Australia. Dr Sexton is the former Chairman of the AUD 90 billion Fund Manager, IOOF Holdings Limited (now called Insignia Financial Ltd) and the current Chairman of ASX-listed company Beston Global Food Company Ltd.

He served as a Member of the Australian Accounting Standards Board from 2010 to 2013.

Dr Sexton has PhD, Masters and Bachelor degrees in Economics. He is a Board Member and Patron of a number of charities and not-for-profit organisations in Australia including, Chairman of the Karmel Foundation at Flinders University and Principal Patron of the Freemasons Foundation Centre for Male Health and Wellbeing at the University of Adelaide. He is a Fellow and past President of the Australian Institute of Company Directors and Senior Fellow of the Financial Services Institute of Australia. Dr Sexton was awarded a Member of the Order of Australia in the 2011 Queen Elizabeth’s Birthday Honours.



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' l'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, Executive Chairman
& Group CEO

Mr David Chiem has been our Founder, Executive Chairman & Group CEO since the Company's creation in 2008. Please see "Board of Directors" on page 8.



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 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 19 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:

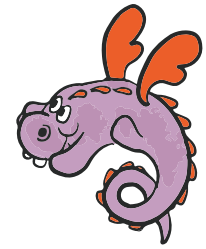
- **In 2023, MindChamps was the only preschool brand to be awarded the Superbrands® Mark of Distinction for ten consecutive years, 2014 – 2023**
- **In 2023, MindChamps attained the Influential Brands® Top Brands Award for nine consecutive years*. It is the only preschool brand to be inducted into the 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



EARNINGS PER SHARE

2.24

cents

[2022: 1.26]

[2021: 1.00]



NET DEBT

9.90

million

[2022: 18.70 million]

[2021: 26.56 million]



REVENUE

72.91

million

[2022: 61.55 million]

[2021: 62.71 million]



GROSS PROFIT

41.19

million

[2022: 28.47 million]

[2021: 30.29 million]



NET PROFIT

5.16

million

[2022: 2.95 million]

[2021: 2.61 million]



NET CASH PROVIDED BY
OPERATING ACTIVITIES

13.33

million

[2022: 11.60 million]

[2021: 12.53 million]

All figures are in Singapore Dollars



Operating Review



MindChamps: Challenging & Uplifting Education Standards Globally

In a world that is being transformed by the AI Tsunami, MindChamps has continued to challenge and uplift education standards globally.

In Singapore, we opened a new MindChamps PreSchool at Sengkang Grand Mall. This MindChamps Version 2.0 preschool features 11,000 sq ft of space with a dedicated MindChamps Music™ room and outdoor playground.

In July 2023, MindChamps signed a Sale Agreement to take the MindChamps Movement to Western Australia. The new flagship centre will be located at The Cove, a beautiful heritage building in Perth, which dates back to 1919.



The MindChamps Applied Integration Research (A.I.R.) team has initiated a new research programme in collaboration with the University of South Australia to examine how MindChamps' proprietary programmes simultaneously stimulate multiple cognitive functions in preschool children. This new study, involving our PreSchool Champs in Singapore, is due to begin in the second quarter of 2024.



The A.I.R. team also conducted a study with our Champs in Australia to research the impact of MindChamps Reading and the results were significant in that they showed that the children who experienced MindChamps Reading scored significantly higher in the TOPEL preschool early literacy test compared to the ones who didn't. And what made this result special is that, as well as the average score improving by a significant margin, the improvement was across the board.

In July 2023, in a rare and significant victory for IP protection in China, MindChamps Preschool Limited achieved a judgement against two defendants who had set up a 'copycat' MindChamps PreSchool. Winning this case reinforces the strength of our MindChamps brand, which has been built up over 25 years.



MindChamps signed two Sale Agreements in the U.S.A. in March 2023 and September 2023 respectively. These Agreements will allow MindChamps to capitalise on growth opportunities in the United States.

As at the end of 31 December 2023, 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 9 years in a row and Superbrands Mark of Distinction Award for 10 consecutive years (2014 – 2023).
- We were also certified as a 'Great Place To Work' by the Great Place To Work Institute.



Financial Review

For the full year ended 31 December 2023, the Group recorded a profit before tax of \$6.0 million, an increase of approximately \$3.2 million from \$2.8 million in 2022 and a profit after tax of \$5.2 million in 2023, an increase of approximately \$2.3 million from \$2.9 million in 2022.

- (1) Revenue increased by approximately \$11.4 million or 18%, from \$61.5 million in 2022 to \$72.9 million in 2023. The increase was mainly attributable to:
 - (a) an increase of \$12.2 million in franchise income attributable to the sale of business in the United States and Western Australia;
 - (b) an increase of \$7.4 million in school fees revenue mainly attributable to organic increase in both preschool fees and student enrolment numbers;
 - (c) a decrease of \$10.4 million in school fees revenue mainly attributable to divestment of subsidiary corporations in 2022; and
 - (d) an increase of \$2.2 million in royalty revenue mainly attributable to organic increase in both preschool fees and student enrolment numbers from franchised centres and divested subsidiary corporations.
- (2) Cost of Sales decreased by approximately \$1.4 million or 4%, from \$33.1 million in 2022 to \$31.7 million in 2023. The decrease was mainly attributable to lower manpower expenses due to divestment of subsidiary corporations in 2022 and offset by higher manpower expenses in Australia in 2023.
- (3) Gain from divestment of subsidiary corporations decreased by approximately \$1.9 million or 37% from \$5.1 million in 2H 2022 to \$3.2 million in 2H 2023. The decrease was mainly attributable to decrease in divestment of subsidiary corporations in 2023.
- (4) Impairment of financial assets increased by approximately \$3.1 million from \$0.03 million in 2022 to \$3.1 million in 2023. The increase was attributable to higher provision of doubtful debts associated with the Group's financial assets.
- (5) Finance expenses decreased by approximately \$0.3 million or 10%, from \$2.4 million in 2022 to \$2.1 million in 2023. The decrease was mainly attributable to repayment of existing borrowings in 2023.
- (6) Currency translation arising from consolidation decreased by approximately \$4.4 million or 79%, from a loss of \$5.5 million in 2022 to a loss of \$1.1 million in 2023. These exchange differences arose from the translation of financial statements of the Group's Australian operations which functional currencies are different from the Group's presentation currency.

Sustainability Report 2023



Board Statement

MindChamps Preschool Limited (“MindChamps”) is pleased to present our Sustainability Report (this “Report”) for the financial year ended 31 December 2023 (“FY2023”).

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 centres¹, 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 FY2023, 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 FY2023.

The Board of Directors
MindChamps PreSchool Limited

¹ 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 FY2023.

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 2023, this Report aims to provide an overview of MindChamps' overall objectives and performance for our stakeholders.

MindChamps has not sought external assurance for this Report. While the data and information provided within this report have not been reviewed by an independent third party, we have relied on internal assurance to ensure accuracy. MindChamps welcomes stakeholders' feedback on its sustainability initiatives.

Please send your feedback to us at 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

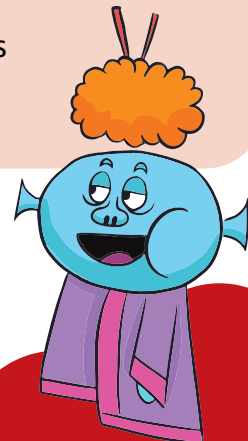
- Comprises C-suite and senior management
- Drives strategies, develops policies and practices and manages overall sustainability performance

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.

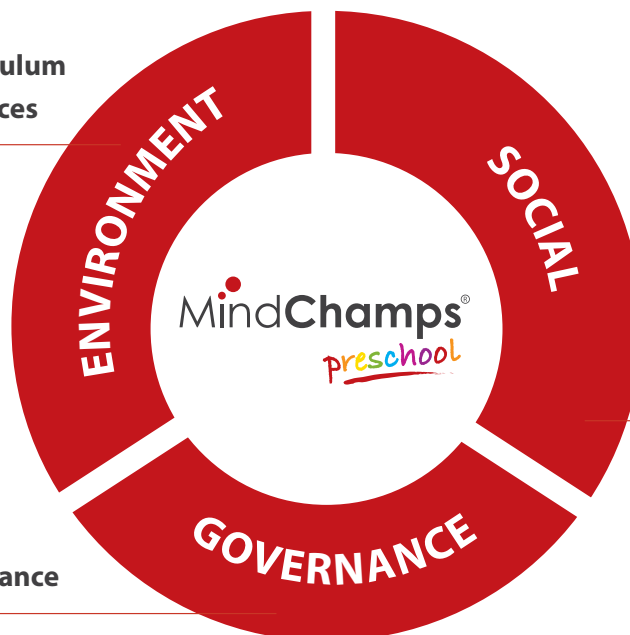
The Working Team facilitated the three-step assessment process, which involved identifying, prioritising and validating ESG factors that are material to MindChamps.

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 Attraction Retention
- Quality of Education System²
- Quality of Teachers
- Health and Safety³
- Local Communities

- Regulatory Compliance

²Quality of Education System includes education innovation and technology.

³Health 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

Greenhouse Gas Emissions “(“GHG”)”	Absolute emissions by: (a) Total; (b) Scope 1, Scope 2; And (c) Scope 3, if Appropriate	tCO2e	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	tCO2e/ organisation-specific metrics	GRI 305-4, TCFD, SASB 110	
Energy Consumption	Total energy consumption	MWhs 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	MWhs or GJ/organisation-specific metrics	GRI 302-3, TCFD	
Water Consumption	Total water consumption	ML or m3	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 involve significant amounts of water consumption.
	Water consumption intensity	ML or m3/ organisation-specific metrics	TCFD, SASB IF-RE-140a.1	
Waste Generation	Total waste generated	t	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

Gender Diversity	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 FY2023, MindChamps' current Singapore and Australia HQ and preschool operations employees comprise 94% women and 6% men. MindChamps' new hires by gender comprise 95% women and 5% men.</p>
	New hires and turnover by gender	Percentage (%)	GRI 401-1, WEF core metrics	
Age-Based Diversity	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, 38.63% are below 30 years old, 50.38% are between 30 and 50 years old, and 10.99% are over 50 years old.</p> <p>Of the new hires, 45.86% are below 30 years old, 49.17% are between 30 and 50 years old, and 4.97% are over 50 years old.</p>
	New hires and turnover by age groups	Percentage (%)	GRI 401-1, WEF core metrics	
Employment	Total turnover	Number and Percentage (%)	GRI 401-1, SASB 310, WEF core metrics	<p>Over the course of FY2023, the turnover rate is 30%* out of our total number of 360 employees in Singapore.</p>
	Total number of employees	Number	GRI 2-7	<p>In view of the prevailing hiring demand in education industry worldwide, the demand for teachers is escalating significantly, thereby intensifying the competition and challenges associated with recruitment and turnover within the industry. Consequently, this has led to a slight increase in the turnover rate due to the high demand.</p> <p>Similarly, Australia is facing a high demand and shortage of teachers, mirroring the similar situation faced in Singapore.</p> <p>We will continue to monitor the evolution of our staff as we implement our business expansion plans.</p> <p>* 30% represents voluntary resignations</p>
Development & Training	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	
Occupational Health & Safety	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 FY2023, 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. One incident of work-related health illness was reported from our Australia operations.</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 403-10, WEF expanded metrics, MOM (Singapore)	

GOVERNANCE

Board Composition	Board independence	Percentage (%)	GRI 2-9, WEF core metrics	Please refer to our Board composition section in the Annual Report.
	Women on the board	Percentage (%)	GRI 2-9, GRI 405-1, WEF core metrics	
Management Diversity	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 are women.
Ethical Behaviour	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 Group Finance and Accounting Policies, MindChamps Conflicts of Interest Policy and MindChamps Whistle Blowing Policy.
	Anti-corruption training for employees	Number and Percentage (%)	GRI 205-2, WEF core metrics	
Certifications	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.
Alignment with Frameworks	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.
Assurance	Assurance of sustainability report	Internal/ External/ None	GRI 2-5, 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.



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 FY2023, 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	FY2023 Achievement	FY2024 Target
Sustainability Curriculum	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.
Sustainability Practices	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	FY2023 Achievement	FY2024 Target
Interaction with Stakeholders	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.
Talent Attraction and Retention	We have enhanced our employee recognition schemes such as upgrade of MindChamps' staff preferential rates for enrolment of staff's family members into MindChamps enrichment programmes where senior staff at Deputy General Manager/Director job grades can now enjoy higher preferential rates when they enrol their family members into the programmes.	We will continuously ensure our employees remain engaged and motivated by improving employee retention, providing relevant training, and implementing a more conclusive succession planning. Additionally, we will continuously enhance employee benefits and wellness across all MindChamps preschool centres.
Quality of Education System	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.
Quality of Teachers	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.
Health and Safety	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.
Local Communities	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.

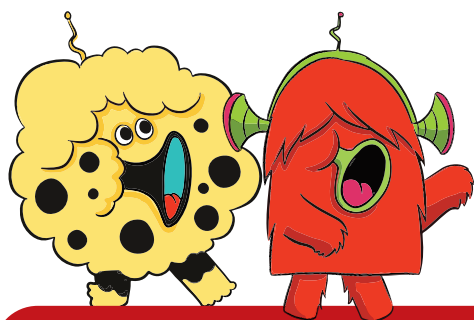
GOVERNANCE

Building trust and confidence in our preschools

Material Topic	FY2023 Achievement	FY2024 Target
Regulatory Compliance	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 and Singapore continue to use recycled materials such as old boxes, rolls, wrapping materials etc to create their craft items as well as resources for the learning zones. Champs also bring in items that they feel can be recycled and can contribute to the teaching and learning in the class. During these sessions, teachers reinforce the importance of reusing items and reduction of waste.

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
MindChamps parents responded to the Parents' Survey	82%	21%*
Respondents rated 'Excellent' or 'Good' on their Champs' overall educational experience and development at MindChamps	97%	94.2%

* 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

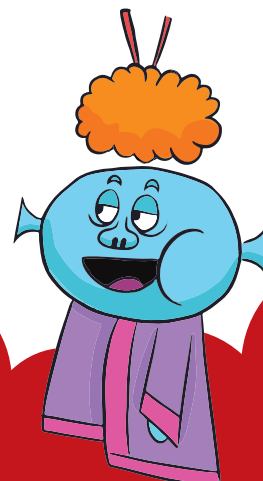
Being a people-oriented business, our employees are critical to the success and growth of MindChamps’ business. Our initiatives relating to communications with our employees are highlighted in the “Talent Attraction and Retention” section below.

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 System⁴

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.

⁴ 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.



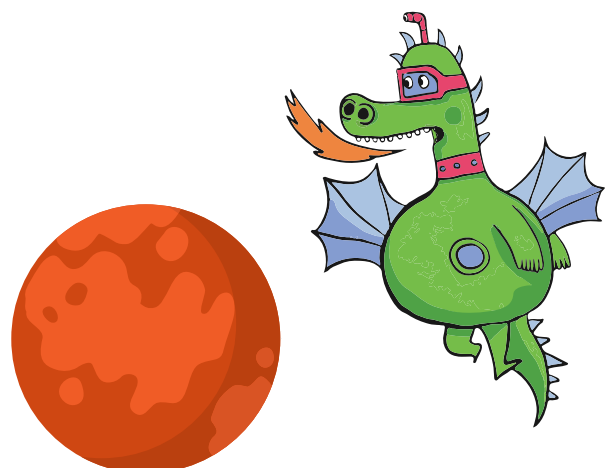
PreSchool Environment

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

Results of our programmes which were rated 'Excellent' or 'Good' by MindChamps parents:

SINGAPORE

Core Programmes	
Enquiry Teaching & Learning	98%
MindChamps Reading & Writing (Natural Literacy)	95%
Fun with Language	98%
Numeracy Strategies	95%
The Love for Chinese Language	97%
Enrichment Programmes	
Creativity & Theatrical Strategies	97%
Gourmet Moments	97%
MindChamps Music™	96%

AUSTRALIA

Curriculum	
Reading Programme	94.2%
Enquiry Teaching & Learning	94.5%
School Readiness Programme	92.1%

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

Enquiry

Gourmet Moments

NeuroMooves

MindChamps Music™

Creativity

Theatrical Strategies

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 (of two each year) Global TDT day in March 2023 focused on Theatrical Strategies within the Craft of Teaching. Our Dean of Theatre Dean Carey conducted a series of innovative exercises to train our teacher community of tapping on the world of drama to engage children meaningfully. This is aligned to the MindChamps approach of Education is Theatre and leverages on one of our key dimensions - Theatre. This session gave teachers many helpful skills as well as shifted their mindsets on what it means to be creative and theatrical within the classroom – every MindChamps teacher and educator can do this.

During our second Global TDT day in October 2023, we invited our Chief Nutrition Officer Mandy Sacher and her CGS nutrition team to showcase the importance of a nutritional literacy programme. This included creating knowledge on food sources, inculcating positive meal time habits, helping Champs make the right food choices as well as enjoying food through a multi-sensorial approach. From that TDT session, we continue to upgrade our current MindChamps Gourmet Moments to a 2.0 version that incorporates both learning through cooking as well as food appreciation and knowledge building.

NUTRITION: School's Weekly Menu and Gourmet Moments

Level	PG – K2
Activity	Gourmet Moments
Objective/s	To promote healthy lifestyle

To promote healthy eating habits in early years, involving our Champs in food preparation is the first step. During Gourmet Moments, Champs are given the opportunity to observe, ask questions, and compare while they are guided in creating simple, healthy meals. Besides having healthy food for Gourmet Moments, the school also provides nutritious meals for our Champs and Staff.

NUTRITION: Eating Healthy and Healthy Diet

Level	PG – K2
Activity	June In-Between Terms Programme
Objective/s	To promote healthy lifestyle

During June In-Between Terms Programme, teachers came up with health & wellness booklets for parents to work on together with their Champs at home! The booklets consist of different home activities such as making healthy recipes, exercising, toothbrushing, handwashing, taking care of eyes, and many more!

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 94.2% 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 Safety⁵

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.



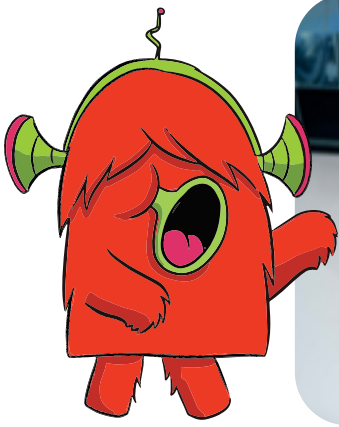
MENTAL WELLBEING

Level	N2 – K2
Activity	Break the Stress!
Objective/s	To raise awareness towards mental health
<p>Champs were introduced to the concept of stress and how to cope with it in small ways such as listening to music, humming a song, playing a game, and finding a quiet place to rest. In preparation for P1, K2 Champs tackled more about their social-emotional skills particularly understanding themselves and their emotions, and interacting with others through small group sharing and drawing activity.</p>	

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

⁵Health and Safety includes employees’ and students’ health and safety.



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.

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 FY2023 in Singapore.

ORAL HEALTH

Level	N2 – K2
Activity	June In-Between Terms Programme
Objectives/s:	To introduce good oral hygiene

Using the booklets that the teachers prepared during the June In-Between Terms Programme, Champs learnt about the different ways to practice good oral hygiene such as toothbrushing, flossing, and mouthwashing. Moreover, teachers revised healthy eating habits during the class discussion.



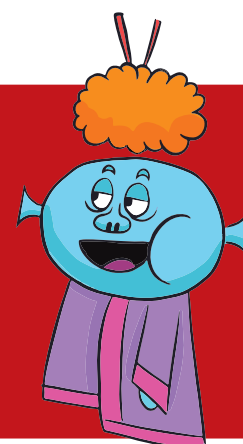
Addressing the threat from COVID-19

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.



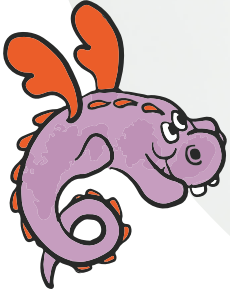
We continued to practise the safety measures, and emergency response protocols that were communicated to our employees to ensure our employees and Champs are kept safe and our operations are conducted in a safe manner. The safety measures included the following during the 2023 where safe distancing requirements were mandated:

- 1. Twice daily temperature taking of Champs and recording. Staff are also trained to closely monitor the health and well-being of the Champs throughout the day so that when Champs are identified to be unwell, follow up actions will be taken including having the unwell Champ be sent home to manage the potential spread of illness.**
- 2. Staff also do twice daily temperature taking and are advised to stay home and see a doctor when they are unwell.**
- 3. All visitors to the centre will also have their temperature taken and recorded. Their contact details will also be taken for any potential contact tracing.**
- 4. All centres are cleaned daily, with extra focus on disinfecting common touch areas for the Champs.**
- 5. Centres continue to make available face masks and hand sanitisers.**
- 6. Posters on hand washing, maintaining good personal hygiene are placed throughout the centre.**
- 7. Staff as well as Champs are regularly reminded to stay safe and uphold the highest standards of personal hygiene at meetings and through the curriculum.**

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
Overall cleanliness of the environment	96%	95%
Safety standards of the centre	97%	96.1%
Conduciveness to learning of the classroom	98%	95.3%
Health checks (which are carried out on teachers and Champs before entering the centre and continue through the day)	97%	Note 1
Hygiene practices, as observed by our teachers and Champs	97%	Note 1
Procedures put in place to minimise spread of contagious diseases	93%	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.

For FY2023, 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 continue to learn 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. The centre continues 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 continue their yearly 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.

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	OBJECTIVE
MindChamps' business conduct is underpinned by our robust internal corporate governance practices.	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. 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 FY2023.

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



Conclusion

In the years ahead, MindChamps is steadfast in its commitment to sustainability, recognising its integral role in fostering long-term value for all our stakeholders. We will continue to enhance our environmental practices, expand community partnership and strengthen governance to ensure transparency and accountability to 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 2023 (“**FY2023**”) 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.

Mandatory Training for First-Time Directors

Dr Roger Neil Sexton AM was elected as a Director of the Company on 28 April 2023. Prof Petrina Sue Coventry was elected as a Director of the Company on 30 September 2022. Both Prof Coventry and Dr Sexton are first-time directors of an issuer listed in the Exchange. Dr Sexton is the current Chairman of ASX-listed Beston Global Foods Limited and has previously served as independent, non-executive director of two other ASX-listed companies, namely IOOF Holdings Limited and Korvest Limited. Prof Coventry previously served as Independent, Non-Executive Director of ASX-listed company Beston Global Foods Limited from 2015-2022. The Board is of the view that Prof Coventry and Dr Sexton have the experience comparable to the experience of a person who has served as a director of an issuer listed on the Exchange. Nevertheless, the Company will arrange for Dr Sexton and Prof Petrina Sue Coventry to attend relevant director training from time to time.

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 FY2023 and the attendance of Directors during these meetings are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of Meetings held	4	4	1	1
Number of Meetings attended by the Directors				
David Chiem Phu An	4	N.A.	N.A.	N.A.
Catherine Du	4	N.A.	N.A.	N.A.
Phua Chin Chor⁽¹⁾	1	1	1	1
Dr Roger Neil Sexton AM⁽²⁾	3	3	0	0
Lee Suan Hiang	4	4	1	1
Prof Petrina Sue Coventry	4	4	1	1

Notes:

(1) Stepped down as an Independent Director of the Company on 28 April 2023.

(2) Elected as an Independent Director of the Company on 28 April 2023.

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	28 April 2023	Founder Chief Executive Officer and Executive Chairman	–	–	–
Catherine Du	1 June 2010	29 April 2022	Non-Independent Non-Executive Director	–	–	–
Dr Roger Neil Sexton AM	28 April 2023	N.A.	Independent Director	Chairman	Member	Member
Lee Suan Hiang	8 November 2017	29 April 2022	Independent Director	Member	Chairman	Member
Prof Petrina Sue Coventry	30 September 2022	28 April 2023	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)
Dr Roger Neil Sexton AM
Prof Petrina Sue Coventry

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 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 Ms Catherine Du and Mr Lee Suan Hiang, being the longest in office, be nominated for re-appointment pursuant to Regulations 94 and 95 of the Constitution. Ms Du and Mr Lee have both consented to stand for re-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 Dr Roger Neil Sexton AM, Mr Lee Suan Hiang and Prof Petrina Sue Coventry 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:

Name	Independence Status
David Chiem Phu An	Non-Independent
Catherine Du	Non-Independent
Dr Roger Neil Sexton AM	Independent
Lee Suan Hiang	Independent
Prof 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)
Dr Roger Neil Sexton AM
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 FY2023.

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 FY2023 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 ⁽¹⁾	Bonus ⁽¹⁾	Other Benefits ⁽²⁾	Total	
David Chiem Phu An	Founder Chief Executive Officer and Executive Chairman	–	95.98%	0.00%	4.02%	100.00%	S\$900,001 – S\$1,000,000
Catherine Du	Non-Independent Non-Executive Director	100.00%	–	–	–	100.00%	<S\$100,000
Phua Chin Chor ⁽³⁾	Independent Director	100.00%	–	–	–	100.00%	<S\$100,000
Dr Roger Neil Sexton AM ⁽⁴⁾	Independent Director	100.00%	–	–	–	100.00%	<S\$100,000
Lee Suan Hiang	Independent Director	100.00%	–	–	–	100.00%	<S\$100,000
Prof Petrina Sue Coventry	Independent Director	100.00%	–	–	–	100.00%	<S\$100,000
Total Remuneration (S\$'000) of Directors						1,104	

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 Independent Director of the Company on 28 April 2023.
- (4) Elected as an Independent Director of the Company on 28 April 2023.

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.

CEO, meanwhile, is responsible for reviewing the appropriateness of the remuneration of each of the Company's key management personnel (who are not Directors or the CEO) as well as their annual salary increase, taking into consideration his or her overall target-based performance and the Company's performance measured against the annual performance targets determined in advance. Remuneration of each the Company's two key management personnel (who are not Directors or the CEO) for FY2023 is disclosed in bands of S\$250,000 as set out below:

Annual remuneration by bands	Number of individuals
<S\$500,001 – S\$750,000	1
<S\$250,001 – S\$500,000	1

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**"). On 28 February, the Group granted and awarded 1,270,963 ordinary shares in the capital of the Company ("**Awards**") to eligible employees of (i) the Group and (ii) MindChamps Holdings Pte. Limited ("**MCH**") and its subsidiaries (collectively, the ("**Eligible Employees**") pursuant to MindChamps PreSchool Performance Share Plan ("**PSP**").

Other than the Awards, there were:

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

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

(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 2023.

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:

Dr Roger Neil Sexton AM (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 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 FY2023 was:

	S\$'000
Audit fees	241
Non-audit fees	32
Total	273

The external auditors affirm that the audit team and Messrs CLA Global TS Public Accounting Corporation, 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 FY2023 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 FY2023, 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 2023.

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 2022 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 FY2023 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 FY2023.

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 FY2023 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
Fees received			
MindChamps Holdings Pte. Limited	Controlling shareholder and associate of director and CEO	430	–
MindChamps Enrichment Academy Pte. Limited	Associate of director, CEO and controlling shareholder	207	–
Fees paid			
MindChamps Holdings Pte. Limited	Controlling shareholder and associate of director and CEO	336	

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);

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 FY2023 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

Name of Director	Catherine Du	Lee Suan Hiang
Date of Appointment	25 July 2008	8 November 2017
Date of last re-appointment	29 April 2022	29 April 2022
Age	53	73
Country of principal residence	Republic of Singapore	Republic of Singapore
The Board's comments on this re-appointment	<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 Ms Du for re-appointment as Non-Independent Non-Executive Director of the Company.</p> <p>The Board concluded that Ms Du 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 Mr Lee for re-appointment as an Independent Director of the Company.</p> <p>The Board concluded that Mr Lee possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title	Non-Independent Non-Executive Director	<ul style="list-style-type: none"> • Independent Director • Chairman of the Nominating Committee • Member of the Audit Committee • Member of the Remuneration Committee

Professional qualifications	Associate Diploma of Business (Accounting) from the New South Wales Technical and Further Education Commission	<ul style="list-style-type: none"> • Bachelor of Arts (Honours) in Industrial Design (Engineering), Manchester Polytechnic • Leaders in Administration Programme, Singapore Civil Service College • Advanced Management Programme, Harvard University • International Executive Programme, INSEAD • Fellow, Singapore Institute of Directors • Fellow, Chartered Management Institute, United Kingdom • Fellow, Chartered Institute of Marketing, United Kingdom
Working experience and occupation(s) during the past 10 years	Please refer to the 'Board of Directors' section in the Company's 2023 Annual Report	Please refer to the 'Board of Directors' section in the Company's 2023 Annual Report
Shareholding interest in the Company and its subsidiaries	Please refer to the 'Directors' Statement' and 'Shareholders' Information' sections in the Company's 2023 Annual Report.	Nil
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	MS Du 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"), the substantial shareholder of the Company. Ms Du is also a director of Champion Minds and MCH.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes

<p>Other Principal Commitments Including Directorships – Past (for the last 5 years)</p>	<ul style="list-style-type: none"> • Director, MindChamps PreSchool @ TPY Pte. Limited • Director, MindChamps Medical @ Tiong Bahru Pte. Limited (Struck off) • Director, MindChamps Medical @ One KM Pte. Limited (Struck off) • Director, MindChamps Publishing Pte. Limited (Struck off) • Director, MindChamps (Malaysia) Sdn. Bhd. (Struck off) • Director, 5 Senses Spa Studio Pte. Ltd. • Director, Beston MindChamps Kids Nutrition Pte. Limited (Struck off) • Director, MindChamps Performing Arts International PreSchool @ Changi Business Park Pte. Limited (fka MindChamps PreSchool @ Changi Business Park Pte Ltd) • Director, MindChamps Early Learning 1 Pty. Limited (fka MindChamps Australia Pty. Ltd.) • Director, MindChamps Early Learning 2 Pty. Limited (fka MindChamps Early Learning & Care @ Broadway Pty. Limited) • Director, MindChamps Early Learning 3 Pty. Limited (fka MindChamps Early Learning & Care @ Cherrybrook Pty. Limited) • Director, MindChamps Early Learning 4 Pty. Limited (fka MindChamps Early Learning & Care @ Eastwood Pty. Limited) • Director, MindChamps Australia Corporate Pty. Limited (fka MindChamps Early Learning & Care @ Hornsby Pty. Limited) • Director, GeoConcepts International (Singapore) Pte. Ltd. • Director, MindChamps PreSchool @ Buangkok Private Limited • Director, MindChamps PreSchool @ Punggol Northshore Pte. Limited • Director, MindChamps PreSchool @ Zhongshan Pte. Ltd. • Director, MindChamps PreSchool @ Serangoon Pte. Limited • Director, MindChamps PreSchool @ Paragon Pte. Limited 	<ul style="list-style-type: none"> • Lead Independent Director, Viking Offshore and Marine Limited • Director, Singapore Institute of Directors • Director, Pasir Ris Resort Pte Ltd • Director, Orchid Leisure Enterprise Pte. Ltd. • Independent Director, Perennial Real Estate Holdings Limited • Independent Director, United Engineers Limited • Independent Director, CITIC Envirotech Ltd. • President, Aranda Country Club • President, The EDB Society
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<p>Other Principal Commitments Including Directorships – Present</p>	<ul style="list-style-type: none"> • Director, MindChamps PreSchool @ Woodlands Pte. Ltd. • Director, MindChamps PreSchool @ Marina Square Pte. Limited • Director, MindChamps Allied Care @ Marina Square Pte. Limited • Director, Mindchamps Allied Care Group Pte. Limited (fka MindChamps Health Pte. Limited) • Director, Champion Mindset Coaching Federation Limited • Director, Champion Mindset Academy Pte. Limited • Director, MindChamps Music Pte. Limited • Director, MindChamps WorldSchool Pte. Limited • Director, MindChamps Kids Nutrition Pte. Limited • Director, Champsall Pte. Limited (fka MindChamps Family Online Pte. Limited) • Director, MindChamps Productions Pte. Limited • Director, MindChamps Media Pte. Limited • Director, MindChamps Shanghai Pte. Limited • Director, MindChamps Enrichment Academy Pte. Limited • Director, MindChamps PreSchool Singapore Pte. Limited • Director, MindChamps Singapore Pte. Limited • Director, MindChamps Holdings Pte. Limited • Director, Champion Minds Pte. Limited • Director, Citronelle Pte. Ltd. • Director, Vision+ Ventures Pte. Ltd. 	<ul style="list-style-type: none"> • Non-Executive Chairman, Anacle Systems Limited • Independent Director, Leader Environmental Technologies Limited • Director, LASALLE College of the Arts Limited • Director, Global Business Advisers Pte. Ltd. • Director, The Singapore Lyric Opera Limited • Chairman, Global Cultural Alliance Limited • Director, Catholic Foundation Limited • Director, Singapore Ballet Limited • Member, Board of Trustees, University of the Arts Singapore Ltd.
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<p>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.</p>		
<p>(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?</p>	No	No
<p>(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?</p>	No	No
<p>(c) Whether there is any unsatisfied judgment against him?</p>	No	No
<p>(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?</p>	No	No
<p>(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?</p>	No	No

(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?	No	No
(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?	No	No
(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?	No	No
(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?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(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	No	No

(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	No	No
(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,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(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?	No	<p>Yes</p> <p>In May 2015, Mr Lee was issued a supervisory warning by the Monetary Authority of Singapore (MAS) in respect of his failure to notify a listed corporation (of which he was a director) of changes in his interest in the securities of the corporation within two business days of his acquisition of an interest, as required under section 133 of the Securities and Futures Act. In the letter issued by MAS, the MAS indicated its position not to take further regulatory action in respect of the matter.</p>

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

In the opinion of the directors,

- (a) the financial statements as set out on pages 89 to 165 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 2023 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
Dr Roger Neil Sexton AM (Elected on 28 April 2023)
Lee Suan Hiang
Petrina Sue Coventry
Phua Chin Chor (Resigned on 28 April 2023)

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 31.12.2023	At 1.1.2023	At 31.12.2023	At 1.1.2023
MindChamps PreSchool Limited				
David Chiem Phu An	–	–	126,806,441 ⁽¹⁾	126,806,441 ⁽¹⁾
Catherine Du	–	–	126,606,441 ⁽²⁾	126,606,441 ⁽²⁾

(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:

	Number of Ordinary Shares	
	At 31.12.2023	At 1.1.2023
MindChamps Shanghai Pte. Limited	120	120
MindChamps Music Pte. Limited	160	160
MindChamps Academie of Stars Pte. Limited	70	70
The Enrolment Hub Pty Ltd	684	684
ELMSS Pty Ltd	60	60

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 28 April 2023, the PSP and SOP were renewed during the Annual General Meeting for the financial year ended 31 December 2022.

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.

On 28 February 2023, the Group granted and awarded 1,270,963 ordinary shares in the capital of the Company ("Awards") to eligible employees of (i) the Group and (ii) MindChamps Holdings Pte. Limited ("MCH") and its subsidiaries (collectively, the "Eligible Employees") pursuant to the PSP.

Other than the Awards, there were:

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

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:

Dr Roger Neil Sexton AM (Chairman) (Elected on 28 April 2023)

Lee Suan Hiang

Petrina Sue Coventry

Phua Chin Chor (Resigned on 28 April 2023)

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, 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

David Chiem Phu An
Executive Chairman

Catherine Du
Director

14 May 2024

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 2023, 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 material accounting policies, as set out on pages 89 to 165.

In our opinion, the accompanying consolidated financial statements of the Group and the 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 2023 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 2023. 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.

Exclusive business sale

(Refer to Note 2.2, Note 3.2(iv), Note 4(a), and Note 29)

During the financial year ended 31 December 2023, the Company entered to an Exclusive Business Sale Agreement ("Agreement") to sell the MindChamps franchising business in the United States of America to MindChamps International PreSchool Franchising Inc.. A subsidiary, MindChamps Australia Corporate Pty. Limited entered into another Agreement to sell the MindChamps franchising business in Western Australia to WAMF Pty. Ltd. (collectively referred to as the "Agreements"). The Group has joint control over MindChamps International PreSchool Franchising Inc. and WAMF Pty. Ltd. ("Joint Ventures").

Revenue recorded from the sale of the preschool business to the Joint Ventures amounted to \$12,785,000 which is significant to the Group and represented 18% of the Group's total revenue. Significant judgment is involved in the determination of whether the sale constitutes a sale of a business. Therefore, we have identified this as a key audit matter.

*Key Audit Matters (continued)*Exclusive business sale (continued)*How our audit addressed the matter*

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

- Obtained and reviewed the Agreements;
- Evaluated the appropriateness of management's assessment of the terms of the Agreement and the basis of conclusion that the substance of the sale of a business as defined in SFRS (I) 3;
- Discussed the terms of the respective Agreements with management;
- Reviewed the terms and conditions of the Agreements, along with discussion with management, to assess the revenue recorded is in accordance with the Group's revenue recognition policy and SFRS(I) 15; and
- Reviewed the adequacy of disclosures in the notes to the consolidated financial statements.

Goodwill impairment assessment

(Refer to Note 2.9(a), 3.1(i) and 15(a))

As at 31 December 2023, the carrying amount of goodwill amounted to \$71,206,000, which is significant to the Group and represented 51% 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.

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.

Key Audit Matters (continued)

Compliance with financial covenants

(Refer to Note 20)

As at 31 December 2023, the carrying amount of borrowings amounted to \$17,630,000 which is significant to the Group and represented 26% of the Group's total liabilities.

The Group's and Company's borrowings are subject to financial covenants clauses, whereby the Group and Company are required to meet certain financial ratios. We focused on this area due to the nature it has on the Group's and Company's ability to continue as a going concern.

How our audit addressed the matter

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

- Obtained and reviewed contracts relating to the loan covenants of the Group's and Company's borrowings;
- Reviewed management's evaluation of its compliance with financial covenants imposed by the respective financial institutions;
- Reviewed minutes of board meetings and relevant committees for any discussion of financial difficulties and future plans, including those up to the date of this report;
- Reviewed events after the financial period end to identify factors relevant, if any, to the going concern assumption as a basis for the preparation of the financial statements; 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 Lim Wei Chen, Samuel.

**CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

**Singapore
14 May 2024**

	Note	2023 \$'000	2022 \$'000
Revenue	4	72,908	61,546
Cost of sales	7	(31,722)	(33,076)
Gross profit		41,186	28,470
Other income			
– Interest income		225	213
– Others		469	4,058
	5	694	4,271
Other gains and losses			
– Gain from divestment of subsidiary corporations	11	3,235	5,110
– Impairment loss on financial assets	28(b)	(3,101)	(27)
– Impairment loss on intangible assets	15(a)	–	(574)
– Other losses, net	6	(477)	(74)
Expenses			
– Administrative	7	(31,407)	(31,426)
– Finance	9	(2,132)	(2,359)
– Marketing	7	(1,478)	(1,559)
Share of (losses)/profit from associates and joint ventures	16, 17	(437)	1,010
Profit before income tax		6,083	2,842
Income tax (expenses)/credit	10	(926)	104
Net profit		5,157	2,946
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – loss		(1,138)	(5,544)
Total comprehensive income/(loss)		4,019	(2,598)
Profit attributable to:			
Equity holders of the Company		5,432	3,040
Non-controlling interests		(275)	(94)
		5,157	2,946
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		4,294	(2,504)
Non-controlling interests		(275)	(94)
		4,019	(2,598)
Earnings per share for net profit attributable to equity holders of the Company			
– Basic earnings per share (cents per share)	25	2.24	1.26
– Diluted earnings per share (cents per share)	25	2.24	1.26

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

	Note	2023 \$'000	2022 \$'000
ASSETS			
Current assets			
Cash and short-term deposits	11	7,731	6,880
Trade and other receivables	12	16,252	23,335
Inventories	13	571	613
Lease receivables	27	271	837
		<u>24,825</u>	<u>31,665</u>
Non-current assets			
Property, plant and equipment	14	25,260	24,980
Intangible assets	15	76,010	78,346
Lease receivables	27	–	964
Trade and other receivables	12	4,116	1,218
Deferred income tax assets	22	1,696	2,034
Investment in associates	16	100	122
Investments in joint ventures	17	6,238	1,035
		<u>113,420</u>	<u>108,699</u>
Total assets		<u>138,245</u>	<u>140,364</u>
LIABILITIES			
Current liabilities			
Trade and other payables	19	21,651	19,907
Contract liabilities	4(b)	2,345	2,111
Borrowings	20	7,419	12,840
Lease liabilities	20	5,468	6,859
Current income tax liabilities		650	57
		<u>37,533</u>	<u>41,774</u>
Non-current liabilities			
Borrowings	20	10,211	12,740
Lease liabilities	20	17,527	16,583
Deferred income tax liabilities	22	36	30
Provision for reinstatement costs	21	803	935
		<u>28,577</u>	<u>30,288</u>
Total liabilities		<u>66,110</u>	<u>72,062</u>
NET ASSETS		<u>72,135</u>	<u>68,302</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	49,530	49,301
Currency translation reserve		(7,913)	(6,775)
Other reverse		(950)	–
Retained profits		31,718	26,286
		<u>72,385</u>	<u>68,812</u>
Non-controlling interests	18	(250)	(510)
TOTAL EQUITY		<u>72,135</u>	<u>68,302</u>

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

	Note	2023 \$'000	2022 \$'000
ASSETS			
Current assets			
Cash and short-term deposits	11	2,680	2,976
Trade and other receivables	12	13,691	13,194
Inventories	13	4	4
Lease receivables	27	802	837
		<u>17,177</u>	<u>17,011</u>
Non-current assets			
Property, plant and equipment	14	1,028	1,471
Intangible assets	15	1,613	1,674
Lease receivables	27	–	964
Trade and other receivables	12	2,938	1,218
Deferred income tax assets	22	113	113
Investments in subsidiary corporations	18	81,677	81,677
Investment in associates	16	100	122
		<u>87,469</u>	<u>87,239</u>
Total assets		<u>104,646</u>	<u>104,250</u>
LIABILITIES			
Current liabilities			
Trade and other payables	19	35,521	29,325
Borrowings	20	6,346	10,585
Lease liabilities	20	1,244	1,206
		<u>43,111</u>	<u>41,116</u>
Non-current liabilities			
Borrowings	20	8,994	8,539
Lease liabilities	20	53	1,297
Provision for reinstatement costs	21	44	40
		<u>9,091</u>	<u>9,876</u>
Total liabilities		<u>52,202</u>	<u>50,992</u>
NET ASSETS		<u>52,444</u>	<u>53,258</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	49,530	49,301
Retained profits	24	2,914	3,957
TOTAL EQUITY		<u>52,444</u>	<u>53,258</u>

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

	Attributable to equity holders of the Company				Non-controlling		
	Share capital \$'000	Currency translation reserve \$'000	Other reserve \$'000	Retained profits \$'000	Total \$'000	interests \$'000	Total \$'000
31 December 2023							
As at 1 January 2023	49,301	(6,775)	-	26,286	68,812	(510)	68,302
Total comprehensive (loss)/ profit for the financial year	-	(1,138)	-	5,432	4,294	(275)	4,019
Share-based payment transactions (Note 23)	229	-	-	-	229	-	229
Dividend paid to non-controlling interests	-	-	-	-	-	(25)	(25)
Acquisition from non-controlling interests (Note 11(ii))	-	-	(950)	-	(950)	560	(390)
As at 31 December 2023	49,530	(7,913)	(950)	31,718	72,385	(250)	72,135
31 December 2022							
As at 1 January 2022	49,301	(1,231)	-	23,246	71,316	398	71,714
Total comprehensive (loss)/profit for the financial year	-	(5,544)	-	3,040	(2,504)	(94)	(2,598)
Dividend paid to non-controlling interests (Note 18)	-	-	-	-	-	(604)	(604)
Divestment of subsidiary corporations (Note 11)	-	-	-	-	-	(210)	(210)
As at 31 December 2022	49,301	(6,775)	-	26,286	68,812	(510)	68,302

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

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Net profit		5,157	2,946
Adjustments for:			
– Amortisation of intangible assets	7	1,513	1,439
– Depreciation of property, plant and equipment	7	6,706	9,072
– Gain from corporate transactions	11	(3,235)	(5,110)
– Gain from bargain purchase	11	(768)	–
– Gain on disposal of property, plant and equipment		(61)	–
– Interest expense	9	2,132	2,359
– Impairment of financial assets	28(b)	3,101	27
– Write off of intangible assets	15(a)	80	–
– Write off of property, plant and equipment		275	–
– Write off of investment in joint venture	17	936	–
– Impairment of intangible assets	15(a)	–	574
– Interest income	5	(225)	(213)
– Income tax expense	10	697	265
– Deferred tax expense/(credit)	10	229	(369)
– Share based payment expenses		229	–
– Share of losses/(profit) of associates and joint ventures	16, 17	437	(1,010)
– Unrealised currency translation losses		–	90
		17,203	10,070
Change in working capital, net of effects from acquisitions subsidiary corporations, and divestments of subsidiary corporations:			
– Contract liabilities		560	882
– Inventories		45	(118)
– Trade and other receivables		(6,355)	(4,826)
– Prepayments		(110)	–
– Trade and other payables		2,072	5,803
Cash generated from operations		13,415	11,811
Income tax paid		(83)	(215)
Net cash provided by operating activities		13,332	11,596
Cash flows from investing activities			
Acquisition of a subsidiary corporation, net of cash acquired	11	3	–
Additions to intangible assets		(1,182)	(1,274)
Additions to property, plant and equipment		(897)	(1,885)
Disposal of property, plant and equipment		281	–
Proceeds from divestment of subsidiary corporations	11	5,171	6,894
Interest received		225	213
Sublease income received		–	709
Net cash provided by investing activities		3,601	4,657

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

	Note	2023 \$'000	2022 \$'000
Cash flows from financing activities			
Dividend paid to non-controlling interests		(25)	(604)
Interest paid for loans and leases		(2,132)	(1,999)
Proceeds from refinancing borrowings		15,884	–
Repayments of borrowings		(21,834)	(9,176)
Repayment of principal amount of lease liabilities		(5,762)	(8,332)
Fixed deposit pledged		(2,000)	–
Transfer from reserve account		2,509	602
Net cash used in financing activities		(13,360)	(19,509)
Net increase/(decrease) in cash and cash equivalents		3,573	(3,256)
Cash and cash equivalents			
Beginning of financial year		2,371	5,875
Effects of currency translation on cash and cash equivalents		(213)	(248)
End of financial year	11	5,731	2,371

Reconciliation of liabilities arising from financing activities

	Term loans \$'000	Lease liabilities \$'000	Total \$'000
As at 1 January 2023	23,580	23,442	47,022
Changes from financing cash flows:			
– Repayments of term loans	(21,834)	–	(21,834)
– Drawdown of term loans	15,884	–	15,884
– Repayment of principal amount of lease liabilities	–	(5,762)	(5,762)
– Interest paid	(1,264)	(868)	(2,132)
Total changes from financing cash flows	(7,214)	(6,630)	(13,844)
Non-cash changes:			
Additions during the year in relation to office and preschool premises	–	8,920	8,920
– Divestment of subsidiary corporations (Note 11)	–	(1,889)	(1,889)
– Derecognised of lease liabilities	–	(424)	(424)
– Currency translation difference	–	(1,292)	(1,292)
Total non-cash changes	–	5,315	5,315
Liabilities related to other changes:			
– Loan transaction costs	138	–	138
– Interest expense	1,126	868	1,994
As at 31 December 2023	17,630	22,995	40,625

Reconciliation of liabilities arising from financing activities (Continued)

	Term loans	Lease	Total
	\$'000	liabilities	\$'000
	\$'000	\$'000	\$'000
As at 1 January 2022	35,549	26,396	61,945
Changes from financing cash flows:			
– 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	(10,279)	(9,228)	(19,507)
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	(2,969)	5,378	2,409
Liabilities related to other changes:			
– Loan transaction costs	(118)	–	(118)
– Interest expense	1,397	896	2,293
As at 31 December 2022	23,580	23,442	47,022

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 Material 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 2023, the Group and the Company were in net current liabilities position of \$12.7 million and \$25.9 million, 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 \$5.5 million and the Company's net current lease liabilities of \$1.2 million (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 \$2.3 million (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 Group's related party payables of \$4.3 million and the Company's related party payables of \$31.0 million within the Group (the treasury management function is centrally managed within the Group and the Company, where the related party repayments are at the Group's and the Company's sole discretion and assessment); and

2 Material 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 \$1.5 million and the Company's current non-financial assets (inventories and prepayments) of \$0.1 million,

the Group and the Company would have recorded an adjusted net current liabilities of \$2.1 million and adjusted net current assets of \$6.2 million 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.

Interpretations and amendments to published standards effective in 2023

On 1 January 2023, 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.

2.2 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) *Exclusive business sale*

The exclusive business which operates educational services for preschoolers in a territory, is sold to a customer upon execution of the exclusive business sales agreement. Revenue from exclusive business sale is recognised at a point in time upon completion of the contractual rights and obligations stipulated in the exclusive business sale agreement are fulfilled, such as the customer obtaining full control of the business and the delivery of the asset. Control is considered transferred when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the asset.

The transaction price in such a sale would be determined by the agreement between the Group and the customer, and this price should reflect the consideration to which the business expects to be entitled in exchange for the asset and business.

2 Material accounting policies (Continued)

2.2 Revenue recognition (Continued)

(b) *Exclusive business sale* (Continued)

If an exclusive business sale 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.

(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 are 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.

(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.

2 Material accounting policies (Continued)

2.2 Revenue recognition (Continued)

(e) *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.

(f) *Commission income*

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

(g) *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.

(h) *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.

2.4 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.

2 Material accounting policies (Continued)

2.4 Group accounting (Continued)

(a) *Subsidiary corporations* (Continued)

(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.

(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.

2 Material accounting policies (Continued)

2.4 Group accounting (Continued)

(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.

(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 Material accounting policies (Continued)

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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.

(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
Office and preschool premises	Over the lease term

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 Material accounting policies (Continued)

2.6 Intangible assets

(a) Goodwill on acquisition

Goodwill on acquisition 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.

(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 Material accounting policies (Continued)

2.7 Borrowing costs

Borrowing costs 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).

2.9 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.

2 Material accounting policies (Continued)**2.9 Impairment of non-financial assets** (Continued)*(b) Intangible assets**Property, plant and equipment**Investments in subsidiary corporations, associates and joint ventures* (Continued)

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.

2.10 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 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.

2 Material accounting policies (Continued)

2.10 Financial assets (Continued)

(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.

2.11 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 Material accounting policies (Continued)

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.

2.16 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 Material 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 Material 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.

2 Material accounting policies (Continued)

2.18 Income taxes (Continued)

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.

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

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 Material 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 Material 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.
- (iv) 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.

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

(i) 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 2023 is \$71,206,000 (2022: \$75,086,000). 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 \$3,959,000.
- The estimated weighted average growth rate used had been 2% lower than management's estimates (for example: 1% instead of 3% for Australia and 0% instead of 2% for Singapore), the Group would not recognised any impairment of goodwill.
- 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: 8% instead of 9%), the Group would not recognised any impairment of goodwill.

3.2 Critical judgements in applying the entity's accounting policies

(i) Impairment of trade receivables

As at 31 December 2023, the Group's trade receivables before loss allowance amounted to \$8,675,000 (2022: \$8,958,000) (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 \$3,109,000 (2022: \$681,000) for trade receivables was recognised as at 31 December 2023.

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 28(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 2023, 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 2023, the Group's lease liabilities, which are measured with reference to an estimate of the lease term, amounted to \$22,995,000 (2022: \$23,442,000). 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 2023, potential future (undiscounted) cash outflows is \$29,947,000 (2022: \$13,409,000) in lease liabilities because it is reasonably certain that the leases will be extended.

(iv) Sale of business

During the financial year, the Group recognised revenue amounting to \$12,785,000 from the sale of franchising business to its joint ventures. The control over assets and processes are transferred to the buyer at the date of completion of the respective Exclusive Business Sale Agreements. Consequently, management has determined that the sale constitutes a business.

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.

	Group		
	At a point in time \$'000	Over time \$'000	Total \$'000
2023			
Singapore			
– School fees	–	5,577	5,577
– Royalty fees	–	9,011	9,011
– Franchise income	392	–	392
– Exclusive business sale	9,382	–	9,382
– Sale of merchandise	974	–	974
– Others	3,042	–	3,042
	13,790	14,588	28,378
Australia			
– School fees	–	38,985	38,985
– Royalty fees	–	409	409
– Exclusive business sale	3,403	–	3,403
– Sale of merchandise	16	–	16
– Management service income	59	–	59
– Commission income	1,251	–	1,251
– Others	407	–	407
	5,136	39,394	44,530
Total	18,926	53,982	72,908
2022			
Singapore			
– School fees	–	16,292	16,292
– Royalty fees	–	6,910	6,910
– Franchise income	558	–	558
– Sale of merchandise	573	–	573
– Others	383	–	383
	1,514	23,202	24,716
Australia			
– 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
	1,726	35,104	36,830
Total	3,240	58,306	61,546

4 Revenue (Continued)

(b) *Contract liabilities*

	Group	
	2023	2022
	\$'000	\$'000
Current		
Contract liabilities		
– School fees	424	1,098
– Franchise income	1,904	993
– Others	17	20
Total contract liabilities	2,345	2,111

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:

	Group	
	2023	2022
	\$'000	\$'000
– School fees	1,098	1,957
– Franchise income	993	628
– Management service income	–	32
– Others	–	–

(ii) *Unsatisfied performance obligations*

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

	Group	
	2023	2022
	\$'000	\$'000
– School fees	424	1,098
– Franchise income	1,904	993
– Others	17	20

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 2023 and 2022 may be recognised as revenue in the next reporting periods as follows:

	Group			
	2023	2024	After 2024	Total
	\$'000	\$'000	\$'000	\$'000
<i>Partially and fully unsatisfied performance obligation as at:</i>				
31 December 2023	–	2,345	–	2,345
31 December 2022	2,091	–	20	2,111

5 Other income

	Group	
	2023	2022
	\$'000	\$'000
Service income	–	1,765
Government grants	438	1,110
Interest income		
– bank interest	185	170
– net investment in sublease (Note 27)	40	43
	225	213
Others		
– sponsorship income	–	150
– waiver of debts	–	161
– insurance claims	–	41
– miscellaneous income	31	831
	31	1,183
	694	4,271

Grant income of \$180,000 (2022: \$51,000) recognised during the financial year pertained to system implementation and development of skills labour by the local governments to the Group's operations in Singapore and Australia. Under these schemes, the Group has received cash grants to support for employees to develop new skills.

6 Other losses, net

	Group	
	2023	2022
	\$'000	\$'000
Currency exchange losses – net	17	74
Bargain purchase on acquisition of a subsidiary (Note 11(i))	(768)	–
Write off of investment in joint venture (Note 17)	936	–
Other losses	168	–
	477	74

7 Expenses by nature

	Group	
	2023	2022
	\$'000	\$'000
Advertising and marketing	1,478	1,559
Amortisation of intangible assets (Note 15(g))	1,513	1,439
Associate trainer fees	878	997
Change in inventories	42	(73)
Cleaning expenses	873	1,077
Commission	34	218
Depreciation of property, plant and equipment (Note 14)	6,706	9,072
Employee compensation (Note 8)	44,526	43,567
Event and excursion expenses	40	40
Insurance	1,038	899
Professional fees	1,370	1,141
Property tax and premises maintenance expense	–	569
Purchase of merchandise	804	548
Rental of office equipment (Note 26 (c))	67	62
Rental of premises (Note 26 (c))	485	137
Repair and maintenance	722	364
Student welfare	1,532	1,746
Telecommunication	146	135
Training	167	199
Travel expenses	393	550
Utilities	294	378
Others	1,499	1,437
Total cost of sales, administrative expenses, and marketing expenses	64,607	66,061

8 Employee compensation

	Group	
	2023	2022
	\$'000	\$'000
Wages and salaries	35,151	34,937
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	3,528	3,747
Employee benefits	5,847	4,883
	44,526	43,567

9 Finance expenses

	Group	
	2023	2022
	\$'000	\$'000
Interest expenses:		
– Lease liabilities (Note 26 (b))	868	896
– Term loans	1,021	1,301
– Others	105	66
	1,994	2,263
Amortisation of transaction cost	138	96
	2,132	2,359

10 Income tax expenses/(credit)

	Group	
	2023	2022
	\$'000	\$'000
Income tax expenses/(credit) attributable to profit is made up of:		
Profit for the financial year:		
Current income tax:		
– Singapore	282	281
– Australia	73	–
	355	281
Deferred income tax (Note 22)	229	(369)
	584	(88)
Under/(Over) provision in prior financial year		
Current income tax:		
– Singapore	–	(16)
– Australia	342	–
	342	(16)
	926	(104)

The income tax expenses/(credit) 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:

	Group	
	2023	2022
	\$'000	\$'000
Profit before income tax	6,083	2,842
Less: Share of losses/(profits) of associates and joint ventures (Notes 16 and 17)	437	(1,010)
Profit before income tax and share of losses/(profits) of associates and joint ventures	6,520	1,832
Tax calculated at a tax rate of 17% (2022: 17%)	1,108	311
Effects of:		
– expenses not deductible for tax purposes	957	174
– different tax rate in other country	260	(53)
– deferred tax assets not recognised	(88)	810
– group relief	(2)	–
– utilisation of previously unrecognised tax losses	(29)	–
– tax incentives	(17)	(775)
– income not subject to tax	(1,605)	(555)
– under/(over) provision in prior financial years	342	(16)
Tax expenses/(credit)	926	(104)

Subject to agreement with the tax authorities, the Group has unutilised tax losses and capital allowances amounting to \$5,964,000 and \$106,000 (2022: \$3,856,000 and \$8,232,000) 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 short-term deposits

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at banks	5,531	6,823	679	2,975
Short-term bank deposits	2,000	46	2,000	–
Cash in hand	200	11	1	1
	7,731	6,880	2,680	2,976

	Group	
	2023 \$'000	2022 \$'000
Cash at banks	7,731	6,880
Less:		
Bank balances in reserve account ^(a)	–	(2,509)
Fixed deposit pledged ^(b)	(2,000)	–
Bank overdraft (Note 20)	–	(2,000)
Cash and cash equivalents per consolidated statement of cash flows	5,731	2,371

(a) Included in the Group's cash and cash equivalents in the statement of financial position is an amount of \$nil (2022: \$2,509,000) which is restricted cash as it is placed for debt servicing requirements for certain bank borrowings of the Group (Note 20).

(b) A fixed deposit of \$2 mil is placed as collateral for loan facilities. There are no other restricted cash.

Acquisitions and divestments
Acquisitions
(i) Acquisition of MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd.

On 15 April 2023, the Group fully acquired the remaining 50% equity interest in its joint venture, MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd. ("CHO") at a consideration of \$1. The principal activity of CHO is provision of childcare, education and learning related services for preschool children.

	\$'000
(a) Purchase consideration	
Cash paid	*
Fair value of interest held	*
Fair value of consideration for all interest acquired	*
(b) Effect on cash flows of the Group	
Cash paid	*
Less: cash and cash equivalents in subsidiary acquired	3
Cash inflow on acquisition	3

11 Cash and short-term deposits (Continued)**Acquisitions and divestments** (Continued)Acquisitions (Continued)**(i) Acquisition of MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd.** (Continued)

	At provisional Fair Value \$'000
Identifiable assets acquired and liabilities assumed	
Trade and other receivables	240
Plant and equipment (Note 14)	50
Inventories	17
Intangible assets (Note 15)	1,934
Total assets	2,241
Trade and other payables	(1,393)
Deferred tax liabilities	(83)
Total liabilities	(1,476)
Total identifiable net assets	765
Less: Bargain purchase on acquisitions	(768)
Fair value of consideration for all interests acquired	*

* Less than \$1,000

(c) Acquisition-related cost

No acquisition related cost was incurred as due diligence was conducted internally.

(d) Acquired trade and other receivables

The fair value of trade and other receivables was \$240,000. The gross contractual amount for trade and other receivables due was \$240,000 and at the acquisition date, the entire contractual amount was expected to be collectible.

(e) Acquired plant and equipment

The fair value of plant and equipment was \$50,000. The fair value was determined based on the depreciated replacement cost and reflects adjustment for physical deterioration as well as functional and economic obsolescence.

(f) Acquired inventories

The fair value of inventories was \$17,000. The fair value was determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(g) Acquired intangible assets

The fair value of intangible assets was \$1,934,000. The fair value was determined based on the estimated income from student base less the estimated cost of student transfer.

11 Cash and short-term deposits (Continued)**Acquisitions and divestments** (Continued)Acquisitions (Continued)**(i) Acquisition of MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd.** (Continued)**(h) Acquired trade and other payables**

The fair value of trade and other payables was \$1,393,000. The gross contractual amount for trade and other payables due was \$1,582,000 and at the acquisition date, the entire contractual amount was expected to be settled.

(i) Acquired deferred tax liabilities

The deferred tax liabilities was \$83,000 arise from the temporary differences in amortisation of intangible assets.

(j) Bargain purchase on acquisitions

The management measured the fair value of the separately recognisable identifiable assets acquired and the liabilities assumed as at the acquisition date. The cost of investment was lower than the fair value of the net assets acquired. This difference, or gain from bargain purchase of \$768,000, was recorded in the consolidated statement of income for the year ended 31 December 2023.

(k) Revenue and profit contribution

There would be no significant impact to the consolidated revenue and consolidated net profit to the Group for the financial period ended 31 December 2023.

Had CHO been acquired from 1 January 2023, there would be no significant impact to the consolidated revenue and consolidated net profit for the financial period ended 31 December 2023.

(ii) Acquisition of MindChamps PreSchool @ Marina Square Pte. Ltd.

On 30 November 2023, the Group fully acquired the remaining 49% equity interest in its subsidiary, MindChamps PreSchool @ Marina Square Pte. Ltd. ("MSQ") at a consideration of \$0.4 million comprising \$1 nominal consideration and settlement of debts. The change in the Group's interest in MSQ do not result in a loss of control. The principal activity of MSQ is provision of childcare, education and learning related services for preschool children.

(a) Acquisition-related cost

No acquisition related cost was incurred as due diligence was conducted internally.

(b) Other Reserve

Other reserve of \$950,000 arising from the difference between the carrying amount of the non-controlling interest and the fair value of the considerations paid recognised within equity attributable to the equity holders of the Company. This was attributable to the transaction with non-controlling interest that do not result in a change of control over MSQ.

11 Cash and short-term deposits (Continued)**Acquisitions and divestments** (Continued)Acquisitions (Continued)**(ii) Acquisition of MindChamps PreSchool @ Marina Square Pte. Ltd.** (Continued)

(c) Revenue and profit contribution

There would be no significant impact to the consolidated revenue and consolidated net profit to the Group for the financial period ended 31 December 2023.

Had MSQ been acquired from 1 January 2023, there would be no significant impact to the consolidated revenue and consolidated net profit for the financial period ended 31 December 2023.

Divestments**(i) 31 December 2023**

The Group divested 100% of its equity interest in its wholly owned subsidiary corporation, MindChamps PreSchool @ Buangkok Private Limited ("BGK") on 31 May 2023 and partially divested its 50% equity interest in its wholly owned subsidiary corporations, MindChamps International PreSchool Franchising Inc. ("MCIPF") on 31 March 2023.

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

	BGK \$'000	MCIPF \$'000	Total \$'000
Carrying amounts of assets and liabilities as at the date of divestment:			
Cash and cash equivalents	959	2	961
Property, plant and equipment	1,832	–	1,832
Trade and other receivables	276	80	356
Intangible assets (Note 15(a))	3,118	–	3,118
Inventories	10	–	10
Deferred tax assets	5	6	11
Total assets	6,200	88	6,288
Trade and other payables	819	1	820
Contract liabilities	324	357	681
Deferred tax liabilities	1	–	1
Lease liabilities	1,889	–	1,889
Total liabilities	3,033	358	3,391
Net assets/(liabilities) divested of	3,167	(270)	2,897
Cash inflows arising from divestment:			
Net assets/(liabilities) divested of (as above)	3,167	(270)	2,897
Gain on divestments	2,898	337	3,235
Proceeds on divestment	6,065	67	6,132
Less: Cash and cash equivalents in subsidiary corporations divested of	(959)	(2)	(961)
Net cash inflow on divestments	5,106	65	5,171

11 Cash and short-term deposits (Continued)

Acquisitions and divestments (Continued)

Divestments (Continued)

(ii) 31 December 2022

- (a) 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").
- (b) 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").

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

	SRG \$'000	ZSP \$'000	PGL \$'000	PRG \$'000	Total \$'000
Carrying amounts of assets and liabilities as at the dates of divestments:					
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 (a))	4,077	618	3,536	29	8,260
Inventories	11	4	16	14	45
Deferred tax assets	4	9	42	–	55
Total assets	11,332	4,211	11,702	4,972	32,217
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)
Total liabilities	(6,955)	(2,993)	(7,418)	(3,943)	(21,309)
Net assets divested	4,377	1,218	4,284	1,029	10,908
Cash inflows arising from divestments:					
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 Group	4,317	1,068	4,284	1,029	10,698
Gain on divestments	549	716	2,742	1,103	5,110
Proceeds from divestments	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)
Net cash inflow from divestments	4,415	1,187	1,222	70	6,894

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

12 Trade and other receivables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<i>Current</i>				
Trade receivables				
– Non-related parties	6,452	8,166	2,900	4,442
– Related parties	2,223	792	973	316
	8,675	8,958	3,873	4,758
Less: Loss allowance (Note 28(b))				
– Non-related parties	(2,793)	(365)	(2,658)	(140)
– Related parties	(316)	(316)	(316)	(316)
	(3,109)	(681)	(2,974)	(456)
Trade receivables – net	5,566	8,277	899	4,302
Other receivables				
– Non-related parties	3,792	10,804	1,007	2,100
– Related parties	777	796	–	170
– Immediate holding corporation	3,574	–	1,679	–
– Subsidiary corporations	–	–	9,751	6,080
	8,143	11,600	12,437	8,350
Less: Loss allowance (Note 28(b))				
– Non-related parties	(683)	–	(4)	–
– Related parties	(137)	(137)	(137)	(137)
– Subsidiary corporations	–	–	(343)	(343)
	(820)	(137)	(484)	(480)
Other receivables – net	7,323	11,463	11,953	7,870
Prepayments	898	840	117	150
Deposits	2,465	2,755	722	872
	16,252	23,335	13,691	13,194
<i>Non-current</i>				
Trade receivables				
– Non-related parties	1,689	–	1,689	–
– Related parties	2,427	1,218	1,249	1,218
	4,116	1,218	2,938	1,218
Total trade and other receivables	20,368	24,553	16,629	14,412

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

12 Trade and other receivables (Continued)

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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Fair value</u>				
Trade receivables	4,116	1,218	2,938	1,218

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
<u>Government bond rate</u>				
Trade receivables	2.50-6.17	2.50	2.50	2.50

13 Inventories

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>At cost</u>				
Finished goods – merchandise for sale	571	613	4	4

The cost of inventories recognised as an expense and included in “cost of sales” amounts to group and company is \$370,000 (2022: \$475,000).

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
Group						
<u>Cost</u>						
As at 1 January 2023	37,629	3,228	3,322	1,252	592	46,023
Additions	8,920	318	119	460	–	9,817
Divestment of subsidiary corporations	(3,049)	(68)	(83)	(19)	–	(3,219)
Acquisition of subsidiary corporations	7	22	16	5	–	50
Disposal	–	–	(245)	–	(393)	(638)
Write-off	(1,038)	(63)	(229)	(24)	–	(1,354)
Currency translation differences	(207)	(33)	(26)	(5)	(2)	(273)
As at 31 December 2023	42,262	3,404	2,874	1,669	197	50,406
<u>Accumulated depreciation</u>						
As at 1 January 2023	17,207	1,958	885	568	425	21,043
Depreciation charge (Note 7)	5,829	389	360	93	35	6,706
Divestment of subsidiary corporations	(1,234)	(53)	(83)	(17)	–	(1,387)
Disposal	–	–	(61)	–	(357)	(418)
Write-off	(569)	(29)	(44)	(13)	–	(655)
Currency translation differences	(91)	(31)	(16)	(4)	(1)	(143)
As at 31 December 2023	21,142	2,234	1,041	627	102	25,146
Net book value						
As at 31 December 2023	21,120	1,170	1,833	1,042	95	25,260

14 Property, plant and equipment (Continued)

	Office and preschool premises \$'000	Furniture and office equipment \$'000	Renovation \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
Group						
<u>Cost</u>						
As at 1 January 2022	42,189	3,582	3,482	843	607	50,703
Additions	11,278	265	835	785	–	13,163
Derecognition	(987)	–	–	–	–	(987)
Divestment of subsidiary corporations	(10,071)	(566)	(893)	(192)	–	(11,722)
Reclassification to lease receivables (Note 26)	(762)	–	–	–	–	(762)
Write-off	(1,739)	–	–	–	–	(1,739)
Currency translation differences	(2,279)	(53)	(102)	(184)	(15)	(2,633)
As at 31 December 2022	37,629	3,228	3,322	1,252	592	46,023
<u>Accumulated depreciation</u>						
As at 1 January 2022	19,141	1,949	1,296	609	372	23,367
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)
Reclassification to lease receivables (Note 26)	(423)	–	–	–	–	(423)
Write-off	(1,739)	–	–	–	–	(1,739)
Currency translation differences	(1,139)	(96)	(24)	(21)	(6)	(1,286)
As at 31 December 2022	17,207	1,958	885	568	425	21,043
Net book value						
As at 31 December 2022	20,422	1,270	2,437	684	167	24,980

14 Property, plant and equipment (Continued)

	Office and preschool premises \$'000	Furniture and office equipment \$'000	Renovation \$'000	Computer equipment \$'000	Motor vehicle \$'000	Total \$'000
Company						
<u>Cost</u>						
As at 1 January 2023	1,725	334	886	47	393	3,385
Additions	–	5	23	28	–	56
Disposal	–	–	–	–	(393)	(393)
As at 31 December 2023	1,725	339	909	75	–	3,048
<u>Accumulated depreciation</u>						
As at 1 January 2023	1,026	258	265	24	341	1,914
Depreciation charge	322	19	90	16	16	463
Disposal	–	–	–	–	(357)	(357)
As at 31 December 2023	1,348	277	355	40	–	2,020
Net book value						
As at 31 December 2023	377	62	554	35	–	1,028
<u>Cost</u>						
As at 1 January 2022	2,487	330	886	26	393	4,122
Additions	–	4	–	21	–	25
Reclassification to lease receivables (Note 26)	(762)	–	–	–	–	(762)
As at 31 December 2022	1,725	334	886	47	393	3,385
<u>Accumulated depreciation</u>						
As at 1 January 2022	971	169	176	16	303	1,635
Depreciation charge	478	89	89	8	38	702
Reclassification to lease receivables (Note 26)	(423)	–	–	–	–	(423)
As at 31 December 2022	1,026	258	265	24	341	1,914
Net book value						
As at 31 December 2022	699	76	621	23	52	1,471

- (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 26.

15 Intangible assets

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Composition</u>				
Goodwill arising on consolidation (Note (a))	71,206	75,086	–	–
Franchise licenses (Note (b))	–	–	–	–
Student base (Note (c))	1,658	–	–	–
Courseware development costs (Note (d))	2,880	3,032	1,349	1,449
Computer software licences (Note (e))	254	195	252	192
Copyrights (Note (f))	12	33	12	33
	76,010	78,346	1,613	1,674

15 Intangible assets (Continued)

 (a) *Goodwill arising on consolidation*

	Group	
	2023	2022
	\$'000	\$'000
<u>Cost</u>		
Beginning of financial year	75,718	89,383
Divestment of subsidiary corporations (Note 11)	(3,118)	(8,260)
Write off for the year	(80)	–
Currency translation differences	(687)	(5,405)
End of financial year	71,833	75,718
<u>Accumulated impairment</u>		
Beginning of financial year	632	86
Impairment for the year	–	574
Currency translation differences	(5)	(28)
End of financial year	627	632
Net book value	71,206	75,086

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 years 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:

	Group	
	2023	2022
	\$'000	\$'000
<u>Education</u>		
Singapore	1,958	5,157
Australia	69,248	69,929
	71,206	75,086

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, no impairment of goodwill was recognised for the financial year ended 31 December 2023.

Key assumptions used for value-in-use calculations:

	Gross margin¹	Growth rate²	Discount rate³
	%	%	%
MCEL @ Broadway			
– As at 31 December 2023	32.1	3.0	8.0
– As at 31 December 2022	24.3	4.0	10.0
MCEL @ Cherrybrook			
– As at 31 December 2023	46.3	3.0	8.0
– As at 31 December 2022	39.8	4.0	10.0
MCEL @ Eastwood			
– As at 31 December 2023	50.7	3.0	8.0
– As at 31 December 2022	38.1	4.0	10.0
MCEL @ Hornsby			
– As at 31 December 2023	44.2	3.0	8.0
– As at 31 December 2022	50.1	4.0	10.0
MCEL @ Penrith			
– As at 31 December 2023	45.4	3.0	8.0
– As at 31 December 2022	42.4	4.0	10.0
MCEL @ Warriewood			
– As at 31 December 2023	37.4	3.0	8.0
– As at 31 December 2022	32.2	4.0	10.0
MCEL @ Ropes Crossing			
– As at 31 December 2023	43.7	3.0	8.0
– As at 31 December 2022	33.5	4.0	10.0
MCEL @ West Hoxton 3			
– As at 31 December 2023	56.1	3.0	8.0
– As at 31 December 2022	41.6	4.0	10.0

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)

	Gross margin¹	Growth rate²	Discount rate³
	%	%	%
MCEL @ Lane Cove			
– As at 31 December 2023	27.7	3.0	8.0
– As at 31 December 2022	39.1	4.0	10.0
MCEL @ Hurstville			
– As at 31 December 2023	50.1	3.0	8.0
– As at 31 December 2022	46.8	4.0	10.0
MCEL @ Wheeler Heights			
– As at 31 December 2023	33.2	3.0	8.0
– As at 31 December 2022	24.7	4.0	10.0
MCEL @ West Hoxton 1			
– As at 31 December 2023	38.4	3.0	8.0
– As at 31 December 2022	30.4	4.0	10.0
MCEL @ Albion Park			
– As at 31 December 2023	48.8	3.0	8.0
– As at 31 December 2022	41.5	4.0	10.0
MCEL @ Kemps Creek			
– As at 31 December 2023	38.2	3.0	8.0
– As at 31 December 2022	37.5	4.0	10.0
MCEL @ West Hoxton 2			
– As at 31 December 2023	38.5	3.0	8.0
– As at 31 December 2022	38.1	4.0	10.0
MCEL @ Mascot 2			
– As at 31 December 2023	45.0	3.0	8.0
– As at 31 December 2022	36.6	4.0	10.0
MCEL @ Parramatta			
– As at 31 December 2023	29.1	3.0	8.0
– As at 31 December 2022	42.3	4.0	9.0
MCEL @ Shellharbour			
– As at 31 December 2023	48.8	3.0	8.0
– As at 31 December 2022	48.8	4.0	10.0
Enrolment Business			
– As at 31 December 2023	19.6	3.0	8.0
– As at 31 December 2022	26.4	4.0	10.0

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

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. Apart from the impairment of goodwill recognised for one of the preschools during the year, 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:

	Gross margin¹	Growth rate²	Discount rate³
	%	%	%
MindChamps PreSchool @ Marina Square Pte. Limited			
– As at 31 December 2023	38.7	2.0	8.0
– As at 31 December 2022	38.0	3.0	9.0
MindChamps PreSchool @ Woodlands Pte. Ltd.			
– As at 31 December 2023	42.5	2.0	8.0
– As at 31 December 2022	43.0	3.0	9.0
MindChamps PreSchool @ Buangkok Private Limited			
– As at 31 December 2023	–	–	–
– As at 31 December 2022	40.1	3.0	9.0
MindChamps Academie of Stars Pte. Limited^(a)			
– As at 31 December 2023	–	–	–
– As at 31 December 2022	75.0	3.0	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) Ceased of operation

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.

15 Intangible assets (Continued)

 (b) *Franchise licences*

	Group	
	2023	2022
	\$'000	\$'000
<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>
Net book value	<u>-</u>	<u>-</u>

 (c) *Student base*

	Group	
	2023	2022
	\$'000	\$'000
<u>Cost</u>		
Beginning of financial year	-	-
Acquisition of a subsidiary corporation (Note 11)	<u>1,934</u>	<u>-</u>
End of financial year	<u>1,934</u>	<u>-</u>
<u>Accumulated amortisation</u>		
Beginning of financial year	-	-
Amortisation charges	<u>276</u>	<u>-</u>
End of financial year	<u>276</u>	<u>-</u>
Net book value	<u>1,658</u>	<u>-</u>

 (d) *Courseware development costs*

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Cost</u>				
Beginning of financial year	6,746	5,547	4,501	3,987
Additions	1,039	1,216	544	514
Currency translation differences	(96)	(17)	-	-
End of financial year	<u>7,785</u>	<u>6,746</u>	<u>5,045</u>	<u>4,501</u>
<u>Accumulated amortisation</u>				
Beginning of financial year	3,714	2,642	3,052	2,377
Amortisation charge	1,095	1,072	644	675
End of financial year	<u>4,809</u>	<u>3,714</u>	<u>3,696</u>	<u>3,052</u>
Net book value	<u>2,880</u>	<u>3,032</u>	<u>1,349</u>	<u>1,449</u>

15 Intangible assets (Continued)*(e) Computer software licenses*

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Cost</u>				
Beginning of financial year	1,724	1,702	1,579	1,558
Additions	143	58	144	58
Adjustments	-	(73)	-	(73)
End of financial year	1,867	1,687	1,723	1,543
<u>Accumulated amortisation</u>				
Beginning of financial year	1,492	1,146	1,351	1,005
Amortisation charge	121	346	120	346
End of financial year	1,613	1,492	1,471	1,351
Net book value	254	195	252	192

The adjustments to computer software licenses during the year relate to computer software subscriptions fees charged to profit or loss.

(f) Copyrights

	Group and Company	
	2023 \$'000	2022 \$'000
<u>Cost</u>		
Beginning and end of financial year	104	104
<u>Accumulated amortisation</u>		
Beginning of financial year	71	50
Amortisation charge	21	21
End of financial year	92	71
Net book value	12	33

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

	Group	
	2023 \$'000	2022 \$'000
Administrative expenses (Note 7)	1,513	1,439

16 Investment in associates

	Group and Company	
	2023 \$'000	2022 \$'000
<i>Equity accounting</i>		
Beginning of financial year	122	147
Share of losses for the financial year	(22)	(25)
End of financial year	100	122

16 Investment in associates (Continued)

Set out below are the associates of the Group and the Company as at 31 December 2023 and 2022:

Name of entity	Place of business/country of incorporation	Group and Company % of ownership Interest	
		2023	2022
MindChamps (BeiJing) Education Ltd. ("MCBJE")	People's Republic of China	49	49
MindChamps PreSchool MYP Pte. Limited ("MYP")	Singapore	20	20

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

Summarised financial information for associates
Summarised statement of financial position

	MYP		MCBJE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current assets	185	230	1,923	67
Current liabilities	(1,585)	(1,728)	(2,630)	(2,773)
Non-current assets	1,900	2,108	116	362
Non-current liabilities	–	–	–	–

Summarised statement of comprehensive income

	MYP		MCBJE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Total comprehensive loss, representing net loss	(111)	(126)	(240)	(258)

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 MYP and MCBJE, is as follows:

	MYP		MCBJE	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net assets/(liabilities)	500	610	(592)	(2,303)
Group's equity interest	20%	20%	49%	49%
Group's share of net assets	100	122	–	–

The Group's and the Company's share of losses in MCBJE equals to its interest in MCBJE. As such, the Group and the Company did not recognise further losses. As at 31 December 2023, the cumulative unrecognised loss with respect to MCBJE was \$1,673,000 (2022: \$1,433,000).

17 Investments in joint ventures

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<i>Equity accounting</i>				
Beginning of financial year	1,035	–	–	–
Additions	6,607	*	–	–
Write off	(936)	–	–	–
Share of (losses)/profits from joint ventures	(415)	1,035	–	–
Foreign currency translation	(53)	–	–	–
End of financial year	6,238	1,035	–	–

* Less than \$1,000

Set out below are the joint ventures of the Group and the Company as at 31 December 2023 and 2022:

Name of entity	Place of business/ country of incorporation	Group		Company	
		% of ownership interest		% of ownership interest	
		2023	2022	2023	2022
		%	%	%	%
MindChamps – PreSchool @ Changi Airport Pte Ltd. (“CT3”) ^(a)	Singapore	50	50	–	–
MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd. (“CHO”) ^(b)	Singapore	100	50	–	–
BYR Education Pte Ltd. ^(c)	Singapore	10	–	–	–
MindChamps Emofront Pte. Limited	Singapore	50	50	50	50
MindChamps International PreSchool Franchising Inc ^(d)	USA	50	100	–	–
WAMF Pty Ltd ^(e)	Australia	50	–	–	–
MindChamps – First Capital PreSchool China Capital Management Limited	Cayman Islands	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. The Group’s subsidiary corporation acquired 400,000 ordinary shares in MindChamps PreSchool @ Changi Airport Pte. Ltd., for a total consideration of \$1.
- (b) On 15 April 2023, the Group fully acquired the remaining 50% equity interest in its joint venture, MindChamps PreSchool@ Concorde Hotel (Orchard) Pte.Ltd.(“CHO) at a consideration of \$1. CHO ceased to be a joint venture from that date thereon and instead became a wholly owned subsidiary of the Group.
- (c) On 28 December 2023, MindChamps Pre School Singapore Pte Limited, a subsidiary corporation of the Company together with CrystalHill Edu Pte Ltd incorporated BYR Education Pte Ltd. The total issued and paid up share capital of BYR is \$1,300,000 of which the Group’s subsidiary corporation holds 10% and CrystalHill Edu Pte Ltd holds 90% of the paid up share capital respectively. The Group’s subsidiary corporation acquired 130,000 ordinary shares in BYR Education Pte Ltd for a total consideration of S\$130,000 of which approximately S\$130,000 remains payable as at 31 December 2023. The principal activity of BYR is providing childcare services for preschool children including infant care services.

17 Investments in joint ventures (Continued)

- (d) On 31 March 2023, the Company entered into a joint venture arrangement with US MF 25 Pte Ltd ("US MF 25") in its then wholly owned subsidiary corporation, MindChamps International PreSchool Franchising Inc. ("MCIPF"). The total issued and paid up share capital of MCIPF is US\$3,500,000, of which, the Group and Company holds 50% (amounting to US\$1,750,000, approximately S\$2,348,000) and US MF 25 holds 50% of the paid up share capital respectively. Subsequently, the Group entered into two joint venture arrangements on 31 August 2023 with Marine 3 Pte Ltd ("Marine 3") and on 8 September 2023 with MindChamps PreSchool@ Holland V Pte Ltd ("MPHV") in its joint venture company MCIPF. Thereafter, the total issued and paid up share capital of MCIPF increased to US\$7,000,000, of which, the Group and Company holds 50%, US MF 25 holds 25%, Marine 3 holds 20% and MPHV holds 5% of the paid up share capital respectively. The Group and the Company's holdings of 3,500,000 ordinary shares in MCIPF consist of US\$50,000 (approximately S\$67,000) initial shareholdings, and consequent consideration of US\$1,700,000 (approximately S\$2,281,000) of which approximately S\$697,000 remains payable as at 31 December 2023. The principal activity of MCIPF is franchising of childcare services for preschool children in the United States.
- (e) On 15 June 2023, MindChamps Early Learning Australia Pty. Limited, a subsidiary corporation of the Company, together with the Green Monstera Pty Ltd ATF Peanut N Butter Unit Trust ("Green Monstera") have incorporated WAMF Pty Ltd ("WAMF") in Australia. The total issued and paid up share capital of WAMF is AU\$4,000,000, of which, the Group's subsidiary corporation holds 50% and Green Monstera holds 50% of the paid up share capital respectively. The Group's subsidiary corporation acquired 2,000,000 ordinary shares in WAMF for a total consideration of A\$2,000,000 (approximately S\$1,781,000). The principal activity of WAMF is franchising of childcare services for preschool children in Western Australia.
- (f) There are no contingent liabilities relating to the Group and Company's interest in the above joint ventures.

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

	CHO		CT3	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current assets	-	429	716	1,161
Current liabilities	-	(1,695)	(1,901)	(1,761)
Non-current assets	-	219	736	1,101
Non-current liabilities	-	(30)	(391)	(828)

Summarised statement of comprehensive income

	CHO		CT3	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Total comprehensive income/(loss), representing net income/(loss)	-	2,632	(451)	(315)

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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net liabilities	-	(1,077)	(840)	(327)
Group's equity interest	-	50%	50%	50%
Group's share of net liabilities	-	(539)	(420)	(164)

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

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 2023, the cumulative unrecognised losses with respect to these joint ventures were \$384,000 (2022: \$158,000).

18 Investments in subsidiary corporations

	Company	
	2023	2022
	\$'000	\$'000
<i>Equity investments at cost</i>		
Beginning and end of financial year	81,677	81,677

The Group and the Company have the following subsidiary corporations as at 31 December 2023 and 2022:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023	2022	2023	2022
			%	%	%	%
Held by the Company						
MindChamps PreSchool Singapore Pte. Limited ^(a)	Franchising of childcare services for preschool children	Singapore	100	100	–	–
Champion Mindset Academy Pte. Limited ^(a)	Commercial school offering higher education services	Singapore	100	100	–	–
MindChamps Shanghai Pte. Limited ^(a)	Business and management consultancy services and investment holding	Singapore	60	60	40	40
MindChamps – Pavcap PreSchool Global Holdings Pte. Limited ^(a)	Other holding	Singapore	100	100	–	–
MindChamps Capital Pte. Limited ^(a)	Asset management	Singapore	100	100	–	–
MindChamps Music Pte. Limited ^(a)	Music, dancing, art, speech and drama instruction	Singapore	80	80	20	20
MindChamps Academie of Stars Pte. Limited ^(a)	Music, dancing, art, speech and drama instruction	Singapore	70	70	30	30
MindChamps Early Learning Australia Pty. Limited ^(b)	Franchising of childcare services for preschool children	Australia	100	100	–	–

18 Investments in subsidiary corporations (Continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023 %	2022 %	2023 %	2022 %
Held by the Company						
MindChamps International PreSchool Inc.	Franchising of childcare services for preschool children	USA	100	100	–	–
MindChamps International PreSchool Franchising Inc.	Franchising of childcare services for preschool children	USA	50	100	–	–

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

(b) Audited by Nexia Sydney Audit Pty. Ltd. And reviewed by CLA Global TS Public Accounting Corporation for consolidation purposes.

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023 %	2022 %	2023 %	2022 %
Held by MindChamps PreSchool Singapore Pte. Limited						
MindChamps PreSchool @ Marina Square Pte. Limited ^(a)	Childcare and related services	Singapore	100	51	–	49
MindChamps PreSchool @ Woodlands Pte. Ltd. ^(a)	Childcare and related services	Singapore	100	100	–	–
MindChamps PreSchool @ Buangkok Private Limited ^{(a)(b)}	Childcare and related services	Singapore	–	100	–	–
MindChamps PreSchool @ Concorde Hotel (Orchard) Pte Ltd ^{(a)(c)}	Childcare and related services	Singapore	100	50	–	50

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

(b) On 31 May 2023, the Group divested its equity interest in its wholly owned subsidiary corporation, MindChamps PreSchool @ Buangkok Private Limited ("BGK").

(c) On 15 April 2023, the Group fully acquired the remaining 50% equity interest in its joint venture, MindChamps PreSchool @ Concorde Hotel (Orchard) Pte Ltd ("CHO").

18 Investments in subsidiary corporations (Continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023 %	2022 %	2023 %	2022 %
Held by MindChamps Early Learning Australia Pty. Limited.						
MindChamps Early Learning 1 Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
MindChamps Early Learning 2 Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
MindChamps Early Learning 3 Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
MindChamps Early Learning 4, Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
MindChamps Australia Corporate Pty. Limited ^(a)	Franchising of childcare services for preschool children	Australia	100	100	–	–
MindChamps Early Learning 6 Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
MindChamps Early Learning 7 Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
MindChamps Early Learning 8 Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
MindChamps Early Learning 9 Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
MindChamps Early Learning 10 Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
MindChamps Early Learning 11 Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
MindChamps Early Learning 12 Pty. Limited ^(a)	Childcare and related services	Australia	100	100	–	–
Champion Education Property Investment Pty. Limited ^(a)	Asset management	Australia	100	100	–	–
MindChamps Higher Education Academy Pty. Limited ^(a)	Teacher training	Australia	100	100	–	–
The Enrolment Hub Pty Ltd ^(a)	Centralised childcare enrolment business	Australia	51	51	49	49
ELMSS Pty Ltd ^(a)	Investment holding and technology development	Australia	80	80	20	20

(a) Audited by Nexia Sydney Audit Pty. Ltd. and reviewed by CLA Global TS Public Accounting Corporation for consolidation purposes

18 Investments in subsidiary corporations (Continued)
Additions of subsidiary corporations

The following is addition during the financial year ended 31 December 2023 for the Group and the Company:

- (i) On 30 November 2023, the Group fully acquired the remaining 49% equity interest in its subsidiary, MindChamps PreSchool @ Marina Square Pte. Ltd. ("MSQ") at a consideration of \$0.4 million comprising \$1 nominal consideration and settlement of debts. The change in the Group's interest in MSQ do not result in a loss of control. The principal activity of MSQ is provision of childcare, education and learning related services for preschool children.

The following were 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 its franchise segment in USA.
- (iii) On 9 December 2022, MindChamps Early Learning Australia Pty. Limited, a subsidiary corporation of the Company, incorporated ELMSS Pty Ltd ("ELMSS") in Australia, holding 80% equity interest in ELMSS, at a consideration of A\$60 (equivalent to \$55).

Carrying value of non-controlling interests

	2023	2022
	\$'000	\$'000
Other subsidiary corporations with immaterial non-controlling interests	(250)	(510)
Total	(250)	(510)

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

	ZSP		SRG	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Assets	-	-	-	-
Liabilities	-	-	-	-
Total current net assets	-	-	-	-
<i>Non-current</i>				
Assets	-	-	-	-
Liabilities	-	-	-	-
Total non-current net liabilities	-	-	-	-
Net assets	-	-	-	-

18 Investments in subsidiary corporations (Continued)**Additions of subsidiary corporations** (Continued)**Summarised statement of comprehensive income**

	ZSP		SRG	
	For the financial year from 1 January 2023 to 31 December 2023 (12 months) \$'000	For the financial period from 1 January 2022 to 30 June 2022 (6 months) \$'000	For the financial year from 1 January 2023 to 31 December 2023 (12 months) \$'000	For the financial period from 1 January 2022 to 30 June 2022 (6 months) \$'000
Revenue	-	820	-	2,298
Profit before income tax	-	87	-	606
Income tax expense	-	(16)	-	(80)
Total comprehensive income, representing net profit	-	71	-	526
Total comprehensive income allocated to non-controlling interests	-	18	-	105
Dividends paid to non-controlling interests	-	157	-	447

Summarised cash flows statement

Contributed to the Group up to 30 June 2022

	ZSP		SRG	
	For the financial year from 1 January 2023 to 31 December 2023 (12 months) \$'000	For the financial period from 1 January 2022 to 30 June 2022 (6 months) \$'000	For the financial year from 1 January 2023 to 31 December 2023 (12 months) \$'000	For the financial period from 1 January 2022 to 30 June 2022 (6 months) \$'000
Net cash provided by operating activities	-	72	-	698
Net cash used in investing activities	-	(7)	-	(13)
Net cash used in financing activities	-	(78)	-	(599)
Net (decrease)/increase in cash and cash equivalents	-	(13)	-	86
Cash and cash equivalents at beginning of financial year/period	-	105	-	65
Cash and cash equivalents at end of financial year/period	-	92	-	151

19 Trade and other payables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade payables				
– Non-related parties	1,578	2,599	–	–*
– Related parties	–	–	–	–*
– Subsidiary corporations	–	–	–	1
	1,578	2,599	–	1
Other payables				
– Non-related parties	5,023	6,398	759	1,480
– Related parties	1,300	579	993	430
– Subsidiary corporations	–	–	30,026	26,006
	6,323	6,977	31,778	27,916
Deposit received	4,550	4,855	615	615
Accrued operating expenses	9,200	5,476	3,128	793
Total trade and other payables	21,651	19,907	35,521	29,325

* 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<i>Current</i>				
Bank overdrafts (Note 11)	–	2,000	–	2,000
Term loans	7,419	10,840	6,346	8,585
	7,419	12,840	6,346	10,585
Lease liabilities	5,468	6,859	1,244	1,206
	12,887	19,699	7,590	11,791
<i>Non-current</i>				
Term loans	10,211	12,740	8,994	8,539
Lease liabilities	17,527	16,583	53	1,297
	27,738	29,323	9,047	9,836
Total borrowings	40,625	49,022	16,637	21,627

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
6 month or less	5,711	7,685	5,173	6,584
6 – 12 months	1,708	5,110	1,173	3,993
1 – 5 years	10,211	12,785	8,994	8,547
Total borrowings	17,630	25,580	15,340	19,124

20 Borrowings (Continued)*Securities granted*

Term loans of the Group amounting to \$17,630,000 (2022: \$25,580,000) and the Company amounting to \$15,340,000 (2022: \$19,124,000) include secured liabilities. Term loans of the Group and the Company are secured by fixed deposit and corporate guarantee by the following subsidiary corporations:

- MindChamps Early Learning Australia Pty. Limited
- MindChamps Preschool Singapore Pte Limited

Effective interest rates

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

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Bank overdraft	–	6.65 – 6.68	–	6.65 – 6.68
Term loans	2.75 – 5.83	3.50 – 6.41	5.27 – 5.83	3.50 – 6.41

Fair value of non-current borrowings

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Term loans	8,512	5,447	7,392	3,406

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

	Group and Company	
	2023 %	2022 %
Term loans	5.25	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 during the year.

21 Provision for reinstatement costs

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Beginning of financial year	935	976	40	37
Additions	8	199	4	3
Reversal of provision	(132)	–	–	–
Currency translation differences	(8)	(47)	–	–
End of financial year	803	935	44	40

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 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	
	2023 \$	2022 \$	2023 \$	2022 \$
Deferred income tax assets	1,696	2,034	113	113
Deferred income tax liabilities	(36)	(30)	–	–
Net deferred tax assets	1,660	2,004	113	113

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 \$2,223,000 (2022: \$2,034,000) 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 \$5,964,000 (2022: \$3,856,000) and capital allowances of \$106,000 (2022: \$8,232,000) at the reporting 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 2023 and 2022, 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 reporting 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:

Group	Provisions	Tax losses	Total
<i>Deferred income tax assets</i>	\$'000	\$'000	\$'000
2023			
Beginning of financial year	(1,433)	(601)	(2,034)
Credited to profit or loss	(105)	410	305
Divestment in subsidiary corporations (Note 11)	11	–	11
Currency translation differences	11	11	22
End of financial year	(1,516)	(179)	(1,696)
2022			
Beginning of financial year	(1,609)	(159)	(1,768)
Credited to profit or loss	(62)	(336)	(398)
Divestment in subsidiary corporations (Note 11)	54	–	54
Currency translation differences	184	(106)	78
End of financial year	(1,433)	(601)	(2,034)
Group			Total
<i>Deferred income tax liabilities</i>			\$'000
<u>Accelerated tax depreciation</u>			
2023			
Beginning of financial year			30
Charged to profit or loss			(76)
Divestments in subsidiary corporations (Note 11)			(1)
Acquisition of a subsidiary corporation (Note 11)			83
End of financial year			36
2022			
Beginning of financial year			40
Credited to profit or loss			29
Divestments in subsidiary corporations (Note 11)			(39)
End of financial year			30
Company			Total
<i>Deferred income tax assets</i>			\$'000
<u>Provisions</u>			
2023			
Beginning of financial year			(113)
Credited to profit or loss			–
End of financial year			(113)
2022			
Beginning of financial year			(28)
Credited to profit or loss			(85)
End of financial year			(113)

22 Deferred income taxes (Continued)

Company	Total
<i>Deferred income tax liabilities</i>	<i>\$'000</i>
<u>Accelerated tax depreciation</u>	
2023 and 2022	
Beginning and end of financial year	—

23 Share capital

	Group and Company			
	2023		2022	
	No. of ordinary shares issued (<i>'000</i>)	Amount \$'000	No. of ordinary shares issued (<i>'000</i>)	Amount \$'000
Beginning and end of financial year	241,600	49,301	241,600	49,301
Shares issued	1,271	229	—	—
End of financial period	242,871	49,530	241,600	49,301

On 28 February 2023, the Company has granted and awarded its ordinary shares to eligible employees of (a) the Group (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.

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.

The Company did not have any outstanding options, rights, subsidiary holdings, convertibles, or treasury shares as at 31 December 2023 and 31 December 2022.

24 Retained profits

The retained profits of the Group are distributable, except for the accumulated profit from associates and joint ventures amounting to \$447,000 (2022: \$884,000). The retained profits of the Company are distributable.

Movement in retained profits for the Company is as follows:

	Company	
	2023	2022
	<i>\$'000</i>	<i>\$'000</i>
Beginning of financial year	3,957	10,058
Net loss	(1,043)	(6,101)
End of financial year	2,914	3,957

25 Earnings per share

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

	Group	
	2023	2022
Net profit attributable to equity holders of the Company (\$'000)	5,432	3,040
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	242,871	241,600
Basic earnings per share (cents per share)	2.24	1.26

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

26 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):

	Office and preschool premises	
	Group	Company
	\$'000	\$'000
2023		
Balance as at 1 January 2023	20,422	699
Additions during the year	8,920	–
Divestment of a subsidiary	(1,815)	–
Acquisition of subsidiary	7	–
Depreciation charge during the year	(5,829)	(322)
Write off	(469)	–
Currency translation difference	(116)	–
Balance as at 31 December 2023	21,120	377
2022		
Balance as at 1 January 2022	23,048	1,516
Additions during the year	11,278	–
Reclassification to lease receivables (Note 14)	(339)	(339)
Depreciation charge during the year	(7,878)	(478)
Divestment of a subsidiary corporation	(4,547)	–
Currency translation difference	(1,140)	–
Balance as at 31 December 2022	20,422	699

26 Leases – The Group and the Company as a lessee (Continued)
Nature of the Group and the Company's leasing activities (Continued)

Office and preschool premises (Continued)

(b) Interest expense

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Interest expense on lease liabilities	868	896	63	98

(c) Lease expense not capitalised in lease liabilities.

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Lease expense – low-value leases	67	62	6	4
Lease expense – short-term leases	485	137	39	–

(d) Total income from subleasing right-of-use assets was \$40,000 (2022: \$43,000) (Note 5).

(e) Total cash outflow for all the leases in 2023 was \$7,182,000 (2022: \$9,365,000) and \$1,311,000 (2022: \$1,269,000) 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 2023 and 2022 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 2023, potential future (undiscounted) cash outflows is \$29,947,000 (2022: \$13,409,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

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.

27 Leases – The Group as a lessor**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 \$40,000 (2022: \$43,000) (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:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Not later than one year	253	879	759	879
Between one and five years	23	1,048	58	1,048
Total undiscounted lease payments	276	1,927	817	1,927
Less: Unearned finance income	(5)	(126)	(15)	(126)
Net investment in finance lease	271	1,801	802	1,801
Current	271	837	802	837
Non-current	–	964	–	964
Total	271	1,801	802	1,801

28 Financial risk management***Financial risk factors***

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The 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.

28 Financial risk management (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 reporting 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:

As at 31 December 2023	SGD \$'000	AUD \$'000
Group		
Financial assets		
Cash and short-term deposits	4,014	3,717
Trade and other receivables	10,614	6,391
Lease receivables	271	-
	<u>14,899</u>	<u>10,108</u>
Financial liabilities		
Borrowings	(17,630)	-
Lease liabilities	(2,386)	(20,609)
Trade and other payables	(8,041)	(13,610)
	<u>(28,057)</u>	<u>(34,219)</u>
Net financial liabilities	<u>(13,158)</u>	<u>(24,111)</u>
Less: Net financial liabilities denominated in respective entities' functional currencies	<u>13,283</u>	<u>27,214</u>
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	<u>125</u>	<u>3,103</u>

28 Financial risk management (Continued)(a) *Market risk* (Continued)(i) Currency risk (Continued)**As at 31 December 2022**

	SGD \$'000	AUD \$'000
Group		
Financial assets		
Cash and short-term deposits	4,463	2,283
Trade and other receivables	18,500	5,213
Lease receivables	1,801	–
	<u>24,764</u>	<u>7,496</u>
Financial liabilities		
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>
Net financial liabilities	<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>
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	<u>(3,707)</u>	<u>–</u>

If the AUD changes against the SGD by 7% (2022: 7%) 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:

	Increase/(decrease) Profit after tax \$'000	Other comprehensive income \$'000
Group		
31 December 2023		
AUD against SGD		
– Strengthened	7	180
– Weakened	<u>(7)</u>	<u>(180)</u>
31 December 2022		
AUD against SGD		
– Strengthened	180	216
– Weakened	<u>(180)</u>	<u>(216)</u>

(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.

28 Financial risk management (Continued)*(a) Market risk* (Continued)*(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, the Group's income is substantially independent of changes in market interest rates.

The Group and the Company's exposure to cash flow interest rate risks arises mainly from non-current variable-rate borrowings. The Group and the Company's policy is to obtain the most favourable interest rates available by managing its interest cost using a mixture of fixed and variable rate debts and long and short-term borrowings. The Group and Company actively reviews its debt portfolio and evaluates to ensure that the interest rates are in line with the changes in interest rates which is relevant to the money market.

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% (2022: 10%) with all other variables including tax rate being held constant, the profit after tax would have been lower or higher by \$83,900 and \$63,460 (2022: \$108,000 and \$85,850) respectively 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.

28 Financial risk management (Continued)(b) *Credit risk* (Continued)

The movements in credit loss allowance are as follows:

	Trade receivables \$'000	Other receivables \$'000	Total \$'000
2023			
Group			
Balance as at 1 January 2023	681	137	818
Loss allowance recognised in profit or loss during the year on:			
– Additions	2,684	674	3,358
– Reversal	(257)	–	(257)
Currency translation reserve	1	9	10
Balance as at 31 December 2023 (Note 12)	3,109	820	3,929
Company			
Balance as at 1 January 2023	456	480	936
Loss allowance recognised in profit or loss during the year on:			
– Additions	2,655	–	2,655
– Reversal	(137)	4	(133)
Balance as at 31 December 2023 (Note 12)	2,974	484	3,458
2022			
Group			
Balance as at 1 January 2022	782	154	936
Loss allowance recognised in profit or loss during the year on:			
– Additions	27	–	27
– Utilised	(128)	(17)	(145)
Balance as at 31 December 2022 (Note 12)	681	137	818
Company			
Balance as at 1 January 2022 and 31 December 2022 (Note 12)	456	480	936

(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 they sell goods and services to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

28 Financial risk management (Continued)

 (b) *Credit risk* (Continued)

 ((i) Trade receivables (Continued))

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 2023 are set out in the provision matrix as follows:

	← Past due →				Total \$'000
	Not past due \$'000	Less than 3 months \$'000	3 to 6 months \$'000	More than 6 months \$'000	
Group					
School fees					
Trade receivables	106	55	431	163	755
Loss allowance	–	–	(37)	(51)	(88)
Franchise income					
Trade receivables	858	1,554	65	3,362	5,839
Loss allowance	–	–	–	(2,413)	(2,413)
Royalty income and sales of merchandise					
Trade receivables	1,298	1,251	425	3,223	6,197
Loss allowance	–	–	–	(608)	(608)
Company					
Franchise income					
Trade receivables	850	1,171	–	3,856	5,877
Loss allowance	–	–	–	(2,413)	(2,413)
Royalty income and sales of merchandise					
Trade receivables	46	58	19	811	934
Loss allowance	–	–	–	(561)	(561)

28 Financial risk management (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 2022 are set out in the provision matrix as follows:

	← Past due →			Total \$'000	
	Not past due \$'000	Less than 3 months \$'000	3 to 6 months \$'000		More than 6 months \$'000
Group					
School fees					
Trade receivables	–	30	169	584	783
Loss allowance	–	–	–	(183)	(183)
Franchise income					
Trade receivables	5,114	–	–	112	5,226
Loss allowance	–	–	–	(27)	(27)
Royalty income and sales of merchandise					
Trade receivables	452	1,333	1,112	1,270	4,167
Loss allowance	–	–	–	(572)	(572)
Company					
Franchise income					
Trade receivables	5,118	–	–	71	5,189
Loss allowance	–	–	–	(27)	(27)
Royalty income and sales of merchandise					
Trade receivables	28	3	9	747	787
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 ECL 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.

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 ECL.

28 Financial risk management (Continued)

(b) Credit risk (Continued)

(ii) Cash and cash equivalents, other receivables and deposits (Continued)

As at 31 December 2023 and 2022, 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 \$271,000 and \$802,000 of the Group and of the Company (2022: \$1,801,000 and \$1,801,000) 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 reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000
Group			
At 31 December 2023			
Trade and other payables	21,651	-	-
Lease liabilities	6,338	14,916	5,069
Borrowings	8,124	11,402	-
At 31 December 2022			
Trade and other payables	19,907	-	-
Lease liabilities	7,115	17,270	-
Borrowings	12,840	13,346	-

28 Financial risk management (Continued)(c) *Liquidity risk* (Continued)

	Less than 1 year \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000
Company			
At 31 December 2023			
Trade and other payables	35,521	-	-
Lease liabilities	1,267	54	-
Borrowings	6,977	10,138	-
At 31 December 2022			
Trade and other payables	29,325	-	-
Lease liabilities	1,265	1,321	-
Borrowings	10,873	8,990	-

(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.

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Total liabilities	66,110	72,062	52,202	50,992
Total assets	138,245	140,364	104,646	104,250
Debt ratio	48%	51%	50%	49%

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2023 and 2022.

(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.

28 Financial risk management (Continued)

(f) Financial instruments by category

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets, at amortised cost	27,472	32,394	19,994	19,039
Financial liabilities, at amortised cost	62,276	68,929	52,158	50,952

29 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sale and purchase of goods and services

	Group	
	2023 \$'000	2022 \$'000
Income from related parties		
– Exclusive business sales	12,785	–
– Interest income from net investment in sublease	12	43
– Royalty fees	188	152
– Classroom rental income	232	–
Expenses to related parties		
– Commission	25	143
– Purchase of merchandise and event expense	–	243
Income from immediate holding corporation		
– Service income	177	177

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 associates.

Outstanding balances at 31 December 2023, arising from sales and purchases of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 12 and 19 respectively.

29 Related party transactions (Continued)*(b) Key management compensation*

Key management personnel compensation is as follows:

	Group	
	2023	2022
	\$'000	\$'000
Wages and salaries	1,818	1,748
Employer's contribution to defined contribution plans, including Central Provident Fund	50	52
	129	204
Other short-term benefits	1,997	2,004

30 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 & Chief Operating Officer.

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, management consulting services, asset management and childcare enrolment services.

30 Segment information (Continued)

 (iv) *Others* (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	
2023								
Sales								
Total segment sales	6,038	23,099	-	-	39,388	2,831	2,312	73,668
Inter-segment sales	-	-	(760)	-	-	-	-	(760)
Sales to external parties	6,038	23,099	(760)	-	39,388	2,831	2,312	72,908
EBITDA	1,433	7,706	(592)	(32)	9,110	(1,420)	4	16,209
Depreciation	1,065	474	-	12	5,139	16	-	6,706
Amortisation	2	786	276	449	-	-	-	1,513
Segment assets	4,594	4,022	20,810	1,069	70,806	35,242	1,702	138,245
Segment assets includes:								
Additions to:								
- property, plant and equipment	1,148	-	61	-	8,194	82	332	9,817
- intangible assets	-	-	2,622	136	-	-	358	3,116
Segment liabilities	(6,676)	-	(22,491)	(19)	(28,890)	(7,196)	(838)	(66,110)
	← Singapore →				← Australia →			Group Total \$'000
	Education \$'000	Franchise \$'000	Corporate \$'000	Others \$'000	Education \$'000	Franchise \$'000	Others \$'000	
2022								
Sales								
Total segment sales	16,660	9,489	-	-	34,853	794	2,106	63,902
Inter-segment sales	-	(1,433)	-	-	-	-	(923)	(2,356)
Sales to external parties	16,660	8,056	-	-	34,853	794	1,183	61,546
EBITDA	7,655	7,893	(3,504)	47	7,142	(3,731)	(3)	15,499
Depreciation	3,149	24	703	10	5,128	58	-	9,072
Amortisation	-	1	1,041	397	-	-	-	1,439
Impairment of goodwill	-	-	-	-	574	-	-	574
Segment assets	17,114	5,372	17,430	1,278	95,445	2,798	927	140,364
Segment assets includes:								
Additions to:								
- property, plant and equipment	5,732	3	26	5	7,397	-	-	13,163
- intangible assets	1	-	572	332	369	-	-	1,274
Segment liabilities	(4,135)	(17,193)	(24,621)	(26)	(23,362)	(2,367)	(358)	(72,062)

30 Segment information (Continued)*(a) Reconciliation**Segment profits*

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

	2023	2022
	\$'000	\$'000
EBITDA for reportable segments	16,237	15,457
EBITDA for other segments	(28)	42
Depreciation (Note 7)	(6,706)	(9,072)
Amortisation (Note 7)	(1,513)	(1,439)
Finance expense (Note 9)	(2,132)	(2,359)
Interest income (Note 5)	225	213
Profit before income tax	6,083	2,842

(b) Revenue from major services

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

	2023	2022
	\$'000	\$'000
Revenue		
Education	45,426	51,513
Franchise	25,170	8,850
Others	2,312	1,183
	72,908	61,546

(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.

30 Segment 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.

	Non-current assets	
	2023	2022
	\$'000	\$'000
Singapore	16,958	17,840
Australia	96,462	90,859
	113,420	108,699

The Group's revenue by geographical areas is disclosed under Note 4(a).

31 Events occurring after reporting date

On 17 January 2024, the Group entered into a shareholders' agreement with Holywell Pty Ltd ("Holywell") through its newly incorporated subsidiary MindChamps SA Pty Ltd to incorporate a joint venture company, MCMF South Australia Pty ("MCMF"). The total issued capital of MCMF is AU\$ 1.5mil, of which the Group holds 50% and Holywell holds 50%. The principal activity of MCMF is franchising of childcare services for preschool children in Southern Australia.

On 8 March 2024, the Group through its wholly-owned subsidiary, Champion Mindset Academy Pte and a related party, MindChamps Academy Pte. Limited, have entered into a share purchase agreement to jointly acquire a total of 60% of the total issued ordinary shares of Arium School of Arts And Sciences Pte. Ltd for a total consideration of S\$2.00.

On 14 May 2024, the Group's wholly-owned subsidiary, MindChamps Early Learning Australia Pty. Limited ("MCELA") entered into a legally binding and enforceable term sheet with Dream Big Education Pty Ltd ("Dream Big") where MCELA will acquire the business and assets of MindChamps Early Learning & Preschool @ Frenchs Forest, a preschool centre wholly-owned and operated by Dream Big. The purchase consideration shall be offset against any amounts receivable from Dream Big as at 31 December 2023.

32 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 2024 and which the Group has not early adopted. The Group does not expect any significant impact arising from the following amendments.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:

- Classification of Liabilities as Current or Non-current
- Non-current liabilities with Covenants

(effective for annual periods beginning on or after 1 January 2024)

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).

32 New or revised accounting standards and interpretations (Continued)

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the balance sheet date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability;
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

Amendments to SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Statements: Disclosures: Supplier finance arrangements:

The amendments clarify the characteristics of supplier finance arrangements ("SFA") and introduce new disclosures of such arrangements. The objective of the new disclosures is to provide information about supplier finance arrangements that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

There is a transitional relief of not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances.

The amendments will be effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted.

Amendments to SFRS(I) 16 Leases: Lease liability in a Sale and Leaseback

The narrow-scope amendments to SFRS(I) 16 explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

33 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 14 May 2024.

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.

Number of Ordinary Shares Held	Number of Shareholders	%	Number of Ordinary Shares	%
1 – 99	9	0.81	428	0.00
100 – 1,000	195	17.55	159,923	0.07
1,001 – 10,000	572	51.49	2,769,500	1.14
10,001 – 1,000,000	322	28.98	23,629,385	9.73
1,000,001 and above	13	1.17	216,311,727	89.06
Total	1,111	100.00	242,870,963	100.00

Substantial Shareholders

As recorded in the Register of Substantial Shareholders of the Company:

Name	Direct Interest	Number of Ordinary Shares		
		%*	Deemed Interest	%*
David Chiem Phu An	–	–	126,806,441 ⁽¹⁾	52.21
Catherine Du	–	–	126,606,441 ⁽²⁾	52.13
MindChamps Holdings Pte. Limited	–	–	124,895,913 ⁽³⁾	51.42
Champion Minds Pte. Limited	–	–	124,895,913 ⁽⁴⁾	51.42
Invest Learning Pte. Ltd.	47,620,000	19.61	–	–
Cuscaden Peak Investments Private Limited (f.k.a. Singapore Press Holdings Limited)	–	–	47,620,000 ⁽⁵⁾	19.61

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	100,627,813	41.43
INVEST LEARNING PTE LTD	47,620,000	19.61
MAYBANK NOMINEES (SINGAPORE) PTE LTD	24,287,100	10.00
PHILLIP SECURITIES PTE LTD	12,706,500	5.23
MERRILL LYNCH (SINGAPORE) PTE LTD	11,284,500	4.65
DBS NOMINEES PTE LTD	8,036,628	3.31
NG EE YONG (HUANG YURONG)	2,372,000	0.98
CITIBANK NOMINEES SINGAPORE PTE LTD	2,009,728	0.83
TEOH MEI YIAN (ZHAO MEIYAN)	1,807,229	0.74
WONG WEI HSNG (WANG WEISHENG)	1,807,229	0.74
ABN AMRO CLEARING BANK N.V.	1,432,900	0.59
LIM AH KAW @ LIM LAN CHING	1,305,500	0.54
TINKRBOX INVESTMENT HOLDINGS PRIVATE LTD	1,014,600	0.42
PEH POH GEOK	869,400	0.36
HONG LEONG FINANCE NOMINEES PTE LTD	700,000	0.29
RAFFLES NOMINEES (PTE) LIMITED	653,400	0.27
WATGLEN PTY LTD	589,504	0.24
ANG HAO YAO (HONG HAOYAO)	569,000	0.23
TAN THIAM CHYE (CHEN TIANCAI)	560,000	0.23
CHIAN SHIAN ANN @ CHIAM YEOW ANN	557,500	0.23
	220,810,531	90.92

Free Float

Based on the information available to the Company, approximately 26.73% 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 at BTS Room, 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594 on Wednesday, 29 May 2024 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 2023 and the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Ms Catherine Du as Director who is retiring by rotation pursuant to Regulations 94 and 95. **(Resolution 2)**
(See Explanatory Note (a))
3. To re-elect Mr Lee Suan Hiang as Director who is retiring pursuant to Regulations 94 and 95. **(Resolution 3)**
(See Explanatory Note (b))
4. To approve payment of Directors' fees of S\$177,145 for the financial year ended 31 December 2023. **(Resolution 4)**
(See Explanatory Note (c))
5. To re-appoint Messrs CLA Global TS Public Accounting Corporation as Auditors and to authorise Directors to fix the Auditors' remuneration. **(Resolution 5)**

As Special Business

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

6. Authority to issue Shares **(Resolution 6)**

"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 (d))

7. Authority to grant options, allot and issue Shares under the MindChamps PreSchool Share Option Plan **(Resolution 7)**

“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 (e))

8. Authority to grant awards, allot and issue Shares under the MindChamps PreSchool Performance Share 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 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 (f))

9. Authority to renew Share Purchase Mandate **(Resolution 9)**

“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 (g))

Any Other Business

10. To transact any other business which may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Yeo Hui Leng
Company Secretary

Singapore, 14 May 2024

Explanatory Notes to Resolutions:

- a) **Resolution 2** is to re-elect Ms Catherine Du who will, upon re-election, continue to serve as a Non Independent Non Executive Director of the Company. The detailed information on Ms Du 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 FY2023.
- b) **Resolution 3** is to re-elect Mr Lee Suan Hiang who will, upon re-election, continue to serve as an Independent Director of the Company, the Chairman of the Nominating Committee and a Member of the Audit Committee and the Remuneration Committee. Mr Lee is considered as an Independent Director of the Company. The detailed information on Mr Lee 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 FY2023.
- c) **Resolution 4** is to approve the proposed Directors' fees of S\$177,145 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 2023.
- d) **Resolution 6** 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.
- e) **Resolution 7** 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.
- f) **Resolution 8** 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.
- g) **Resolution 9** 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 28 April 2023.

Notes:**Format**

1. The Company's AGM is being convened, and will be held physically at BTS Room, 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594. There will be no option for shareholders to participate virtually or by electronic means.
2. Shareholders, including CPF and SRS investors who hold the Company's Shares through CPF Agent Banks or SRS Operators, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote by attending the Meeting.
3. Attendees are required to bring along their NRIC/passport so as to enable the Company to verify their identities.
4. All resolutions at the Meeting shall be voted on by way of a poll. Polling will be done by way of an electronic poll voting system and members present in person or represented by proxy at the Meeting will be entitled to vote on a 'one-share, one-vote' basis. The detailed procedures for the electronic poll voting will be explained at the Meeting.

Access to Documents

1. Printed copies of this Notice of AGM, Proxy Form and Request Form will be despatched to shareholders.
2. The Annual Report and Sustainability Report FY2023 and the Appendix of the Notice of AGM will also be made available on SGXNet and the Company's corporate website and may be accessed at the following URL: <https://investor.mindchamps.org/home.html>
3. Shareholders may request for printed copies of the Annual Report and Sustainability Report FY2023 and the Appendix of the Notice of AGM in the following manner:
 - (a) by completing and returning the Request Form to our registered office at 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594. Attention to: Investor Relations; or
 - (b) by completing and submitting the Request Form via email to ir@mindchamps.orgin either case, by 10.00 a.m. on 21 May 2024.
4. Shareholders are strongly encouraged to send their completed Request Form electronically via email.

Appointment of Proxy(ies)

1. A shareholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where a shareholder appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.
2. A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such shareholder. Where such shareholder appoints more than two proxies, the appointments shall be invalid unless the shareholder specifies the number of Shares in relation to which each proxy has been appointed.
3. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
4. As an alternative to 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.
5. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) if submitted by post, deposited at the registered office of the Company at **6 Raffles Boulevard #04-100 Marina Square Singapore 039594**;
 - (b) if submitted electronically, be submitted via email to ir@mindchamps.org;

in either case, by 10.00 a.m. on Friday, 24 May 2024, being not less than 72 hours before the time appointed for holding the Meeting.

The proxy form can also be downloaded from SGXNet or the Company's website at <https://investor.mindchamps.org/home.html>.

6. 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.
7. 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 Friday, 17 May 2024), to ensure that their votes are submitted.
8. A proxy need not be a member of the Company.

Submission of questions prior and/or 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, or; (b) by post to the Company at **6 Raffles Boulevard #04-100 Marina Square Singapore 039594**. All questions must be submitted by **10.00 a.m. on Wednesday, 22 May 2024**.
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 received from shareholders (which are related to the resolutions to be tabled for approval at the AGM and as may be determined by the Company in its sole discretion) in advance prior to or during the AGM. The Company will, during the AGM, also endeavour to address as many substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as possible. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. 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.

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) 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;
- (iii) 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 14 MAY 2024**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 FY2023 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 at BTS Room, 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594 on Wednesday, 29 May 2024 at 10.00 a.m..

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 14 MAY 2024****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*)

Roger Neil Sexton AM (*Independent Director*)

Lee Suan Hiang (*Independent Director*)

Prof Petrina Sue Coventry (*Independent Director*)

Registered Office:

6 Raffles Boulevard

#04-100 Marina Square

Singapore 039594

14 May 2024

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 14 May 2024 (the "**Notice**"), accompanying the Annual Report and Sustainability Report FY2023, convening the annual general meeting which is scheduled to be held on Wednesday, 29 May 2024 at 10.00 a.m. ("**AGM**") and the Ordinary Resolution 9 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 28 April 2023. 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 30 April 2024 (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 2023, 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 \$0.180 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 \$4,371,677.

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 2023 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 2023 would have been as follows:

	Market Purchase		Off-Market Purchase	
	Before Share purchase \$'000	After Share purchase \$'000	Before Share purchase \$'000	After Share purchase \$'000
Profit attributable to equity holders of our Company as at 31-Dec-23	5,432	5,432	5,432	5,432
Share capital	49,530	49,530	49,530	49,530
Currency translation reserve	(7,913)	(7,913)	(7,913)	(7,913)
Other reserve	(950)	(950)	(950)	(950)
Retained profits	31,718	31,718	31,718	31,718
Treasury shares	–	(4,372)	–	(4,857)
Shareholders' equity	72,385	68,013	72,385	67,528
Total equity	72,135	67,763	72,135	67,278
Net assets value (NAV)	72,135	67,763	72,135	67,278
Current assets ⁽¹⁾	16,823	16,823	16,823	16,823
Current liabilities ⁽²⁾	24,646	24,646	24,646	24,646
Working capital	(7,823)	(7,823)	(7,823)	(7,823)
Total borrowings	17,630	22,002	17,630	22,487
Cash and cash equivalents	7,731	7,731	7,731	7,731
Net cash	(9,899)	(14,271)	(9,899)	(14,756)
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	243,469	242,871	243,469
Financial Ratios				
NAV per share ⁽³⁾ (\$)	0.30	0.31	0.30	0.31
Gearing ratio ⁽⁴⁾	0.24	0.32	0.24	0.33
Current ratio ⁽⁵⁾	0.77	0.77	0.77	0.77
Basic EPS (\$) ⁽⁶⁾	0.02	0.02	0.02	0.02

Notes:

- (1) Current Assets excluding cash and lease receivables
- (2) Current Liabilities excluding current borrowings and lease liabilities
- (3) Net Assets Value divided by number of shares as of 31 December 2023
- (4) Total Debt divided by Total Equity
- (5) Current Assets excluding lease receivables divided by Current Liabilities excluding lease liabilities
- (6) Profit attributable to owners of our Company divided by the weighted average number of Shares as at 31 December 2023

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 2023 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 26.73% 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 16.73% 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 FY2023 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 FY2023.

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 9, 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

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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 at BTS Room, 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594. There will be no option for shareholders to participate virtually.
- Shareholders (except a Relevant Intermediary (as defined below)) may cast their votes for each resolution at the AGM. 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 in person 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 Friday, 17 May 2024) 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 14 May 2024.

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	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or

Name	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 at BTS Room, 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594 on Wednesday, 29 May 2024 at 10.00 a.m. and at any adjournment thereof in the following manner:

No.	Ordinary Resolutions	For	Against	Abstain
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 2023 and the Auditors' Report thereon.			
2.	To re-elect Ms Catherine Du as Director pursuant to Regulations 94 and 95.			
3.	To re-elect Mr Lee Suan Hiang as Director pursuant to Regulation 94 and 95.			
4.	To approve payment of Directors' fees for the financial year ended 31 December 2023.			
5.	To re-appoint Messrs CLA Global TS Public Accounting Corporation as Auditors and to authorise Directors to fix the Auditors' remuneration.			
Special Business				
6.	To authorise Directors to issue Shares.			
7.	To authorise Directors to grant options, allot and issue Shares under the MindChamps PreSchool Share Option Plan.			
8.	To authorise Directors to grant awards, allot and issue Shares under the MindChamps PreSchool Performance Share Plan.			
9.	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 _____ 2024

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 in person. As an alternative to voting in person 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/home.html>.
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 Friday, 17 May 2024**), 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; not less than seventy-two (72) hours (i.e. by **10.00 a.m. on Monday, 27 May 2024**), before the time appointed for holding the AGM.
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)
Dr Roger Neil Sexton AM (Independent Director)
Lee Suan Hiang (Independent Director)
Prof Petrina Sue Coventry (Independent Director)

AUDIT COMMITTEE

Dr Roger Neil Sexton AM (Chairman)
Lee Suan Hiang
Prof Petrina Sue Coventry

NOMINATING COMMITTEE

Lee Suan Hiang (Chairman)
Dr Roger Neil Sexton AM
Prof Petrina Sue Coventry

REMUNERATION COMMITTEE

Prof Petrina Sue Coventry (Chairperson)
Dr Roger Neil Sexton AM
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

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
9 Raffles Place, #26-01, Republic Plaza Tower I
Singapore 048619
Tel: (65) 6236 3333
Fax: (65) 6236 4399
Website: www.sg.tricorglobal.com

COMPANY SECRETARY

Yeo Hui Leng (LLB (Hons))

EXTERNAL AUDITORS

CLA Global TS Public Accounting Corporation
(appointed on 19 October 2009)
80 Robinson Road
#25-00
Singapore 068898

Director-in-charge:

Samuel Lim
(appointed since the financial year ended 2023)

INTERNAL AUDITORS

KPMG Services Pte. Ltd.
Asia Square Tower 2
12 Marina View, #15-01
Singapore 018961

PRINCIPAL BANKERS

Standard Chartered Bank
8 Marina Boulevard
Marina Bay Financial Centre Tower 1, Level 23
Singapore 018981

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
Website: investor.mindchamps.org

STOCK CODE

CNE.SI



**MindChamps
PreSchool Limited**

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