# TAKING SINGAPORE'S NO.1 PREMIUM PRESCHOOL TO THE WORLD

Annual Report 2021

MindChamps® preschool

## OUR VISION

To nurture the power
of human potential for
a better tomorrow

## OUR MISSION

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

## SOCIAL CHARTER

**Education Enables**

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

# Table Of Contents



# 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.

## 2018

Launched seven MindChamps Early Learning & PreSchool centres in Australia.

## 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.

## 2016

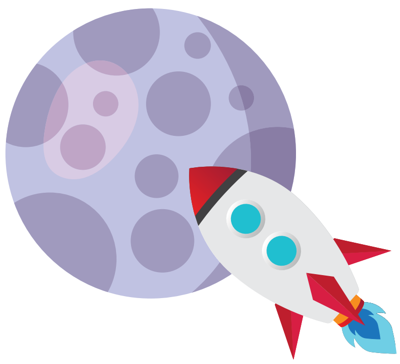
Launched MindChamps' first Chinese Pre-School in Singapore.

## 2015

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

## 2009

Launched six MindChamps PreSchool centres in Singapore.



## 2019

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

Launched eight MindChamps Early Learning & PreSchool centres in Australia.

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

Launched the first MindChamps PreSchool in Malaysia.

Launched the first MindChamps International PreSchool centre in Myanmar.

## 2020

Launched our 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.

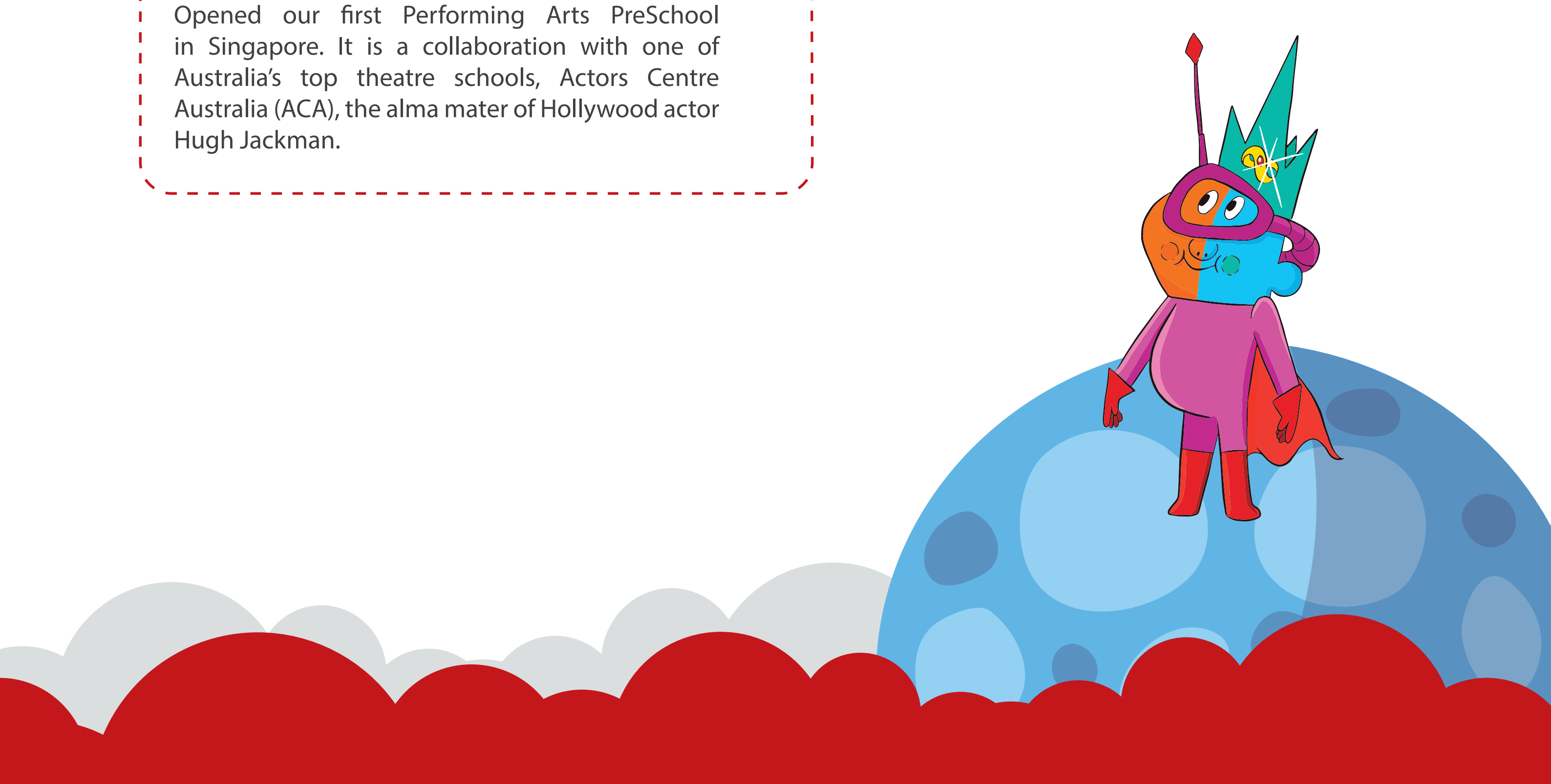
Introduced the innovative, state-of-the-art indoor playground MindScape™, which is unique to MindChamps and supports Crafted Play™.

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

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

Expanded MindChamps' international footprint with:

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



# Corporate Profile

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

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

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

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

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

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

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

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

# Awards & Accolades

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

**HUMAN RESOURCES**

## Singapore's Best Employers
## *The Straits Times & Statista*

For the second consecutive year, we were ranked among the most attractive firms and institutions in Singapore for employees by The Straits Times and research firm Statista. The ranking is based on an extensive survey of more than 6,000 employees across 26 industries. MindChamps is the only preschool on this list.

**BRANDING**

## The Superbrands Mark of Distinction (Early Learning and Preschool category) 2021
## *Superbrands*

For the second consecutive year, we were ranked among the most attractive firms and institutions in Singapore for employees by The Straits Times and research firm Statista. The ranking is based on an extensive survey of more than 6,000 employees across 26 industries. MindChamps is the only preschool on this list.

**BRANDING**

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

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

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

**BRANDING**

## Top 100 Brands in Singapore
## *Brand Finance*

Named among the Top 100 Brands in Singapore assessed by Brand Finance, the world's leading independent brand valuation consultancy headquartered in London. As the Only Preschool brand on the list, we took the highest new entrant position.

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

Dear Valued Shareholders

**The Value of the Champion Mindset**

2021 was truly an extraordinary year that clearly demonstrated the importance of the Champion Mindset. The year began on an optimistic note with the global rollout of vaccines to combat COVID-19. However that initial optimism appeared to be premature with the rapid rise of highly infectious variants of the virus, resulting in the re-imposition of stringent social distancing measures.

But in the face of these challenges, I am pleased to say that the entire organisation embraced the Champion Mindset and found innovative ways to turn Setbacks into Setups and continue our journey in taking the 3 Minds movement beyond the shores of Singapore and evolving to MindChamps Version 2.0.

2021 saw the expansion and upgrading of two of our centres, MindChamps PreSchool @ Toa Payoh Central and MindChamps PreSchool @ Woodlands, into MindChamps Version 2.0 centres.

Our breakthrough MindChamps Version 2.0 is the next exciting evolution of our Integrative Learning approach and as part of this evolution, we have redesigned the physical environment of the MindChamps classroom, using what we call our 'WhiteSpace' principle. Just as a white screen reflects back whatever is projected onto it, so the WhiteSpace of the classroom provides an accentuating backdrop for our Champs' collaborative discovery-learning activities.

As an integral part of MindChamps Version 2.0, our Preschool centres at Toa Payoh Central and Woodlands each have a spectacular, state-of-the-art indoor playground - MindScape™ which enhances learning by bringing together the elements of Crafted Play™. Crafted Play™ leads the imagination and optimises a child's learning and development, nurturing the 3 Minds: The Champion Mind, Learning Mind, and Creative Mind. MindScape™ will inspire our Champs to create their own imaginary landscapes, and physically express their ideas.

I am delighted to announce that our unique MindChamps Music programme has achieved patent-pending status in the US and Singapore. (U.S. Patent Pending: 17/644,293 and Singapore Patent Pending: 10202113952V) The world's first integrated music-in-education programme, MindChamps Music leverages Multiple Unlimited Simultaneous Interdisciplinary Cognition to maximise children's literacy, numeracy and socio-emotional skills. It is the breakthrough synthesis of decades of research by Emeritus Professor Larry Scripp (of Harvard's 'Project Zero and the prestigious New England Conservatory, Boston, USA) together with the unique MindChamps 3-Mind education model. We continued to expand MindChamps Music programme to more centres in 2021 and we are on track to introduce the MindChamps Music programme to all our preschool centres in Singapore by 2022.

2021 also saw the opening of MindChamps Académie of Stars, Singapore's premier performing arts school at our Marina Square HQ. MindChamps Académie of Stars combines MindChamps' unique research-based education and pedagogy of the Champion Mindset with the training of singing, dancing and acting – the Triple Threat of the Performing Arts. MindChamps Académie of Stars focuses on nurturing the Champion Mindset and the craft of Performing Arts in children aged between 3 and 18 years old. As well as teaching syllabi that lead to international certifications from the London Academy of Music & Dramatic Art (LAMDA), Associated Board of the Royal Schools of Music (ABRSM), Commonwealth Society of Teachers of Dancing (CSTD) and TRINITY, MindChamps Académie of Stars specialises in preparing students for the Direct School Admission (DSA).

I am also proud to announce that MindChamps was named among the Top 100 Brands in Singapore for 2021 as assessed by Brand Finance, the world's leading independent brand valuation consultancy headquartered in London. As the only preschool brand on the list, we were the highest new entrant in the ranking in 58th place.

In the financial year (FY) 2021, despite continuing headwinds from the pandemic, our net profit was S$2.6 million amidst active expansion plans into new markets. We have continued to be resilient, maintaining a revenue of S$62.7 million (a 21% increase from S$51.8 million in FY2020).

**Taking Singapore's No1 Premium Preschool to the world**

Just as in the previous year, 2021 has proven challenging for MindChamps PreSchool & Early Learning in Australia, with lockdowns and heightened precautionary measures impacting our centres. Despite these obstacles, the Champion Mindset saw us through as we continued to enhance our programmes, education resources and facilities. We attracted 11 new franchise partners in 2021, with more in the pipeline.

We also announced that we would have a new preschool centre in the integrated township of Sunsuria City in Malaysia. In addition, we also forged a partnership with the Tahir family of the Mayapada Group to establish MindChamps preschool centres in Indonesia.

As at the end of 31 December 2021, we have 86 centres globally.

**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. The past year was a testament of how, as a team, you took challenges head on and turned Setbacks into Setups.

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 Officers 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**
Executive Chairman

# BOARD OF DIRECTORS

**MR DAVID CHIEM**
Founder Chief Executive Officer &
Executive Chairman

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

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

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

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

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

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

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

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

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

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

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

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

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

Mr Chiem brings to his work in education, a rich background in the Arts. The celebrated author of 6 critically acclaimed books, he came to business after a highly successful career in the world of theatre and film since he was 14 years old. It was a career that proved to be the perfect preparation for leading an innovative organisation with depth of research and strategic planning and execution.

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

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

**MR TEO SER LUCK**

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

Mr Teo Ser Luck was appointed as our Lead Independent Director on 31 December 2020.

Mr Teo is an entrepreneur and investor. He is currently the Independent Non-Executive Chairman of BRC Asia Limited, Independent Non-Executive Acting Chairman of Serial Systems Ltd, Lead Independent Director of China Aviation Oil (Singapore) Corporation Ltd, and an Independent Director of Straco Corporation Limited and Yanlord Land Group Limited, companies listed on the Mainboard of the Singapore Stock Exchange. He is an advisor to the Institute of Chartered Accountants of Singapore and Singapore FinTech Association.

Mr Teo holds a Degree in Accountancy from Nanyang Technological University ("NTU"). He spent 15 years in the private sector before being elected as a Member of the Parliament of Singapore and appointed as a full-time political office holder for 11 years. He returned to the private sector in July 2017 and remained as a Member of the Parliament till June 2020.

Throughout his private sector career, Mr Teo has taken on management positions as head of sales, marketing, business operations before progressing to lead and oversee companies as Regional Director, General Manager and Managing Director of multi-national operations in the Asia Pacific. He has worked in Hong Kong, China, Thailand, and India, and has helped to start companies. He was also the founding investor of a listed multi-national software company. Prior to politics, he was overseeing DHL Express (Singapore) Pte Ltd.

Mr Teo was recognised as a young global leader by the World Economic Forum for his contribution to the business and community services sectors. He also received the Outstanding Young Alumni Award from his alma mater NTU for continuing to make a difference in public service. While in the private sector, he has also received accolades as a global outstanding manager in business and operational excellence.

He was instrumental in leading Singapore's successful bid for the inaugural Youth Olympic Games (YOG) that was held from 14 to 26 August 2010. He was also the Advisor to the Singapore 2010 YOG Organising Committee and the Mayor for the Youth Olympic Village.

Mr Teo was formerly the Minister of State for Ministry of Trade and Industry, Senior Parliamentary Secretary in the Ministry of Transport and Ministry of Community Development, Youth and Sports, Minister of State for Ministry of Manpower, Mayor of the North East District of Singapore, Chairman of Singapore-Shandong Bilateral Business Council and Vice Chairman of Singapore-Jiangsu Bilateral Business Council.

**MS CATHERINE DU**

Non-Independent
Non-Executive Director

Ms Catherine Du is our Co-Founder and Non-Independent Non-Executive Director. She has been a Director of our Company since 1 June 2010.

Ms Du is instrumental in the founding of our Company and its expansion, having recognised the global gap in early childhood education. She has more than 25 years of education and business experience in the education industry. She was responsible for the international franchise and business development of our Group and the interim Chief Executive Officer of MindChamps Australia during its setup phase. She was previously the Director, Operations & Client Relations at MindChamps Holdings Pte. Limited ("MCH") from 2007 to 2016.

Ms Du continues to research and advise on education initiatives to the Group, and currently serves as the Executive Director of MindChamps Health Pte. Limited, Director of MCH, Director of the MCH group of companies, and Director of our various non-listed subsidiaries.

**MR PHUA CHIN CHOR**

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

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

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

Mr Phua holds a Bachelor of Accountancy from the then University of Singapore (now known as the National University of Singapore). He is currently a member of the Singapore Institute of Directors and the Institute of Singapore Chartered Accountants. He was previously a member of the Chartered Institute of Management Accountants of the United Kingdom.

## MR LEE SUAN HIANG

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

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

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

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

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.

# EXECUTIVE OFFICERS

**MR DAVID CHIEM**
Founder Chief Executive Officer &
Executive Chairman

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

**MR TEO WEE JONE**
Chief Financial Officer

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

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

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

**MS PEH POH GEOK**
Global Chief Brand Officer and Chief Operating Officer

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

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

- In 2021, MindChamps was the only preschool brand to be awarded the Superbrands® Mark of Distinction for eight consecutive years, 2014 – 2021

- In 2021, MindChamps attained the Influential Brands® Top Brands Award for seven 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

- In 2021, MindChamps was named among the Top 100 Brands in Singapore for 2021 as assessed by Brand Finance, the world's leading independent brand valuation consultancy headquartered in London. The only preschool brand on the list, MindChamps was the highest new entrant in the ranking in 58th place

- 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

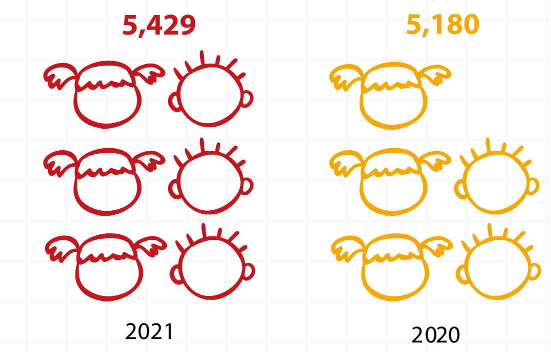
Ms Peh is a highly experienced and diversified strategic leader in branding, sales, marketing, business growth and operations in Singapore and the region. She embodies MindChamps' commitment to the creation of educational opportunities where they would not otherwise exist. This stems from her strong 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.

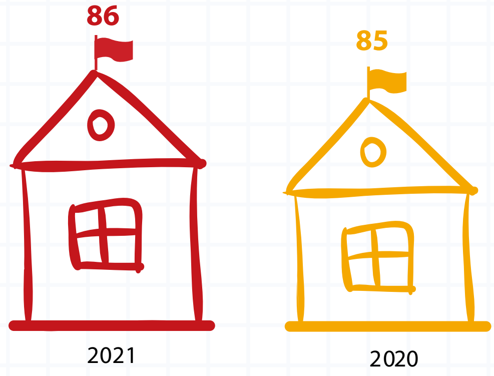
# Financial Highlights

## YEAR-ON-YEAR

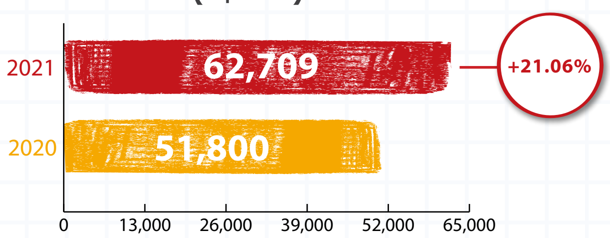
### Student Count
**+4.81%**



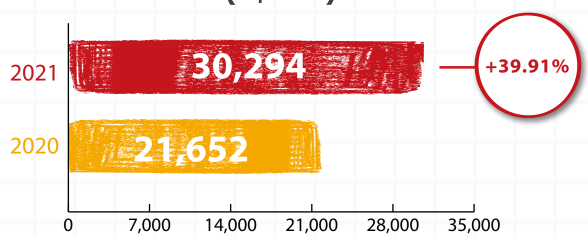

### No. of Centres
**+1.18%**



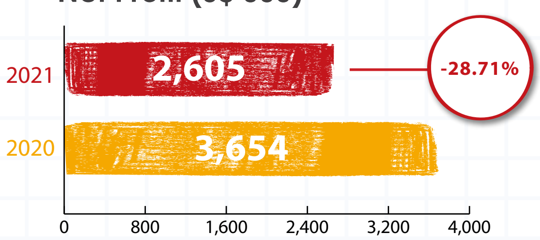

### Revenue (S$'000)



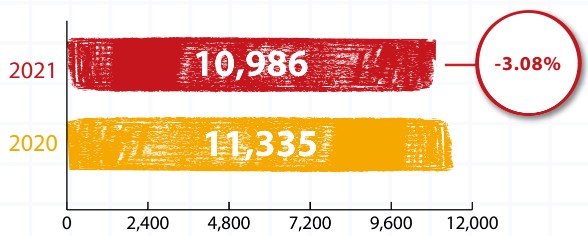

### Gross Profit (S$'000)



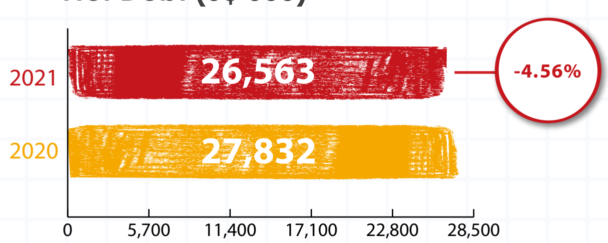

### Net Profit (S$'000)



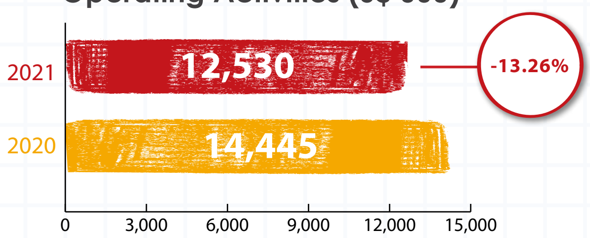

### Cash and Cash Equivalents (S$'000)




### Net Debt (S$'000)



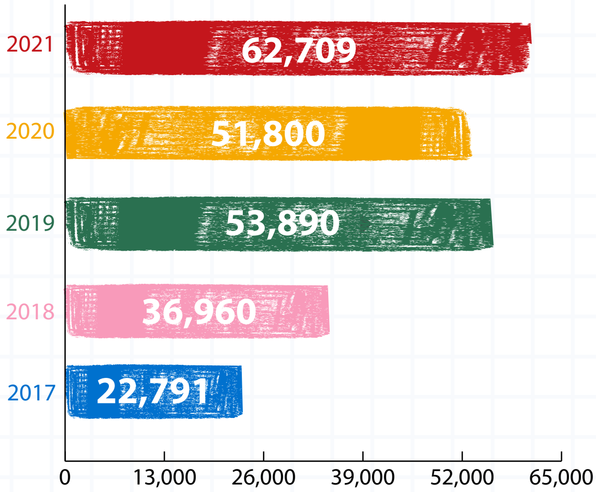

### Net Cash Provided By Operating Activities (S$'000)



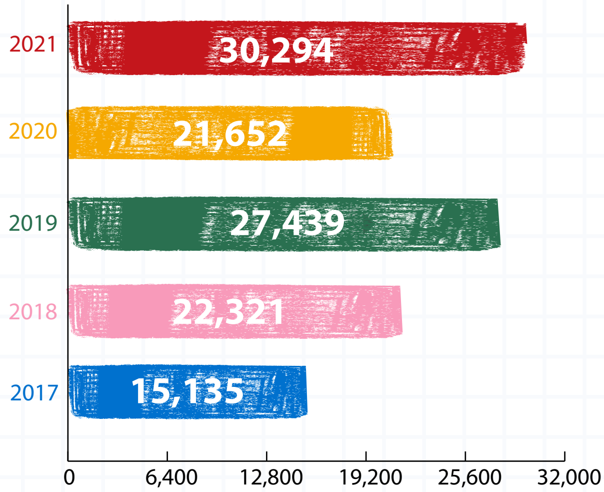
# Financial Highlights

## FIVE-YEAR

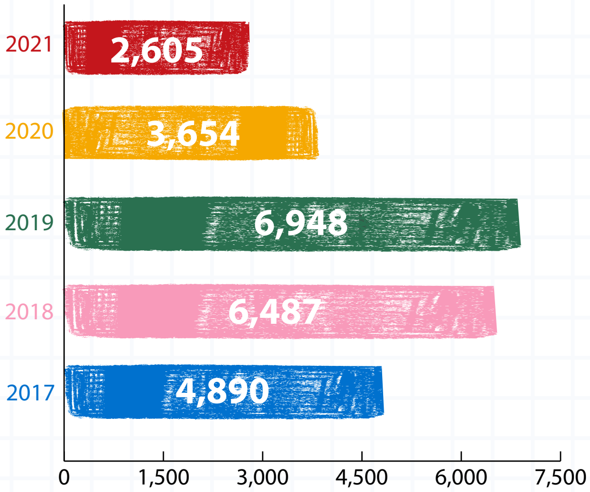
### Revenue (S$'000)



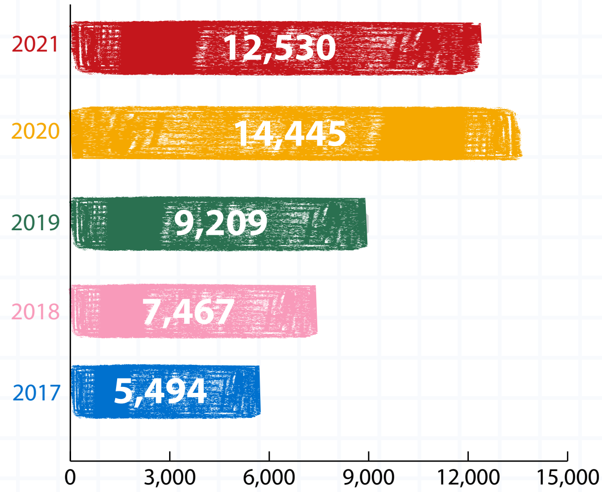

### Gross Profit (S$'000)




### Net Profit (S$'000)




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



# Operating Review

## MindChamps: A Global Movement

2021 was a year of turning setbacks into setups for MindChamps PreSchool.

Despite the challenges presented by the global pandemic, with the Champion Mindset, MindChamps continued with local and international growth plans.

In Singapore, we recognised that with the growing demand for our services in the heartlands, our Champs needed, and deserved, more space to learn and explore. In line with our efforts under MindChamps Version 2.0, we expanded and upgraded MindChamps PreSchool @ Toa Payoh Central and MindChamps PreSchool @ Woodlands. Covering more than 16,000 square feet and 12,000 square feet of learning spaces respectively, our upgraded centres are now almost double the size from before and accommodate a spectacular, state-of-the-art indoor playground – MindScape™.

MindScape™ enhances learning by bringing together the elements of Crafted Play™. Crafted Play™ leads the imagination and optimises a child's learning and development while nurturing their 3 Minds: The Champion Mind, Learning Mind, and Creative Mind.

Version 2.0 is also more than just the physical upgrade of our centres. It also manifests in our curriculum. We are pleased to announce that our unique MindChamps Music programme has achieved patent-pending status in the US and Singapore. (U.S. Patent Pending: 17/644,293 and Singapore Patent Pending: 10202113952V) We continued to expand MindChamps Music to more centres in 2021 and we are on track to introduce the MindChamps Music programme to all our preschool centres in Singapore by 2022.

In Australia, despite lockdowns and heightened precautionary measures impacting our centres, we continued to enhance our programmes, education resources and facilities. We attracted 11 new franchise partners in 2021, with more in the pipeline.

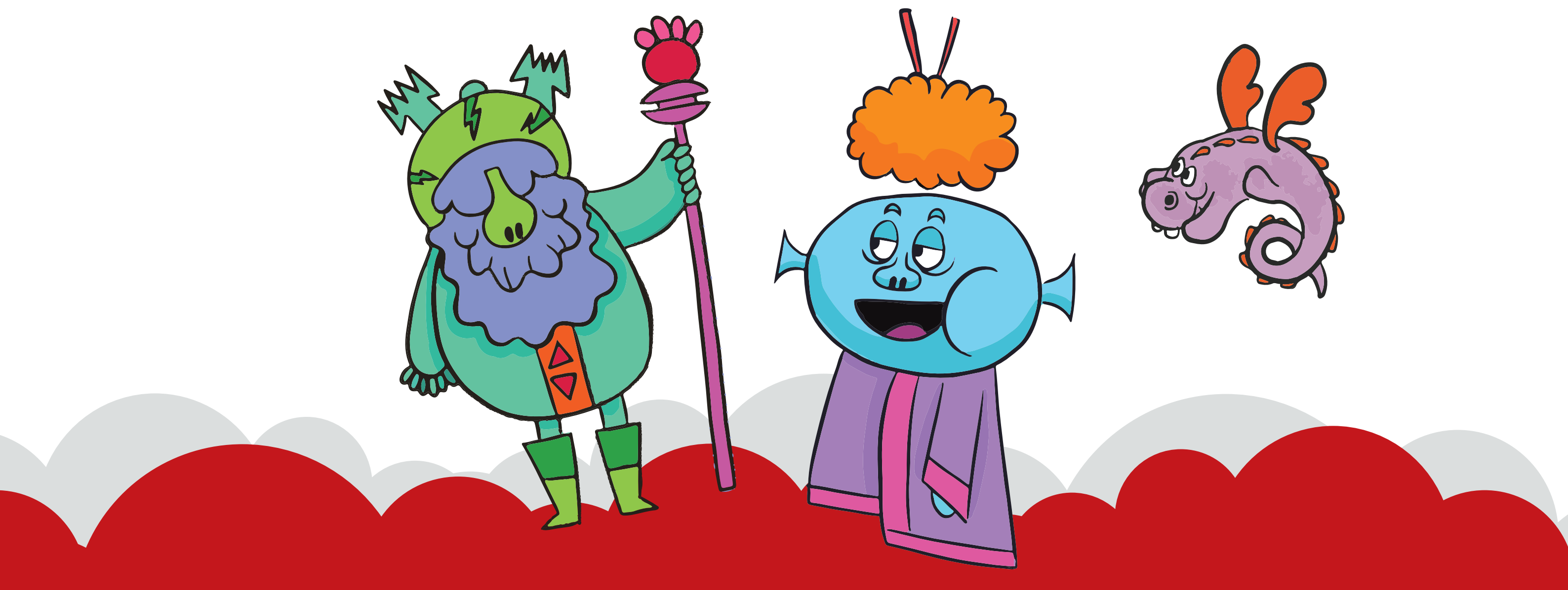
We also announced that we would have a new preschool centre in the integrated township of Sunsuria City in Malaysia. And in 2021 we forged a partnership with the Tahir family of the Mayapada Group to establish MindChamps preschool centres in Indonesia.

As at the end of 31 December 2021, we have 86 centres globally.

Together, the MindChamps team achieved some remarkable milestones:

- Named among the Top 100 Brands in Singapore as assessed by Brand Finance, the world's leading independent brand valuation consultancy headquartered in London. As the only preschool brand on the list, we took the highest new entrant position.
- We are the only preschool to be recognised as the Influential Brand® Top Brand for 7 years in a row and Superbrands Mark of Distinction Award for 8 consecutive years (2014 - 2021).
- For the second consecutive year, we were ranked among the most attractive firms and institutions in Singapore for employees by The Straits Times and research firm Statista.

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



# Financial Review

For the full year ended 31 December 2021, the Group recorded a profit after tax of S$2.6 million in 2021 (2020: S$3.7mil).

The key factors contributing to the FY2021 financial results are as follows:

**(1)** Revenue increased by approximately S$10.9 million or 21%, from S$51.8 million in 2020 to S$62.7 million in 2021. The increase was mainly attributable to:

**(a)** mandated school fees reduction which led to S$6.0 million revenue forgone in FY2020. If this was not mandated, the revenue in 2020 would have been S$57.8 million rather than S$51.8 million;

**(b)** increase of S$0.4 million in school fees and royalty revenue contributed by the organic increase in preschool fees year on year;

**(c)** increase of S$1.6 million in franchise income from the sales of master franchise license;

**(d)** increase of S$0.6 million in commission income following the acquisition of a centralised childcare enrolment business in Australia; and

**(e)** increase of S$2.0 million which was attributable to the translation of the Group's Australian operations with the appreciation of Australian dollar against the Singapore dollar during 2021.

**(2)** Cost of sales increased by approximately S$2.3 million or 8%, from S$30.1 million in 2020 to S$32.4 million in 2021. The increase was mainly attributable to:

**(a)** increase of S$0.9 million of higher academic staff costs incurred, which resulted from higher occupancy rates in 2021 and increased number of academic staff following the acquisitions of performing art school business in Singapore and centralised childcare enrolment business in Australia in 2021; and

**(b)** increase of S$1.3million which was attributable to the translation of the Group's Australian operations with the appreciation of the Australian dollar against the Singapore dollar during 2021.

**(3)** Other income decreased by approximately S$7.3 million, from S$13.6 million in 2020 to S$6.3 million in 2021. The decrease was mainly attributable to reduced COVID-19 relief support packages extended to the Group's operations in 2021.

**(4)** Impairment of financial assets increased by S$0.8 million from less than S$0.1 million in 2020 to S$0.9 million in 2021. The increase was mainly attributable to the application of expected credit loss associated with the Group's financial assets.

**(5)** Administrative expenses increased by approximately S$2.2 million or 8%, from S$27.7 million in 2020 to S$29.9 million in 2021. The increase was mainly attributable to:

**(a)** increase of S$1.0 million of administrative costs incurred, which resulted from increased number of staff following the acquisitions of performing art school business in Singapore and centralised childcare enrolment business in Australia in 2021; and

**(b)** increase of S$0.9 million which was attributable to the translation of the Group's Australian operations with the appreciation of the Australian dollar against the Singapore dollar during 2021.

**(6)** Finance expenses decreased by approximately S$0.4 million or 18%, from S$2.6 million in 2020 to S$2.2 million in 2021. The decrease was mainly attributable to lower outstanding loan principals of the Group's existing borrowing and leases for preschool centres.

**(7)** Marketing expenses increased by approximately S$0.3million or 32%, from S$1.2 million in 2020 to S$1.5 million in 2021. The increase was in line with the increase in scale of Group's operations and branding requirement of local and overseas business expansion.

**(8)** Currency translation arising from consolidation decreased by approximately S$8.9 million, from a gain of S$5.9 million in 2020 to a loss of S$3.0 million in 2021. These exchange differences arose from the translation of financial statements of the Group's Australian operations, whose functional currencies are different from the Group's presentation currency.

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 2021 ("**FY2021**") 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, skill 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.

**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 FY2021 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. |
| **Janice Wu Sung Sung**[(1)] | 2 | N.A. | N.A. | N.A. |
| **Teo Ser Luck** | 4 | 4 | 1 | 1 |
| **Phua Chin Chor** | 4 | 4 | 1 | 1 |
| **Lee Suan Hiang** | 4 | 4 | 1 | 1 |

**Note**:

(1) Stepped down as a Non-Independent Non-Executive Director of the Company on 26 May 2021.

N.A. – Not Applicable

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

The Directors declare their board representations and principal commitments to the Company. The Nominating Committee and the Board review, on an annual basis, each Director's number of board representations and principal commitments, and contribution to the Company. Although the Directors have directorships in other companies which are not within the Group, the Nominating Committee and the Board are satisfied that sufficient time and attention is given by the Directors to the affairs of the Group and are of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. Each of the Directors is aware that he or she should commit sufficient time, attention, resources and expertise to the affairs of the Company.

**Provision 1.6**
**Access to Information**

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

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

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

(a) minutes of the previous Board meeting;

(b) minutes of meetings of all Board Committees held since the previous Board meeting;

(c) background or explanations on matters brought before the Board for decision or information, including issues being dealt with by Management, and relevant budgets, forecasts and projections. In respect of budgets, any material variance between the budgets or projections and actual results are disclosed and explained to the Board; and

(d) major operational and financial issues.

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

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

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

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

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

**Board Composition and Guidance**

**Principle 2**

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

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

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

| Name of Director | Date of First Appointment | Date of Last Re-Appointment | Board | Audit Committee | Nominating Committee | Remuneration Committee |
|---|---|---|---|---|---|---|
| David Chiem Phu An | 25 July 2008 | 22 April 2021 | Founder Chief Executive Officer and Executive Chairman | – | – | – |
| Teo Ser Luck | 31 December 2020 | 22 April 2021 | Lead Independent Director | Member | Member | Chairman |
| Catherine Du | 1 June 2010 | 30 April 2019 | Non-Independent Non-Executive Director | – | – | – |
| Phua Chin Chor | 8 November 2017 | 22 April 2021 | Independent Director | Chairman | Member | Member |
| Lee Suan Hiang | 8 November 2017 | 29 June 2020 | Independent Director | Member | Chairman | Member |

Please refer to the 'Board of Directors' section of this annual 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. 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**

Mr Teo Ser Luck is the Lead Independent Director of the Company. Where the Chairman is conflicted or in his absence, Mr Teo 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 Mr Teo 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, include the Lead Independent Director, 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)
Mr Teo Ser Luck
Mr Phua Chin Chor

Mr Teo Ser Luck, the Lead Independent Director, is a member of the Nominating Committee.

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 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 respectively 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 Mr Teo Ser Luck, Mr Phua Chin Chor and Mr Lee Suan Hiang as Independent Directors of the Company and each of them is regarded to be independent in conduct, character and judgment, and that there are no relationships with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company and the Group. None of the Independent Directors have served the Company for an aggregate period of more than nine years.

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

| **Name** | **Independence Status** |
|---|---|
| David Chiem Phu An | Non-Independent |
| Catherine Du | Non-Independent |
| Teo Ser Luck | Independent |
| Phua Chin Chor | Independent |
| Lee Suan Hiang | 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.

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 Nominating Committee 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:

Mr Teo Ser Luck (Chairman)
Mr Phua Chin Chor
Mr Lee Suan Hiang

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

(a) reviewing and making recommendations to the Board on:

   (i) a framework of remuneration for the Board and key management personnel; and

   (ii) the specific remuneration packages for each Director and key management to all aspects of remuneration, including Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination terms, to ensure that they are fair and avoid rewarding poor performance;

(b) ensuring the remuneration policies and systems of the Group, as approved by the Board, support the Group's objectives and strategies, and are consistently administered and being adhered to within the Group;

(c) in the case of service contracts, reviewing the obligations arising in the event of termination of the Executive Director or key management personnel's service contract, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous;

(d) proposing, for adoption by the Board, appropriate and meaningful performance criteria to assist in the evaluation of the performance of the Executive Director and key management personnel; and

(e) administering the MindChamps PreSchool Performance Share Plan and the MindChamps PreSchool Share Option Plan (the "**Share Plans**") in accordance with the rules of the respective Share Plans, as the case may be, and the Listing Manual, and recommending the same with such adjustments or modifications as it may deem necessary, to our Board, for endorsement.

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

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

**Provision 6.4**
**Engagement of Remuneration Consultants**

The Remuneration Committee may from time to time seek advice on the remuneration of all Directors from external remuneration consultants whose independence and objectivity are not affected by any existing relationships with the Company. No remuneration consultants were engaged by the Company in FY2021.

**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 FY2021 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 | – | 94.03% | 0% | 5.97% | 100.00% | S$800,001 – S$900,000 |
| Catherine Du | Non-Independent Non-Executive Director | 100.00% | – | – | – | 100.00% | <S$100,000 |
| Janice Wu Sung Sung[3] | Non-Independent Non-Executive Director | 100.00% | – | – | – | 100.00% | <S$100,000 |
| Teo Ser Luck | Lead Independent Director | 100.00% | – | – | – | 100.00% | <S$100,000 |
| Phua Chin Chor | Independent Director | 100.00% | – | – | – | 100.00% | <S$100,000 |
| Lee Suan Hiang | Independent Director | 100.00% | – | – | – | 100.00% | <S$100,000 |
| **Total Remuneration (S$'000) of Directors** | | | | | | **1,082** | |

**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 a Non-Independent Non-Executive Director of the Company on 26 May 2021. Ms Wu's Director's Fee is pro-rated for the period during which Ms Wu held office as board member in FY2021

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

Remuneration of each key management personnel (who are not Directors or the CEO) for FY2021 is set out below:

| Name of Key Management Personnel | Position | Breakdown of Remuneration in Percentage (%) | | | | Total Remuneration in Bands of S$250,000 |
|---|---|---|---|---|---|---|
| | | Salary[1] | Bonus[1] | Other Benefits[2] | Total | |
| Teo Wee Jone | Chief Financial Officer | 95.51% | 0% | 4.49% | 100.00% | <S$250,001 – S$500,000 |
| Peh Poh Geok | Global Chief Brand Officer and Chief Operating Officer | 99.30% | 0% | 0.70% | 100.00% | <S$250,001 – S$500,000 |
| **Total Remuneration (S$'000) of Key Management Personnel** | | | | | **943** | |

**Notes:**
(1) Included provident fund contribution by employer.
(2) Included insurance, medical benefits, car benefits, mobile and travel allowances, professional membership fees and long-term incentives, if any.

**Provision 8.2**
**Remuneration of Employees who are substantial Shareholders or immediate family members of a Director or the CEO**

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

**Provision 8.3**
**Employee Share Option Scheme**

The Company's Share Plans were approved by shareholders at an Extraordinary General Meeting held on 9 November 2017. The details and terms of the Share Plans were set out in Appendixes E and F of the Company's Prospectus dated 17 November 2017 (the "**Prospectus**"). There were no options granted or shares issued under the Share Plans during FY2021.

## (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 2021.

**Audit Committee**

**Principle 10**

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

**Provisions 10.1, 10.2 and 10.3**
**Roles and Responsibilities of the Audit Committee**

The Audit Committee comprises the following three Independent Directors:

Mr Phua Chin Chor (Chairman)
Mr Teo Ser Luck
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 Nexia TS Public Accounting Corporation as its external auditors to meet its audit obligations and have assessed that they have the adequate resources and experience to audit the Company and its Group. The Company is in compliance with 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 FY2021 was:

| | **S$'000** |
|---|---|
| Audit fees | 215 |
| Non-audit fees | 58 |
| **Total** | **273** |

The external auditors affirm that the audit team and Messrs Nexia 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 FY2021 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 FY2021, 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 also advertised in the newspaper and available on the websites of the Company and SGX-ST. Shareholders may download the annual 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 AGM in FY2021.

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 2020 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 FY2021 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 FY2021.

**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 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 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 annual sustainability report which will be published by May 2022 through SGXNet and the Company's website.

## 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 FY2021 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 | 177 | – |
| MindChamps Enrichment Academy Pte. Limited | Associate of director, CEO and controlling shareholder | 901 | |
| **Fees paid** | | | |
| DBS Trustee Limited as trustee of SPH REIT | Associate of controlling Shareholder | 494 | – |
| MindChamps Kids Nutrition Pte. Limited | Associate of director, CEO and controlling shareholder | 295 | |

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

(a) the Corporate Services Agreement dated 9 November 2017 between the Company and MindChamps Holdings Pte. Limited ("**MCH**") and its subsidiary corporations;

(b) the Franchise Agreement dated 11 November 2016 between MindChamps PreSchool Singapore Pte. Limited (a subsidiary corporation of the Company) and MindChamps Enrichment Academy Pte. Limited (agreement was previously entered into by MindChamps Singapore Pte. Limited (a subsidiary corporation of MCH) but was novated to MindChamps Enrichment Academy Pte. Limited on 3 January 2020); and

(c) the lease agreement dated 25 October 2016 between MindChamps PreSchool @ Paragon Pte. Limited (a subsidiary of the Company) and DBS Trustee Limited as trustee of SPH REIT (of which approximately 70% of the issued units are owned by Singapore Press Holdings Limited, a controlling shareholder of the Company), as extended by a lease agreement dated 29 November 2019.

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 FY2021 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** | 30 April 2019 | 29 June 2020 |
| **Age** | 51 | 71 |
| **Country of principal residence** | Republic of Singapore | Republic of Singapore |
| **The Board's comments on this re-appointment** | 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.<br><br>The Board concluded that Ms Du possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | 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.<br><br>The Board concluded that Mr Lee possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. |
| **Whether appointment is executive, and if so, the area of responsibility** | Non-Executive | Non-Executive |

| | | |
|---|---|---|
| **Job Title** | Non-Independent Non-Executive Director | • Independent Director<br>• Chairman of the Nominating Committee<br>• Member of the Audit Committee<br>• Member of the Remuneration Committee |
| **Professional qualifications** | Associate Diploma of Business (Accounting) from the New South Wales Technical and Further Education Commission | • Bachelor of Arts (Honours) in Industrial Design (Engineering), Manchester Polytechnic<br>• Leaders in Administration Programme, Singapore Civil Service College<br>• Advanced Management Programme, Harvard University<br>• International Executive Programme, INSEAD<br>• Fellow, Singapore Institute of Directors<br>• Fellow, Chartered Management Institute, United Kingdom<br>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 2021 Annual Report | Please refer to the 'Board of Directors' section in the Company's 2021 Annual Report |
| **Shareholding interest in the Company and its subsidiaries** | Please refer to the 'Directors' Statement' and 'Shareholders' Information' sections in the Company's 2021 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 |

| | | |
|---|---|---|
| **Other Principal Commitments Including Directorships – Past (for the last 5 years)** | • Director, MindChamps PreSchool @ TPY Pte. Limited<br>• Director, MindChamps Medical @ Tiong Bahru Pte. Limited (Struck off)<br>• Director, MindChamps Medical @ One KM Pte. Limited (Struck off)<br>• Director, MindChamps Publishing Pte. Limited (Struck off)<br>• Director, MindChamps (Malaysia) Sdn. Bhd. (Struck off)<br>• Director, 5 Senses Spa Studio Pte. Ltd.<br>• Director, Beston MindChamps Kids Nutrition Pte. Limited (Struck off)<br>• Director, MindChamps Performing Arts International PreSchool @ Changi Business Park Pte. Limited (fka MindChamps PreSchool @ Changi Business Park Pte Ltd)<br>• Director, MindChamps Early Learning 1 Pty. Limited (fka MindChamps Australia Pty. Ltd.)<br>• Director, MindChamps Early Learning 2 Pty. Limited (fka MindChamps Early Learning & Care @ Broadway Pty. Limited)<br>• Director, MindChamps Early Learning 3 Pty. Limited (fka MindChamps Early Learning & Care @ Cherrybrook Pty. Limited)<br>• Director, MindChamps Early Learning 4 Pty. Limited (fka MindChamps Early Learning & Care @ Eastwood Pty. Limited)<br>• Director, MindChamps Australia Corporate Pty. Limited (fka MindChamps Early Learning & Care @ Hornsby Pty. Limited)<br>• Director, GeoConcepts International (Singapore) Pte. Ltd. | • Lead Independent Director, Viking Offshore and Marine Limited<br>• Director, Singapore Institute of Directors<br>• Director, Parir Ris Resort Pte Ltd<br>• Director, Orchid Leisure Enterprise Pte. Ltd.<br>• Independent Director, Perennial Real Estate Holdings Limited<br>• Independent Director, United Engineers Limited<br>• Independent Director, CITIC Envirotech Ltd.<br>• President, Aranda Country Club<br>• Director, MindChamps Media Pte Limited<br>• Director, MindChamps WorldSchool Pte Limited<br>• Director, Memstar Technology Ltd.<br>• Director, Advance SCT Limited (now known as Livingstone Health Holdings Limited)<br>• President, The EDB Society<br>• Director, Viking Airtech Pte Ltd |

| | | |
|---|---|---|
| **Other Principal Commitments Including Directorships – Present** | • Director, MindChamps PreSchool @ Buangkok Private Limited<br>• Director, MindChamps PreSchool @ Punggol Northshore Pte. Limited<br>• Director, MindChamps PreSchool @ Woodlands Pte. Ltd.<br>• Director, MindChamps PreSchool @ Marina Square Pte. Limited<br>• Director, MindChamps Allied Care @ Marina Square Pte. Limited<br>• Director, MindChamps PreSchool @ Zhongshan Pte. Ltd.<br>• Director, MindChamps PreSchool @ Serangoon Pte. Limited<br>• Director, MindChamps Health Pte. Limited<br>• Director, Champion Mindset Coaching Federation Limited<br>• Director, Champion Mindset Academy Pte. Limited<br>• Director, MindChamps Music Pte. Limited<br>• Director, MindChamps WorldSchool Pte. Limited<br>• Director, MindChamps Kids Nutrition Pte. Limited<br>• Director, MindChamps Family Online Pte. Limited<br>• Director, MindChamps Productions Pte. Limited<br>• Director, MindChamps PreSchool @ Paragon Pte. Limited<br>• Director, MindChamps Media Pte. Limited<br>• Director, MindChamps Shanghai Pte. Limited<br>• Director, MindChamps Enrichment Academy Pte. Limited<br>• Director, MindChamps PreSchool Singapore Pte. Limited<br>• Director, MindChamps Singapore Pte. Limited<br>• Director, MindChamps Holdings Pte. Limited<br>• Director, Champion Minds Pte. Limited<br>• Director, Citronelle Pte. Ltd.<br>• Director, Vision+ Ventures Pte. Ltd. | • Non-Executive Chairman, Anacle Systems Limited<br>• Independent Director, Leader Environmental Technologies Limited<br>• Director, LASALLE College of the Arts Limited<br>• Director, Global Business Advisers Pte. Ltd.<br>• Director, The Singapore Lyric Opera Limited<br>• Chairman, Global Cultural Alliance Limited<br>• Director, Catholic Foundation Limited<br>• Director, Singapore Ballet Limited |
| **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.** | | |

| | | |
|---|---|---|
| **(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?** | No | No |
| **(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?** | No | No |
| **(c) Whether there is any unsatisfied judgment against him?** | No | No |
| **(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?** | No | No |
| **(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?** | 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,**<br>**in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?** | No | No |
| **(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 | Yes<br><br>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 the MAS, the MAS indicated its position not to take further regulatory action in respect of the matter. |

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the balance sheet of the Company as at 31 December 2021.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 59 to 135 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 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
Teo Ser Luck
Catherine Du
Phua Chin Chor
Lee Suan Hiang

**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 31.12.2021 | At 1.1.2021 | At 31.12.2021 | At 1.1.2021 |
| **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 31.12.2021** | **At 1.1.2021** |
| **MindChamps PreSchool @ Serangoon Pte. Limited** | **240,000** | 240,000 |
| **MindChamps PreSchool @ Zhongshan Park Pte. Ltd.** | **450,000** | 450,000 |
| **MindChamps PreSchool @ Marina Square Pte. Limited** | **51** | 51 |
| **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** | – |

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

**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 22 April 2021, the PSP and SOP were renewed during the Annual General Meeting for the financial year ended 31 December 2020.

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 performance standards and efficiency and to maintain a high level of contribution to the Group;

(b) to retain key executives and executive directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;

(c) to instil loyalty to, and a stronger identification by employees with the long-term prosperity of, the Group;

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

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

During the financial year, there were:

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

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

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

**Audit committee**

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

Phua Chin Chor (Chairman)
Teo Ser Luck
Lee Suan Hiang

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, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

**Independent auditors**

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

**On behalf of the directors**

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**David Chiem Phu An**
Executive Chairman

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**Catherine Du**
Director

1 April 2022

## 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 balance sheets of the Group and of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 135.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 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 2021 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 2021. 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.

<u>Goodwill impairment assessment</u>
(Refer to Note 2.9(a), 3.1 and 15(a))

As at 31 December 2021, the carrying amount of goodwill amounted to $89,297,000, which is significant to the Group and represented 58% of the Group's total assets.

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

*Key Audit Matters* (Continued)

Goodwill impairment assessment (Continued)

*How our audit addressed the matter*

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

- Evaluated the reasonableness of management's estimate of gross margin and growth rate by taking into consideration of each CGU's past performance, current market condition and the industry trend;

- Challenged management's estimates applied in the VIU model based on our knowledge of the operations, by comparing historical performance to assess management's forecast ability; and by comparing current forecasts against historical performance to assess the reasonableness of the forecasts;

- With the assistance of our internal valuation specialist, we assessed the reasonableness of the discount rate applied, by comparing against internal information and external economic and market data;

- Evaluated management's sensitivity analysis to assess the impact on the recoverable amount of each CGU by reasonable changes to the estimated growth rate, discount rate and any other significant input; and

- Reviewed the adequacy of disclosures in the notes to the financial statements.

*Other Information*

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

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

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

*Responsibilities of Management and Directors for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

*Report on other Legal and Regulatory Requirements*

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

The engagement director on the audit resulting in this independent auditor’s report is Loh Ji Kin.

**Nexia TS Public Accounting Corporation**
**Public Accountants and Chartered Accountants**

**Singapore**
**1 April 2022**

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Revenue | 4 | **62,709** | 51,800 |
| Cost of sales | | **(32,415)** | (30,148) |
| **Gross profit** | | **30,294** | 21,652 |
| Other income | | | |
| – Interest income | | **202** | 205 |
| – Others | | **6,055** | 13,423 |
| | 5 | **6,257** | 13,628 |
| Other gains and losses | | | |
| – Gain from corporate transactions | 11 | **258** | – |
| – Impairment loss on financial assets | 29(b) | **(928)** | (31) |
| – Other (losses)/gains – net | 6 | **(115)** | 325 |
| Expenses | | | |
| – Administrative | | **(29,902)** | (27,657) |
| – Finance | 9 | **(2,155)** | (2,638) |
| – Marketing | | **(1,523)** | (1,151) |
| Share of losses of associates and joint ventures | 16, 17 | **(34)** | (293) |
| **Profit before income tax** | | **2,152** | 3,835 |
| Income tax credit/(expense) | 10 | **453** | (181) |
| **Net profit** | | **2,605** | 3,654 |
| **Other comprehensive (loss)/income:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Currency translation differences arising from consolidation – (loss)/gain | | **(3,019)** | 5,889 |
| **Total comprehensive (loss)/income** | | **(414)** | 9,543 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **2,411** | 3,171 |
| Non-controlling interests | | **194** | 483 |
| | | **2,605** | 3,654 |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Equity holders of the Company | | **(608)** | 9,060 |
| Non-controlling interests | | **194** | 483 |
| | | **(414)** | 9,543 |
| **Earnings per share for net profit attributable to equity holders of the Company** | | | |
| – Basic earnings per share (cents per share) | 25 | **1.00** | 1.31 |
| – Diluted earnings per share (cents per share) | 25 | **1.00** | 1.31 |

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

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 11 | **10,986** | 11,335 |
| Trade and other receivables | 12 | **16,669** | 16,461 |
| Inventories | 13 | **540** | 371 |
| Lease receivables | 28 | **696** | 625 |
| | | **28,891** | 28,792 |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | **27,336** | 31,237 |
| Intangible assets | 15 | **92,812** | 96,196 |
| Lease receivables | 28 | **1,498** | 1,837 |
| Trade and other receivables | 12 | **1,238** | – |
| Deferred income tax assets | 22 | **1,768** | 1,755 |
| Investment in associates | 16 | **147** | – |
| Investments in joint ventures | 17 | **–** | 21 |
| | | **124,799** | 131,046 |
| **Total assets** | | **153,690** | 159,838 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **14,005** | 15,004 |
| Contract liabilities | 4(b) | **2,637** | 2,120 |
| Borrowings | 20 | **11,372** | 5,793 |
| Lease liabilities | 20 | **7,780** | 8,991 |
| Current income tax liabilities | | **373** | 389 |
| | | **36,167** | 32,297 |
| **Non-current liabilities** | | | |
| Borrowings | 20 | **26,177** | 33,374 |
| Lease liabilities | 20 | **18,616** | 21,083 |
| Deferred income tax liabilities | 22 | **40** | 105 |
| Provision for reinstatement costs | 21 | **976** | 984 |
| | | **45,809** | 55,546 |
| **Total liabilities** | | **81,976** | 87,843 |
| **NET ASSETS** | | **71,714** | 71,995 |
| **EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 23 | **49,301** | 49,301 |
| Currency translation reserve | | **(1,231)** | 1,788 |
| Retained profits | | **23,246** | 20,835 |
| | | **71,316** | 71,924 |
| **Non-controlling interests** | 18 | **398** | 71 |
| **TOTAL EQUITY** | | **71,714** | 71,995 |

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

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 11 | **3,955** | 4,326 |
| Trade and other receivables | 12 | **12,118** | 13,050 |
| Inventories | 13 | **3** | 3 |
| Lease receivables | 28 | **696** | 625 |
| | | **16,772** | 18,004 |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | **2,487** | 3,572 |
| Intangible assets | 15 | **2,217** | 2,416 |
| Lease receivables | 28 | **1,498** | 1,837 |
| Trade and other receivables | 12 | **1,238** | – |
| Deferred income tax assets | 22 | **28** | – |
| Investments in subsidiary corporations | 18 | **81,677** | 81,677 |
| Investment in associates | 16 | **147** | – |
| Investment in a joint venture | 17 | **–** | – |
| | | **89,292** | 89,502 |
| **Total assets** | | **106,064** | 107,506 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **17,691** | 32,636 |
| Borrowings | 20 | **8,179** | 4,126 |
| Lease liabilities | 20 | **1,171** | 1,251 |
| | | **27,041** | 38,013 |
| **Non-current liabilities** | | | |
| Borrowings | 20 | **17,124** | 23,325 |
| Lease liabilities | 20 | **2,503** | 3,673 |
| Deferred income tax liabilities | 22 | **–** | 63 |
| Provision for reinstatement costs | 21 | **37** | 34 |
| | | **19,664** | 27,095 |
| **Total liabilities** | | **46,705** | 65,108 |
| **NET ASSETS** | | **59,359** | 42,398 |
| **EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 23 | **49,301** | 49,301 |
| Retained profits/(accumulated losses) | 24 | **10,058** | (6,903) |
| **TOTAL EQUITY** | | **59,359** | 42,398 |

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

| | Note | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Share capital $'000** | **Currency translation reserve $'000** | **Retained profits $'000** | **Total $'000** | **Non-controlling interests $'000** | **Total $'000** |
| **2021** | | | | | | | |
| **As at 1 January 2021** | | **49,301** | **1,788** | **20,835** | **71,924** | **71** | **71,995** |
| Total comprehensive (loss)/ income for the financial year | | **–** | **(3,019)** | **2,411** | **(608)** | **194** | **(414)** |
| Dividend paid to non-controlling interests | 18 | **–** | **–** | **–** | **–** | **(208)** | **(208)** |
| Acquisition of a centralised childcare enrolment business | 31 | **–** | **–** | **–** | **–** | **341** | **341** |
| **As at 31 December 2021** | | **49,301** | **(1,231)** | **23,246** | **71,316** | **398** | **71,714** |
| **2020** | | | | | | | |
| **As at 1 January 2020** | | 49,301 | (4,101) | 17,664 | 62,864 | (222) | 62,642 |
| Total comprehensive income for the financial year | | – | 5,889 | 3,171 | 9,060 | 483 | 9,543 |
| Dividend paid to non-controlling interests | 18 | – | – | – | – | (190) | (190) |
| **As at 31 December 2020** | | 49,301 | 1,788 | 20,835 | 71,924 | 71 | 71,995 |

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

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit | | **2,605** | 3,654 |
| Adjustments for: | | | |
| – Amortisation of intangible assets | 7 | **1,223** | 583 |
| – Depreciation of property, plant and equipment | 7 | **9,619** | 9,778 |
| – Gain from corporate transactions | 11 | **(258)** | – |
| – Interest expense | 9 | **2,155** | 2,638 |
| – Impairment loss on financial assets | 29(b) | **928** | 31 |
| – Interest income | 5 | **(202)** | (205) |
| – Income tax (credit)/expense | 10 | **(453)** | 181 |
| – Share of losses of associates and joint ventures | 16, 17 | **34** | 293 |
| – Unrealised currency translation gains | | **(17)** | (931) |
| | | **15,634** | 16,022 |
| Change in working capital, net of effects from acquisitions of businesses, subsidiary corporations, and divestment of subsidiary corporations: | | | |
| – Contract liabilities | | **553** | (161) |
| – Inventories | | **(172)** | (217) |
| – Trade and other receivables | | **(1,854)** | (631) |
| – Trade and other payables | | **(1,939)** | 361 |
| Cash generated from operations | | **12,222** | 15,374 |
| Income tax paid | | **(213)** | (931) |
| Income tax refund | | **521** | 2 |
| **Net cash provided by operating activities** | | **12,530** | 14,445 |
| **Cash flows from investing activities** | | | |
| Acquisition of a subsidiary corporation, net of cash acquired | 31 | **191** | – |
| Acquisition of a performing art school business | 31 | **–** | –* |
| Investment in an associate | 16 | **(160)** | – |
| Additions to intangible assets | | **(1,094)** | (1,047) |
| Additions to property, plant and equipment | | **(930)** | (1,979) |
| Deposit received from divestment of a subsidiary corporation | 11 | **–** | 160 |
| Divestment of subsidiary corporations | 11 | **626** | 4,734 |
| Incorporation of a joint venture | 17 | **–** | –* |
| Interest received | | **202** | 205 |
| Sublease income received | | **733** | 530 |
| **Net cash (used in)/provided by investing activities** | | **(432)** | 2,603 |
| **Cash flows from financing activities** | | | |
| Dividend paid to non-controlling interests | 18 | **(208)** | (190) |
| Interest paid for loans and leases | | **(1,957)** | (2,563) |
| Proceeds from term loans | | **2,160** | 8,440 |
| Repayments of term loans | | **(5,846)** | (10,707) |
| Repayment of principal amount of lease liabilities | | **(8,378)** | (6,895) |
| Transfer to reserve account | | **(3,111)** | – |
| **Net cash used in financing activities** | | **(17,340)** | (11,915) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(5,242)** | 5,133 |
| **Cash and cash equivalents** | | | |
| Beginning of financial year | | **11,335** | 5,762 |
| Effects of currency translation on cash and cash equivalents | | **(218)** | 440 |
| **End of financial year** | 11 | **5,875** | 11,335 |

* *Less than $1,000*

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

**Reconciliation of liabilities arising from financing activities**

| | Term loans $'000 | Lease liabilities $'000 | Total $'000 |
|---|---|---|---|
| **As at 1 January 2021** | **39,167** | **30,074** | **69,241** |
| Changes from financing cash flows: | | | |
| – Proceeds from term loans | **2,160** | **–** | **2,160** |
| – Repayments of term loans | **(5,846)** | **–** | **(5,846)** |
| – Repayment of principal amount of lease liabilities | **–** | **(8,378)** | **(8,378)** |
| – Interest paid | **(909)** | **(1,048)** | **(1,957)** |
| Total changes from financing cash flows | **(4,595)** | **(9,426)** | **(14,021)** |
| Non-cash changes: | | | |
| – Additions during the year in relation to office and preschool premises | **–** | **6,466** | **6,466** |
| – Rent concessions | **–** | **(420)** | **(420)** |
| – Divestment of a subsidiary corporation (Note 11) | **–** | **(529)** | **(529)** |
| – Currency translation difference | **–** | **(817)** | **(817)** |
| Total non-cash changes | **–** | **4,700** | **4,700** |
| Liabilities related other changes: | | | |
| – Loan transaction costs | **(105)** | **–** | **(105)** |
| – Interest expense | **1,082** | **1,048** | **2,130** |
| **As at 31 December 2021** | **35,549** | **26,396** | **61,945** |
| | | | |
| **As at 1 January 2020** | 41,335 | 34,448 | 75,783 |
| Changes from financing cash flows: | | | |
| – Proceeds from term loans | 8,440 | – | 8,440 |
| – Repayments of term loans | (10,707) | – | (10,707) |
| – Repayment of principal amount of lease liabilities | – | (6,895) | (6,895) |
| – Interest paid | (1,257) | (1,306) | (2,563) |
| Total changes from financing cash flows | (3,524) | (8,201) | (11,725) |
| Non-cash changes: | | | |
| – Additions during the year in relation to: | | | |
| (a) Office and preschool premises | – | 2,611 | 2,611 |
| (b) Lease modification | – | 118 | 118 |
| – Rent concessions | – | (1,451) | (1,451) |
| – Currency translation difference | – | 1,243 | 1,243 |
| Total non-cash changes | – | 2,521 | 2,521 |
| Liabilities related other changes: | | | |
| – Loan transaction costs | 24 | – | 24 |
| – Interest expense | 1,332 | 1,306 | 2,638 |
| **As at 31 December 2020** | 39,167 | 30,074 | 69,241 |

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 in Singapore.

## 2 Significant accounting policies

### 2.1 Basis of preparation

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

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

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

*Going concern assumption*

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

(a) Excluding:

- (i) the Group's net current lease liabilities of $7,084,000 and the Company's net current lease liabilities of $475,000 (the rent commitment for the next 12 months post balance sheet date which will be funded by the business performance or earned for the same period);

- (ii) the Group's current contract liabilities of $2,637,000 (the deferred revenue for the next 12 months post balance sheet date which will be recognised by the business performance or earned for the same period);

- (iii) the Company's net intra-group payables of $11,319,000 within the Group (the Group's treasury management function is centrally managed at the Company where the intra-group lendings or repayments within the Group are at the Company's sole discretion and assessment); and

## 2 Significant accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

*Going concern assumption* (Continued)

(a) Excluding: (Continued)

(iv) the Group's current non-financial assets (inventories and prepayments) of $1,677,000 and the Company's current non-financial assets (inventories and prepayments) of $171,000,

the Group and the Company would have recorded an adjusted net current assets of $768,000 and $1,354,000 respectively.

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

*Coronavirus ("COVID-19") impact*

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

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 December 2021:

(a) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate, as disclosed above.

(b) In 2021, the Group has received some COVID-19 related government grants from local governments in Singapore and Australia (Note 5).

(c) The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 December 2021. The significant estimates and judgement applied on impairment of goodwill, trade receivables and other non-financial assets are disclosed in Note 3.

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

**Interpretations and amendments to published standards effective in 2021**

On 1 January 2021, 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.

## 2 Significant accounting policies (Continued)

### 2.2 Revenue recognition

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

*(a) School fee*

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

School fee received in advance is not recognised as revenue as the PO is not satisfied and therefore a contract liability is recognised over the period in which the conduct of classes representing the Group's obligation to the student to date.

*(b) Sale of merchandise*

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

*(c) Royalty fee*

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

*(d) Franchise income*

(i) <u>Unit franchise licences</u>

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

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

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

## 2 Significant accounting policies (Continued)

### 2.2 Revenue recognition (Continued)

*(d) Franchise income* (Continued)

(ii) Master franchise licences

Exclusive right to operate the MindChamps franchise model in a territory is granted to a master franchisee upon execution of the master franchise agreement, prohibiting the Group from entering such territory. As such, franchise income is recognised as revenue at a point in time upon the execution of the master franchise agreement as the exclusive right is granted to a master franchisee. This revenue recognition is independent of the number of unit franchise licences sold or the number of centres established in such exclusive territory, as it is the master franchisee's obligation to support the unit franchisees in such exclusive territory.

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

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

*(e) Commission income*

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

*(f) Service income*

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

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

*(g) Interest income*

Interest income is recognised using the effective interest method.

### 2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable is recognised as income over the periods necessary to match them with the related cost which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

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

## 2 Significant accounting policies (Continued)

### 2.4 Group accounting

*(a) Subsidiary corporations*

(i) Consolidation

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

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

Non-controlling interests comprise of the portion of subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

## 2 Significant accounting policies (Continued)

### 2.4 Group accounting (Continued)

*(a) Subsidiary corporations* (Continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

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

*(b) Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

*(c) Associates and joint ventures*

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

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

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

(i) Acquisitions

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

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

## 2 Significant accounting policies (Continued)

### 2.4 Group accounting (Continued)

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

(ii) Equity method of accounting

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

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

(iii) Disposals

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

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

### 2.5 Property, plant and equipment

*(a) Measurement*

(i) Property, plant and equipment

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

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

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

### 2.5 **Property, plant and equipment** (Continued)

*(b) Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | Useful lives |
|---|---|
| Furniture and office equipment | 3-10 years |
| Renovation | 5-10 years |
| Computer equipment | 3 years |
| Motor vehicles | 10 years |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

*(c) Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

*(d) Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other (losses)/gains – net".

### 2.6 **Intangible assets**

*(a) Goodwill on acquisitions*

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

*(b) Acquired trademarks, licences and copyrights*

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

## 2 Significant accounting policies (Continued)

### 2.6 Intangible assets (Continued)

*(c) Courseware development costs*

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of courseware are capitalised as intangible assets only when the technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the courseware. The costs such as consulting fees and payroll-related costs of employees directly involved in the project can be measured reliably.

Following initial recognition of the courseware development costs as intangible assets, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development has been completed and the asset is available for use. The courseware development costs have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of four years.

*(d) Acquired computer software licences*

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with the maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using straight-line method over their estimated useful lives of four years.

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

### 2.7 Borrowing costs

Borrowing costs include interest in respect of lease liabilities recognised in accordance with SFRS(I) 16 Property, plant and equipment and 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 balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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

## 2 Significant accounting policies (Continued)

### 2.9 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*
*Property, plant and equipment*
*Investments in subsidiary corporations, associates and joint ventures*

Intangible assets, property, plant and equipment and investments in subsidiary corporations, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If so, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this assets is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

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

## 2 Significant accounting policies (Continued)

### 2.10 Financial assets

*(a) Classification and measurement*

The Group classifies its financial assets at amortised cost.

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

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

At initial recognition

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

At subsequent measurement

*Debt instruments*

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

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

*(b) Impairment*

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

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

*(c) Recognition and derecognition*

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

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

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

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

### 2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.12 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 balance sheet date, in which case they are presented as non-current liabilities.

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

### 2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.15 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

## 2 Significant accounting policies (Continued)

### 2.16 Leases

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

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

- Right-of-use assets

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

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

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

- Lease liabilities

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

  Lease payments include the following:

  – Fixed payment (including in-substance fixed payments), less any lease incentives receivables; and

  – Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date.

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

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

### 2.16 **Leases** (Continued)

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

- Lease liabilities (Continued)

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

  – There is a change in future lease payments arising from changes in an index or rate;

  – There is a change in the Group's assessment of whether it will exercise an extension option; or

  – There is a modification in the scope or the consideration of the lease that was not part of the original term.

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

- Short term and low value leases

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

- Variable lease payments

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

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

- Lessor – Operating leases

  The Group leases classroom spaces under operating lease arrangements.

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

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

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

## 2 Significant accounting policies (Continued)

### 2.16 Leases (Continued)

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

- Lessor – Sublease

The Group leases office space under a sublease arrangement.

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

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease within "Lease receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, 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 balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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

### 2.18 **Income taxes** (Continued)

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 balance sheet date; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits 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 for liabilities and charges**

*(a) General*

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

*(b) Asset dismantlement, removal or restoration*

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

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money.

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

## 2 Significant accounting policies (Continued)

### 2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

*(a) Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

*(b) Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liabilities for unutilised annual leave as a result of services rendered by employees up to the balance sheet 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 balance sheet 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)/ gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

## 2 Significant accounting policies (Continued)

### 2.21 Currency translation (Continued)

*(c) Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

### 2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.23 Cash and cash equivalents

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

### 2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.25 Dividends to Company's shareholders

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

## 3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

### 3.1 Critical accounting estimates and assumptions

*Impairment of goodwill*

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

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

The carrying amount of goodwill as at 31 December 2021 is $89,297,000 (2020: $92,552,000). 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 $14,000.

– The estimated weighted average growth rate used had been 2% lower than management’s estimates (for example: 1% instead of 3%), the Group would have recognised an impairment charge on goodwill of $538,000.

– The estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been 1% higher than management’s estimates (for example: 10% instead of 9%), the Group would have recognised an impairment charge on goodwill of $924,000.

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

*i. Impairment of trade receivables*

As at 31 December 2021, the Group’s trade receivables amounted to $8,931,000 (2020: $7,421,000) (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 $782,000 (2020: $171,000) for trade receivables was recognised as at 31 December 2021.

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

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

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

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

*ii. Impairment of non-financial assets*

Intangible assets (other than goodwill), property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised in profit or loss for the differences.

*(a) Intangible assets (other than goodwill)*

For the financial year ended 31 December 2021, the carrying amount of the Group's intangible assets (other than goodwill) was $3,515,000 (2020: $3,644,000) (Note 15). Management determined the recoverable amount based on the value-in-use ("VIU") method. The cash flow projection used in the VIU calculation was based on financial budgets approved by management. Based on the VIU calculation, the recoverable amount is higher than the carrying amount. 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.

*(b) Property, plant and equipment*

For the financial year ended 31 December 2021, the carrying amount of the Group's property, plant and equipment was $27,336,000 (2020: $31,237,000) (Note 14). Management determined the recoverable amount based on the value-in-use ("VIU") method. The cash flow projection used in the VIU calculation was based on financial budgets approved by management. Based on the VIU calculation, the recoverable amount is higher than the carrying amount. 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.

## 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** |
| **2021** | | | |
| **Singapore** | | | |
| – School fees | **–** | **18,370** | **18,370** |
| – Royalty fees | **–** | **5,974** | **5,974** |
| – Franchise income | **2,368** | **–** | **2,368** |
| – Sale of merchandise | **567** | **–** | **567** |
| – Others | **194** | **–** | **194** |
| | **3,129** | **24,344** | **27,473** |
| **Australia** | | | |
| – School fees | **–** | **34,141** | **34,141** |
| – Royalty fees | **–** | **221** | **221** |
| – Sale of merchandise | **49** | **–** | **49** |
| – Management service income | **93** | **–** | **93** |
| – Commission income | **620** | **–** | **620** |
| – Others | **112** | **–** | **112** |
| | **874** | **34,362** | **35,236** |
| **Total** | **4,003** | **58,706** | **62,709** |

## 4 Revenue (Continued)

### (a) *Disaggregation of revenue* (Continued)

| | Group | | |
|---|---|---|---|
| | At a point in time $'000 | Over time $'000 | Total $'000 |
| **2020** | | | |
| **Singapore** | | | |
| – School fees | – | 17,630 | 17,630 |
| – Royalty fees | – | 5,269 | 5,269 |
| – Franchise income | 654 | – | 654 |
| – Sale of merchandise | 481 | – | 481 |
| – Others | 169 | – | 169 |
| | 1,304 | 22,899 | 24,203 |
| **Australia** | | | |
| – School fees | – | 27,261 | 27,261 |
| – Royalty fees | – | 99 | 99 |
| – Franchise income | 114 | – | 114 |
| – Sale of merchandise | 23 | – | 23 |
| – Others | 100 | – | 100 |
| | 237 | 27,360 | 27,597 |
| **Total** | 1,541 | 50,259 | 51,800 |

### (b) *Contract liabilities*

| | Group | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Current | | |
| *Contract liabilities* | | |
| – School fees | **1,957** | 1,800 |
| – Franchise income | **628** | 200 |
| – Management service income | **–** | 81 |
| – Others | **52** | 39 |
| Total contract liabilities | **2,637** | 2,120 |

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 | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| – School fees | **1,800** | 2,032 |
| – Franchise income | **200** | 57 |
| – Management service income | **81** | – |
| – Others | **13** | 23 |

## 4 **Revenue** (Continued)

### *(b) Contract liabilities* (Continued)

#### *(ii) Unsatisfied performance obligations*

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

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| – School fees | **1,957** | 1,800 |
| – Franchise income | **628** | 200 |
| – Management service income | **–** | 81 |
| – Others | **52** | 39 |

Management expects that the transaction price allocated to unsatisfied performance obligations as at 31 December 2021 and 2020 may be recognised as revenue in the next reporting periods as follows:

| | Group | | | |
|---|---|---|---|---|
| | **2021** | **2022** | **After 2022** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| *Partially and fully unsatisfied performance obligation as at:* | | | | |
| **31 December 2021** | **–** | **2,585** | **52** | **2,637** |
| 31 December 2020 | 2,094 | 26 | – | 2,120 |

## 5 **Other income**

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Service income | **1,443** | 1,402 |
| Government grants | **3,633** | 11,462 |
| Waiver of retention sum payable | **485** | – |
| Interest income | | |
| – bank interest | **121** | 99 |
| – late interest charges | **5** | 16 |
| – net investment in sublease (Note 28) | **76** | 90 |
| | **202** | 205 |
| Others | **494** | 559 |
| | **6,257** | 13,628 |

Grant income of $2,607,000 (2020: $10,259,000) recognised during the financial year pertained to COVID-19 relief measures extended by the local governments to the Group's operations in Singapore and Australia. The grant income is to supplement the loss of income that resulted from the 50% government mandated school fee reductions in Australia and continued financial support in Singapore. Under these temporary schemes, the Group has received cash grants to support the Group's efforts to retain its employees and to stay resilient through the pandemic.

## 6 Other (losses)/gains – net

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Currency exchange (losses)/gains – net | **(115)** | 325 |

## 7 Expenses by nature

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Advertising and marketing | **1,523** | 1,151 |
| Amortisation of intangible assets (Note 15(f)) | **1,223** | 583 |
| Associate trainer fees | **530** | 143 |
| Change in inventories | **(172)** | (217) |
| Cleaning expenses | **914** | 752 |
| Commission | **281** | 393 |
| Depreciation of property, plant and equipment (Note 14) | **9,619** | 9,778 |
| Employee compensation (Note 8) | **42,001** | 39,236 |
| Event and excursion expenses | **13** | 26 |
| Insurance | **704** | 670 |
| Professional fees | **1,663** | 1,456 |
| Purchase of merchandise | **735** | 659 |
| Rental of office equipment (Note 27) | **58** | 61 |
| Repair and maintenance | **304** | 242 |
| Student welfare | **1,691** | 1,687 |
| Telecommunication | **149** | 131 |
| Training | **137** | 193 |
| Travel expenses | **185** | 196 |
| Utilities | **435** | 431 |
| Others | **1,847** | 1,385 |
| **Total cost of sales, administrative expenses, and marketing expenses** | **63,840** | 58,956 |

## 8 Employee compensation

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Wages and salaries | **33,892** | 31,273 |
| Employer's contribution to Central Provident Fund | **3,589** | 3,427 |
| Employee benefits | **4,520** | 4,536 |
| | **42,001** | 39,236 |

## 9 Finance expenses

| | Group 2021 $'000 | Group 2020 $'000 |
|---|---|---|
| Interest expenses: | | |
| – Lease liabilities | **1,048** | 1,306 |
| – Term loans | **979** | 1,198 |
| – Others | **25** | – |
| | **2,052** | 2,504 |
| Amortisation of transaction cost | **103** | 134 |
| | **2,155** | 2,638 |

## 10 Income tax (credit)/expense

| | Group 2021 $'000 | Group 2020 $'000 |
|---|---|---|
| Income tax (credit)/expense attributable to profit is made up of: | | |
| Profit for the financial year: | | |
| – Current income tax – Singapore | **142** | 244 |
| – Current income tax – Australia | **124** | 579 |
| | **266** | 823 |
| Deferred income tax (Note 22) | **(169)** | (238) |
| | **97** | 585 |
| (Over)/under provision in prior financial years | | |
| – Current income tax – Singapore | **(17)** | 58 |
| – Current income tax – Australia | **(533)** | (462) |
| | **(453)** | 181 |

The income tax (credit)/expense on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

| | Group 2021 $'000 | Group 2020 $'000 |
|---|---|---|
| Profit before income tax | **2,152** | 3,835 |
| Share of losses of associates and joint ventures (Notes 16 and 17) | **34** | 293 |
| Profit before income tax and share of losses of associates and joint ventures | **2,186** | 4,128 |
| Tax calculated at a tax rate of 17%: | **372** | 702 |
| Effects of: | | |
| – expenses not deductible for tax purposes | **168** | 195 |
| – different tax rate in other country | **22** | 27 |
| – deferred tax assets not recognised | **427** | 431 |
| – utilisation of previously unrecognised tax losses | **(28)** | – |
| – tax incentives | **(760)** | (34) |
| – income not subject to tax | **(104)** | (736) |
| – over provision in prior financial years | **(550)** | (404) |
| Tax charge | **(453)** | 181 |

## 10 Income tax (credit)/expense (Continued)

Subject to agreement with the tax authorities, the Group has unutilised tax losses and capital allowances amounting to $3,442,000 and $7,238,000 (2020: $4,723,000 and $4,986,000) respectively at the balance sheet date which can be carried forward for offsetting against future taxable income subject to compliance with the provisions of the Income Tax Act of Singapore and the Income Tax Assessment Act of Australia and meeting certain statutory requirements in Singapore and Australia. These unutilised tax losses and capital allowances have no expiry date.

## 11 Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Cash at banks | **10,928** | 8,173 | **3,954** | 1,326 |
| Short-term bank deposits | **49** | 3,153 | **–** | 3,000 |
| Cash in hand | **9** | 9 | **1** | –* |
| | **10,986** | 11,335 | **3,955** | 4,326 |

* *Less than $1,000*

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Cash and bank balances (as above) | **10,986** | 11,335 |
| Less: Bank balances in the reserve account(*) | **(3,111)** | – |
| Less: Bank overdraft (Note 20) | **(2,000)** | – |
| Cash and cash equivalents per consolidated statement of cash flows | **5,875** | 11,335 |

(*) Included in the Group's cash and cash equivalents in the balance sheet is an amount of $3,111,000 (2020: Nil) which is restricted cash as it is placed for debt servicing requirements for certain bank borrowings of the Group (Note 20).

Acquisitions of a centralised childcare enrolment business and a performing art school business and divestment of a preschool business

Please refer to Note 31 for the effects of acquisitions of a centralised childcare enrolment business and a performing art school business on the cash flows of the Group.

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

## 11 Cash and cash equivalents (Continued)

Acquisitions of a centralised childcare enrolment business and a performing art school business and divestment of a preschool business (Continued)

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

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

For the financial year ended 31 December 2020, there was no divestment activity undertaken.

## 12 Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| *Current* | | | | |
| Trade receivables | | | | |
| – Non-related parties | **7,918** | 7,169 | **4,459** | 4,423 |
| – Subsidiary corporations | **–** | – | **–** | 19 |
| – Related parties | **557** | 423 | **316** | 316 |
| | **8,475** | 7,592 | **4,775** | 4,758 |
| Less: Loss allowance (Note 29(b)) | | | | |
| – Non-related parties | **(466)** | (171) | **(140)** | – |
| – Related parties | **(316)** | – | **(316)** | – |
| Trade receivables – net | **7,693** | 7,421 | **4,319** | 4,758 |
| Other receivables | | | | |
| – Non-related parties | **2,776** | 3,024 | **578** | 409 |
| – Related parties | **777** | 281 | **259** | 136 |
| – Immediate holding corporation | **804** | 547 | **790** | 547 |
| – Subsidiary corporations | **–** | – | **5,453** | 6,407 |
| | **4,357** | 3,852 | **7,080** | 7,499 |
| Less: Loss allowance (Note 29(b)) | | | | |
| – Non-related parties | **(17)** | (15) | **–** | – |
| – Related parties | **(137)** | – | **(137)** | – |
| – Subsidiary corporations | **–** | – | **(343)** | (343) |
| Other receivables – net | **4,203** | 3,837 | **6,600** | 7,156 |
| Prepayments | **1,137** | 960 | **168** | 166 |
| Deposits | **3,636** | 4,243 | **1,031** | 970 |
| | **16,669** | 16,461 | **12,118** | 13,050 |
| *Non-current* | | | | |
| Trade receivables | | | | |
| – Related parties | **1,238** | – | **1,238** | – |
| Total trade and other receivables | **17,907** | 16,461 | **13,356** | 13,050 |

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Fair value | | | | |
| Trade receivables | **1,400** | – | **1,400** | – |

## 12 Trade and other receivables (Continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | % | % | % | % |
| Government bond rate | | | | |
| Trade receivables | **2.50** | – | **2.50** | – |

## 13 Inventories

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| At cost | | | | |
| Finished goods – merchandise for sale | **540** | 371 | **3** | 3 |

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $563,000 (2020: $442,000).

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

## 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** | | | | | | |
| Cost | | | | | | |
| As at 1 January 2020 | 38,009 | 2,348 | 2,414 | 539 | 601 | 43,911 |
| Acquisition of performing arts business (Note 31) | – | 39 | – | 8 | – | 47 |
| Additions | 2,611 | 893 | 942 | 144 | – | 4,590 |
| Modification of lease liability (Note 27) | 59 | – | – | – | – | 59 |
| Write-off | (1,340) | (49) | (417) | (2) | – | (1,808) |
| Currency translation differences | 2,105 | 161 | 128 | 24 | 14 | 2,432 |
| **As at 31 December 2020** | 41,444 | 3,392 | 3,067 | 713 | 615 | 49,231 |
| Accumulated depreciation | | | | | | |
| As at 1 January 2020 | 6,631 | 908 | 1,110 | 287 | 249 | 9,185 |
| Depreciation charge (Note 7) | 8,781 | 519 | 257 | 166 | 55 | 9,778 |
| Write-off | (1,340) | (49) | (417) | (2) | – | (1,808) |
| Currency translation differences | 746 | 65 | 8 | 11 | 9 | 839 |
| **As at 31 December 2020** | 14,818 | 1,443 | 958 | 462 | 313 | 17,994 |
| ***Net book value*** | | | | | | |
| **As at 31 December 2020** | 26,626 | 1,949 | 2,109 | 251 | 302 | 31,237 |

| | Office $'000 | Furniture and office equipment $'000 | Renovation $'000 | Computer equipment $'000 | Motor vehicle $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| Cost | | | | | | |
| As at 1 January 2021 | 3,007 | 306 | 885 | 18 | 393 | 4,609 |
| Additions | – | 24 | 1 | 8 | – | 33 |
| Reclassification to lease receivables (Note 27) | (416) | – | – | – | – | (416) |
| **As at 31 December 2021** | **2,591** | **330** | **886** | **26** | **393** | **4,226** |
| Accumulated depreciation | | | | | | |
| As at 1 January 2021 | 590 | 84 | 87 | 12 | 264 | 1,037 |
| Depreciation charge | 485 | 85 | 89 | 4 | 39 | 702 |
| **As at 31 December 2021** | **1,075** | **169** | **176** | **16** | **303** | **1,739** |
| ***Net book value*** | | | | | | |
| **As at 31 December 2021** | **1,516** | **161** | **710** | **10** | **90** | **2,487** |

## 14 Property, plant and equipment (Continued)

| | Office $'000 | Furniture and office equipment $'000 | Renovation $'000 | Computer equipment $'000 | Motor vehicle $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| Cost | | | | | | |
| As at 1 January 2020 | 2,948 | 183 | 571 | 11 | 393 | 4,106 |
| Additions | – | 123 | 314 | 7 | – | 444 |
| Modification of lease liability (Note 27) | 59 | – | – | – | – | 59 |
| **As at 31 December 2020** | **3,007** | **306** | **885** | **18** | **393** | **4,609** |
| Accumulated depreciation | | | | | | |
| As at 1 January 2020 | 3 | 4 | – | 7 | 226 | 240 |
| Depreciation charge | 587 | 80 | 87 | 5 | 38 | 797 |
| **As at 31 December 2020** | **590** | **84** | **87** | **12** | **264** | **1,037** |
| ***Net book value*** | | | | | | |
| **As at 31 December 2020** | **2,417** | **222** | **798** | **6** | **129** | **3,572** |

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

## 15 Intangible assets

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Composition | | | | |
| Goodwill arising on consolidation (Note (a)) | **89,297** | 92,552 | **–** | – |
| Franchise licences (Note (b)) | **–** | – | **–** | – |
| Courseware development costs (Note (c)) | **2,905** | 2,847 | **1,610** | 1,623 |
| Computer software licences (Note (d)) | **556** | 722 | **553** | 719 |
| Copyrights (Note (e)) | **54** | 75 | **54** | 74 |
| | **92,812** | 96,196 | **2,217** | 2,416 |

## 15 Intangible assets (Continued)

*(a) Goodwill arising on consolidation*

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Cost | | |
| Beginning of financial year | **92,638** | 86,793 |
| Acquisitions of a centralised childcare enrolment business and a performing art school business (Note 31) | **171** | 81 |
| Divestment of a subsidiary corporation (Note 11) | **(523)** | – |
| Currency translation differences | **(2,903)** | 5,764 |
| End of financial year | **89,383** | 92,638 |
| Accumulated impairment | | |
| Beginning and end of financial year | **86** | 86 |
| **Net book value** | **89,297** | 92,552 |

*Impairment tests for goodwill*

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

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

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

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| **Education** | | |
| Singapore | **13,417** | 13,940 |
| Australia | **75,880** | 78,612 |
| | **89,297** | 92,552 |

## 15 **Intangible assets** (Continued)

(a) *Goodwill arising on consolidation* (Continued)

*Impairment tests for goodwill* (Continued)

(i) Goodwill arising from the preschool businesses in Australia – value-in-use

For the MindChamps Early Learning ("MCEL") businesses below, there was no impairment of goodwill for the financial year ended 31 December 2021.

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

| | **Gross margin[1]** % | **Growth rate[2]** % | **Discount rate[3]** % |
|---|---|---|---|
| **MCEL @ Broadway** | | | |
| **– As at 31 December 2021** | **39.2** | **4.0** | **9.0** |
| – As at 31 December 2020 | 46.7 | 3.0 | 9.0 |
| **MCEL @ Cherrybrook** | | | |
| **– As at 31 December 2021** | **42.4** | **4.0** | **9.0** |
| – As at 31 December 2020 | 55.4 | 3.0 | 9.0 |
| **MCEL @ Eastwood** | | | |
| **– As at 31 December 2021** | **48.8** | **4.0** | **9.0** |
| – As at 31 December 2020 | 51.6 | 3.0 | 9.0 |
| **MCEL @ Hornsby** | | | |
| **– As at 31 December 2021** | **52.8** | **4.0** | **9.0** |
| – As at 31 December 2020 | 49.2 | 3.0 | 9.0 |
| **MCEL @ Penrith** | | | |
| **– As at 31 December 2021** | **36.9** | **4.0** | **9.0** |
| – As at 31 December 2020 | 36.9 | 3.0 | 9.0 |
| **MCEL @ Warriewood** | | | |
| **– As at 31 December 2021** | **39.0** | **4.0** | **9.0** |
| – As at 31 December 2020 | 46.4 | 3.0 | 9.0 |
| **MCEL @ Ropes Crossing** | | | |
| **– As at 31 December 2021** | **38.8** | **4.0** | **9.0** |
| – As at 31 December 2020 | 42.2 | 3.0 | 9.0 |
| **MCEL @ West Hoxton 3** | | | |
| **– As at 31 December 2021** | **40.1** | **4.0** | **9.0** |
| – As at 31 December 2020 | 32.7 | 3.0 | 9.0 |
| **MCEL @ Lane Cove** | | | |
| **– As at 31 December 2021** | **37.3** | **4.0** | **9.0** |
| – As at 31 December 2020 | 44.3 | 3.0 | 9.0 |
| **MCEL @ Hurstville** | | | |
| **– As at 31 December 2021** | **49.9** | **4.0** | **9.0** |
| – As at 31 December 2020 | 50.4 | 3.0 | 9.0 |
| **MCEL @ Wheeler Heights** | | | |
| **– As at 31 December 2021** | **33.2** | **4.0** | **9.0** |
| – As at 31 December 2020 | 45.9 | 3.0 | 9.0 |

## 15 **Intangible assets** (Continued)

*(a)* *Goodwill arising on consolidation* (Continued)

*Impairment tests for goodwill* (Continued)

(i) Goodwill arising from the preschool businesses in Australia – value-in-use (Continued)

*Key assumptions used for value-in-use calculations:* (Continued)

| | Gross margin[1] % | Growth rate[2] % | Discount rate[3] % |
|---|---|---|---|
| **MCEL @ West Hoxton 1** | | | |
| **– As at 31 December 2021** | **38.5** | **4.0** | **9.0** |
| – As at 31 December 2020 | 39.8 | 3.0 | 9.0 |
| **MCEL @ Albion Park** | | | |
| **– As at 31 December 2021** | **43.9** | **4.0** | **9.0** |
| – As at 31 December 2020 | 51.0 | 3.0 | 9.0 |
| **MCEL @ Kemps Creek** | | | |
| **– As at 31 December 2021** | **35.6** | **4.0** | **9.0** |
| – As at 31 December 2020 | 50.1 | 3.0 | 9.0 |
| **MCEL @ West Hoxton 2** | | | |
| **– As at 31 December 2021** | **34.7** | **4.0** | **9.0** |
| – As at 31 December 2020 | 38.8 | 3.0 | 9.0 |
| **MCEL @ Mascot 1[(a)]** | | | |
| **– As at 31 December 2021** | **–** | **–** | **–** |
| – As at 31 December 2020 | 45.1 | 3.0 | 9.0 |
| **MCEL @ Mascot 2[(a)]** | | | |
| **– As at 31 December 2021** | **53.1** | **4.0** | **9.0** |
| – As at 31 December 2020 | 58.8 | 3.0 | 9.0 |
| **MCEL @ Parramatta** | | | |
| **– As at 31 December 2021** | **36.9** | **4.0** | **9.0** |
| – As at 31 December 2020 | 52.0 | 3.0 | 9.0 |
| **MCEL @ Shellharbour** | | | |
| **– As at 31 December 2021** | **45.8** | **4.0** | **9.0** |
| – As at 31 December 2020 | 49.9 | 3.0 | 9.0 |

(a) Amalgamation of MCEL @ Mascot 1 into MCEL @ Mascot 2 in 2021.

1 *Budgeted gross margin*
2 *Weighted average growth rate used to extrapolate cash flows beyond the budgeted period*
3 *Pre-tax discount rate applied to the pre-tax cash flow projections*

Management determined budgeted gross margins based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry report. The discount rates used were pre-tax and reflected specific risks relating to the segment. There were no reasonably possible changes in significant assumptions used in the value-in-use calculations which would cause the recoverable amount of each business to fall below the respective carrying amounts. Refer to Note 3 for the critical accounting estimates used for the assessment of impairment of goodwill.

## 15 Intangible assets (Continued)

(a) *Goodwill arising on consolidation* (Continued)

*Impairment tests for goodwill* (Continued)

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

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

Key assumptions used for value-in-use calculations:

| | Gross margin[1] % | Growth rate[2] % | Discount rate[3] % |
|---|---|---|---|
| **MindChamps PreSchool @ Paragon Pte. Limited** | | | |
| **– As at 31 December 2021** | **44.6** | **8.0** | **9.0** |
| – As at 31 December 2020 | 39.4 | 3.0 | 10.0 |
| **MindChamps PreSchool @ Serangoon Pte. Limited** | | | |
| **– As at 31 December 2021** | **45.6** | **3.0** | **9.0** |
| – As at 31 December 2020 | 51.8 | 3.0 | 10.0 |
| **MindChamps PreSchool @ Zhongshan Park Pte. Ltd.** | | | |
| **– As at 31 December 2021** | **45.0** | **3.0** | **9.0** |
| – As at 31 December 2020 | 42.1 | 3.0 | 10.0 |
| **MindChamps PreSchool @ Marina Square Pte. Limited** | | | |
| **– As at 31 December 2021** | **33.2** | **6.0** | **9.0** |
| – As at 31 December 2020 | 31.1 | 3.0 | 10.0 |
| **MindChamps PreSchool @ Woodlands Pte. Ltd.** | | | |
| **– As at 31 December 2021** | **41.3** | **17.0** | **9.0** |
| – As at 31 December 2020 | 43.7 | 3.0 | 10.0 |
| **MindChamps PreSchool @ Punggol Northshore Pte. Limited** | | | |
| **– As at 31 December 2021** | **45.9** | **3.0** | **9.0** |
| – As at 31 December 2020 | 46.0 | 3.0 | 10.0 |
| **MindChamps PreSchool @ Buangkok Private Limited** | | | |
| **– As at 31 December 2021** | **40.0** | **3.0** | **9.0** |
| – As at 31 December 2020 | 48.5 | 3.0 | 10.0 |
| **MindChamps Academie of Stars Pte. Limited** | | | |
| **– As at 31 December 2021** | **65.0** | **6.0** | **9.0** |

1 *Budgeted gross margin*
2 *Weighted average growth rate used to extrapolate cash flows beyond the budgeted period*
3 *Pre-tax discount rate applied to the pre-tax cash flow projections*

**15 Intangible assets** (Continued)

*(a) Goodwill arising on consolidation* (Continued)

*Impairment tests for goodwill* (Continued)

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

Management determined budgeted gross margins based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry report. The discount rates used were pre-tax and reflected specific risks relating to the segment. There were no reasonably possible changes in significant assumptions used in the value-in-use calculations which would cause the recoverable amount of each entity to fall below the respective carrying amounts. Refer to Note 3 for the critical accounting estimates used for the assessment of impairment of goodwill.

(iii) Provisional goodwill arising from the acquisition of a centralised childcare enrolment business

Goodwill arising from a centralised childcare enrolment business acquired on 19 April 2021 in Australia is provisionally determined as the Group is still in the midst of assessing the fair value of identified assets acquired, liabilities and contingent liabilities assumed. The fair value exercise is expected to be finalised within 12 months from the date of acquisition; hence, the goodwill has not been allocated to the relevant cash-generating unit ("CGU"). The Group has not performed any impairment assessment as at 31 December 2021 on the goodwill arising from this acquisition as the initial allocation of goodwill has not been completed. Furthermore, there are no internal and external triggering events that warrant an impairment assessment, as this business is generating revenue for the financial year ended 31 December 2021.

(iv) Goodwill arising from the preschool business in Singapore – fair value

As at 31 December 2020, goodwill arising from MindChamps PreSchool @ UPT Pte. Limited ("UPT") was $523,000. As UPT was disposed for $800,000 on 4 January 2021, the Group evaluated the recoverability of goodwill in UPT through the fair value less cost of disposal method. As the fair value less cost of disposal was higher than its carrying amount, there was no impairment on the goodwill in UPT.

(v) Completion of goodwill assessment for acquisition of a performing arts business previously held at provisional fair value in 2020

Goodwill arising from a performing arts business acquired on 31 December 2020 in Singapore is provisionally determined for the financial year ended 31 December 2020. Paragraph 45 of SFRS(I) 3 Business Combinations allows the acquirer to complete the fair value assessments on the assets or liabilities acquired within one year after the acquisition date. In 2021, the Group has completed the fair value assessment and there are no further adjustments in respect to this matter.

## 15 **Intangible assets** (Continued)

*(b) Franchise licences*

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Cost | | |
| Beginning and end of financial year | **42** | 42 |
| Accumulated amortisation | | |
| Beginning and end of financial year | **42** | 42 |
| **Net book value** | **–** | – |

*(c) Courseware development costs*

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Cost | | | | |
| Beginning of financial year | **4,625** | 3,728 | **3,401** | 2,763 |
| Additions | **922** | 897 | **586** | 638 |
| End of financial year | **5,547** | 4,625 | **3,987** | 3,401 |
| Accumulated amortisation | | | | |
| Beginning of financial year | **1,778** | 1,521 | **1,778** | 1,522 |
| Amortisation charge | **864** | 257 | **599** | 256 |
| End of financial year | **2,642** | 1,778 | **2,377** | 1,778 |
| **Net book value** | **2,905** | 2,847 | **1,610** | 1,623 |

*(d) Computer software*

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Cost | | | | |
| Beginning of financial year | **1,530** | 1,380 | **1,386** | 1,237 |
| Additions | **172** | 150 | **172** | 149 |
| End of financial year | **1,702** | 1,530 | **1,558** | 1,386 |
| Accumulated amortisation | | | | |
| Beginning of financial year | **808** | 502 | **667** | 362 |
| Amortisation charge | **338** | 306 | **338** | 305 |
| End of financial year | **1,146** | 808 | **1,005** | 667 |
| **Net book value** | **556** | 722 | **553** | 719 |

## 15 **Intangible assets** (Continued)

*(e) Copyrights*

| | Group and Company | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Cost | | |
| Beginning and end of financial year | **104** | 104 |
| Accumulated amortisation | | |
| Beginning of financial year | **29** | 9 |
| Amortisation charge | **21** | 20 |
| End of financial year | **50** | 29 |
| **Net book value** | **54** | 75 |

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

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Administrative expenses (Note 7) | **1,223** | 583 |

## 16 **Investment in associates**

| | Group and Company | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| *Equity accounting* | | |
| Beginning of financial year | **–** | – |
| Addition during the financial year | **160** | – |
| Share of losses for financial year | **(13)** | – |
| End of financial year | **147** | – |

Set out below are the associates of the Group and the Company as at 31 December 2021 and 2020:

| Name of entity | Place of business/country of incorporation | % of ownership Interest 2021 | % of ownership Interest 2020 |
|---|---|---|---|
| MindChamps (BeiJing) Education Ltd. ("MCBJE") | People's Republic of China | **49** | 49 |
| MindChamps PreSchool MYP Pte. Limited *(formerly known as MindChamps PreSchool MYP (Indonesia) Pte. Limited)* ("MYP") | Singapore | **20** | – |

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

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

## 16 Investment in associates (Continued)

***Summarised financial information for associates***

***Summarised balance sheet***

| | MYP | | MCBJE | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Current assets | **84** | – | **74** | 71 |
| Current liabilities | **(1,580)** | – | **(2,996)** | (2,855) |
| Non-current assets | **2,232** | – | **663** | 886 |
| Non-current liabilities | **–** | – | **–** | – |

***Summarised statement of comprehensive income***

| | MYP | | MCBJE | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Total comprehensive loss, representing net loss | **(63)** | – | **(266)** | (254) |

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

***Reconciliation of summarised financial information***

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

| | MYP | | MCBJE | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Net assets/(liabilities) | **736** | – | **(2,259)** | (1,898) |
| Group's equity interest | **20%** | – | **49%** | 49% |
| Group's share of net assets | **147** | – | **–** | – |

The Group's and the Company's share of losses in MCBJE equals to its interest in MCBJE. The Group and the Company did not recognise further losses. As at 31 December 2021, the cumulative unrecognised loss with respect to MCBJE was $1,175,000 (2020: $909,000).

## 17 Investments in joint ventures

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| *Equity accounting* | | | | |
| Beginning of financial year | **21** | 314 | **–** | – |
| Additions | **–** | –* | **–** | –* |
| Share of losses from joint ventures | **(21)** | (293) | **–** | (–*) |
| End of financial year | **–** | 21 | **–** | – |

* *Less than $1,000*

Set out below are the joint ventures of the Group and the Company as at 31 December 2021 and 2020:

| Name of entity | Place of business/country of incorporation | Group % of ownership interest | | Company % of ownership interest | |
|---|---|---|---|---|---|
| | | **2021** | **2020** | **2021** | **2020** |
| | | **%** | **%** | **%** | **%** |
| **Held by the Group** | | | | | |
| MindChamps – First Capital PreSchool China Capital Management Limited | Cayman Islands | **50** | 50 | **–** | – |
| MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd. | Singapore | **50** | 50 | **–** | – |
| **Held by the Company** | | | | | |
| MindChamps Emofront Pte. Limited[(a)] | Singapore | **50** | 50 | **50** | 50 |

(a) On 19 November 2020, the Company, together with Emofront Pte. Ltd. ("Emofront"), have incorporated MindChamps Emofront Pte. Limited. ("MC Emofront") in Singapore through the Company. The total issued capital of MC Emofront is $100, of which, the Group and the Company holds 50% and Emofront holds 50%. MC Emofront is intended to create engaging and interactive online educational lessons for the home and classrooms throughout Asia, Australia and New Zealand.

(b) There are no contingent liabilities relating to the Group's and the Company's interests in these joint ventures.

## 17 Investments in joint ventures (Continued)

***Summarised financial information for joint ventures***

Set out below are the summarised financial information for joint ventures immaterial to the Group as at 31 December 2021 and 2020:

***Summarised statement of comprehensive income***

The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of the Group's individually immaterial joint ventures accounted for using the equity method:

| | As at 31 December | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Total comprehensive loss, representing net loss | **(602)** | (587) |

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 2021, the cumulative unrecognised losses with respect to these joint ventures were $560,000 (2020: Less than $1,000).

***Reconciliation of summarised financial information***

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Carrying value of individually immaterial joint ventures, in aggregate | **–** | 21 | **–** | – |

## 18 Investments in subsidiary corporations

| | Company | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| *Equity investments at cost* | | |
| Beginning of financial year | **81,677** | 81,678 |
| Additions | **–** | –* |
| | **81,677** | 81,678 |
| Less: Allowance for impairment | **–** | (1) |
| End of financial year | **81,677** | 81,677 |

* *Less than $1,000*

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

The Group and the Company have the following subsidiary corporations as at 31 December 2021 and 31 December 2020:

| Name | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group 2021 % | 2020 % | Proportion of ordinary shares held by non-controlling interests 2021 % | 2020 % |
|---|---|---|---|---|---|---|
| **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 | **–** | – |

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

## 18 Investments in subsidiary corporations (Continued)

The Group and the Company have the following subsidiary corporations as at 31 December 2021 and 31 December 2020: (Continued)

| Name | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group 2021 % | 2020 % | Proportion of ordinary shares held by non-controlling interests 2021 % | 2020 % |
|---|---|---|---|---|---|---|
| **Held by MindChamps PreSchool Singapore Pte. Limited** | | | | | | |
| MindChamps PreSchool @ Paragon Pte. Limited[(a)] | Childcare and related services | Singapore | **100** | 100 | **–** | – |
| MindChamps PreSchool @ Serangoon Pte. Limited[(a)] | Childcare and related services | Singapore | **80** | 80 | **20** | 20 |
| MindChamps PreSchool @ Zhongshan Park Pte. Ltd.[(a)] | Childcare and related services | Singapore | **75** | 75 | **25** | 25 |
| MindChamps PreSchool @ Marina Square Pte. Limited[(a)] | Childcare and related services | Singapore | **51** | 51 | **49** | 49 |
| MindChamps PreSchool @ Woodlands Pte. Ltd.[(a)] | Childcare and related services | Singapore | **100** | 100 | **–** | – |
| MindChamps PreSchool @ Punggol Northshore Pte. Limited[(a)] | Childcare and related services | Singapore | **100** | 100 | **–** | – |
| MindChamps PreSchool @ Buangkok Private Limited[(a)] | Childcare and related services | Singapore | **100** | 100 | **–** | – |
| MindChamps PreSchool @ UPT Pte. Limited.[(b)] | Childcare and related services | Singapore | **–** | 100 | **–** | – |

(a) *Audited by Nexia TS Public Accounting Corporation, a member firm of Nexia International*
(b) *Divested on 4 January 2021*

## 18 Investments in subsidiary corporations (Continued)

The Group and the Company have the following subsidiary corporations as at 31 December 2021 and 31 December 2020: (Continued)

| Name | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group 2021 % | Proportion of ordinary shares held by the Group 2020 % | Proportion of ordinary shares held by non-controlling interests 2021 % | Proportion of ordinary shares held by non-controlling interests 2020 % |
|---|---|---|---|---|---|---|
| **Held by MindChamps Early Learning Australia Pty. Limited.** | | | | | | |
| MindChamps Early Learning 1 Pty.Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| MindChamps Early Learning 2 Pty. Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| MindChamps Early Learning 3 Pty. Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| MindChamps Early Learning 4 Pty. Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| MindChamps Australia Corporate Pty. Limited[c] (formerly known as MindChamps Australia Franchise Pty. Limited) | Franchising of childcare services for preschool children | Australia | **100** | 100 | **–** | – |
| MindChamps Early Learning 6 Pty. Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| MindChamps Early Learning 7 Pty. Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| MindChamps Early Learning 8 Pty. Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| MindChamps Early Learning 9 Pty. Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| MindChamps Early Learning 10 Pty. Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| MindChamps Early Learning 11 Pty. Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| MindChamps Early Learning 12 Pty. Limited[c] | Childcare and related services | Australia | **100** | 100 | **–** | – |
| Champion Education Property Investment Pty. Limited[c] | Asset management | Australia | **100** | 100 | **–** | – |
| MindChamps Higher Education Academy Pty. Limited[b][c] | Teacher training | Australia | **100** | – | **–** | – |
| The Enrolment Hub Pty Ltd[c] | Centralised childcare enrolment business | Australia | **51** | – | **49** | – |

(a) *Audited by Nexia TS Public Accounting Corporation, a member firm of Nexia International*
(b) *Incorporated during the financial year*
(c) *Audited by Nexia Sydney Audit Pty. Ltd., a member firm of Nexia International; and reviewed by Nexia TS Public Accounting Corporation for consolidation purposes*

## 18 Investments in subsidiary corporations (Continued)

### Additions of subsidiary corporations

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

(i) On 19 April 2021, the Group completed the 51% equity interest acquisition in a centralised childcare enrolment business ("EB") in Australia. The principal activity of the acquired business is to provide childcare providers access to a centralised enrolment team for occupancy maximisation of existing centres and preparations for the Group's franchise expansion in Australia.

(ii) On 25 May 2021, MindChamps Early Learning Australia Pty. Limited, a subsidiary corporation of the Company, incorporated a wholly-owned subsidiary corporation, MindChamps Higher Education Academy Pty. Limited, at a consideration of A$50,000 (equivalent to $49,000).

The following are additions during the financial year ended 31 December 2020 for the Group and the Company:

(i) On 27 November 2020, the Company incorporated a subsidiary corporation, MindChamps Academie of Stars Pte. Limited ("MCAoS"), holding 70% equity interest in MCAoS, at a consideration of $70. The remaining 30% equity interest is held by Ms Kuo Po, at a consideration of $30.

(ii) On 17 December 2020, MindChamps Early Learning Australia Pty. Limited, a subsidiary corporation of the Company, incorporated a wholly-owned subsidiary corporation, Champion Education Property Investment Pty. Limited, at a consideration of A$10,000 (equivalent to $10,073).

Carrying value of non-controlling interests

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| MindChamps PreSchool @ Serangoon Pte. Limited ("SRG") | **417** | 368 |
| MindChamps PreSchool @ Zhongshan Park Pte. Ltd. ("ZSP") | **293** | 280 |
| Other subsidiary corporations with immaterial non-controlling interests | **(312)** | (577) |
| **Total** | **398** | 71 |

***Summarised financial information of subsidiary corporations with material non-controlling interests***

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

***Summarised balance sheet***

| | ZSP | | SRG | |
|---|---|---|---|---|
| | 2021<br>$'000 | 2020<br>$'000 | 2021<br>$'000 | 2020<br>$'000 |
| *Current* | | | | |
| Assets | **2,617** | 2,597 | **4,502** | 4,042 |
| Liabilities | **(866)** | (844) | **(2,443)** | (1,879) |
| Total current net assets | **1,751** | 1,753 | **2,059** | 2,163 |
| *Non-current* | | | | |
| Assets | **184** | 471 | **1,887** | 593 |
| Liabilities | **(775)** | (1,114) | **(1,937)** | (983) |
| Total non-current net liabilities | **(591)** | (643) | **(50)** | (390) |
| **Net assets** | **1,160** | 1,110 | **2,009** | 1,773 |

## 18 Investments in subsidiary corporations (Continued)

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

***Summarised income statement***

| | ZSP | | SRG | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Revenue | **1,589** | 1,531 | **4,261** | 4,133 |
| **Profit before income tax** | **319** | 488 | **1,131** | 1,550 |
| Income tax expense | **(36)** | (21) | **(144)** | (86) |
| **Total comprehensive income, representing net profit** | **283** | 467 | **987** | 1,464 |
| Total comprehensive income allocated to non-controlling interests | **71** | 117 | **197** | 293 |
| Dividends paid to non-controlling interests | **58** | 40 | **150** | 150 |

***Summarised cash flows***

| | ZSP | | SRG | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Net cash provided by operating activities** | **533** | 644 | **1,649** | 1,882 |
| **Net cash used in investing activities** | **(26)** | (6) | **(54)** | (39) |
| **Net cash used in financing activities** | **(416)** | (719) | **(1,574)** | (1,965) |
| **Net increase/(decrease) in cash and cash equivalents** | **91** | (81) | **21** | (122) |
| Cash and cash equivalents at beginning of financial year | **14** | 95 | **44** | 166 |
| **Cash and cash equivalents at end of financial year** | **105** | 14 | **65** | 44 |

## 19 Trade and other payables

| | Group 2021 $'000 | Group 2020 $'000 | Company 2021 $'000 | Company 2020 $'000 |
|---|---|---|---|---|
| Trade payables | | | | |
| – Non-related parties | **1,544** | 1,262 | **–*** | – |
| – Related parties | **–** | – | **–*** | – |
| – Subsidiary corporations | **–** | – | **1** | 5 |
| | **1,544** | 1,262 | **1** | 5 |
| Other payables | | | | |
| – Non-related parties | **2,126** | 3,605 | **390** | 190 |
| – Related parties | **102** | – | **118** | – |
| – Subsidiary corporations | **–** | – | **16,428** | 31,825 |
| | **2,228** | 3,605 | **16,936** | 32,015 |
| Deposit received | **3,739** | 3,497 | **33** | 32 |
| Accrued operating expenses | **6,494** | 6,640 | **721** | 584 |
| Total trade and other payables | **14,005** | 15,004 | **17,691** | 32,636 |

* *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 2021 $'000 | Group 2020 $'000 | Company 2021 $'000 | Company 2020 $'000 |
|---|---|---|---|---|
| *Current* | | | | |
| Bank overdrafts (Note 11) | **2,000** | – | **2,000** | – |
| Term loans | **9,372** | 5,793 | **6,179** | 4,126 |
| Lease liabilities | **7,780** | 8,991 | **1,171** | 1,251 |
| | **19,152** | 14,784 | **9,350** | 5,377 |
| *Non-current* | | | | |
| Term loans | **26,177** | 33,374 | **17,124** | 23,325 |
| Lease liabilities | **18,616** | 21,083 | **2,503** | 3,673 |
| | **44,793** | 54,457 | **19,627** | 26,998 |
| Total borrowings | **63,945** | 69,241 | **28,977** | 32,375 |

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

| | Group 2021 $'000 | Group 2020 $'000 | Company 2021 $'000 | Company 2020 $'000 |
|---|---|---|---|---|
| 6 month or less | **5,688** | 2,776 | **4,080** | 2,223 |
| 6 – 2 months | **5,684** | 3,017 | **4,099** | 1,903 |
| 1 – 5 years | **26,177** | 33,374 | **17,124** | 23,325 |
| Total borrowings | **37,549** | 39,167 | **25,303** | 27,451 |

## 20 **Borrowings** (Continued)

Securities *granted*

Term loans and bank overdrafts of the Group amounting to $37,549,000 (2020: $39,167,000) and the Company amounting to $25,303,000 (2020: $27,451,000) include secured liabilities. Term loans and bank overdrafts of the Group and the Company are secured by means of Specific Security Deeds in respect of securities over shares in the following subsidiary corporations:

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

*Fair value of non-current borrowings*

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Term loans | **17,178** | 24,294 | **11,470** | 16,680 |

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

| | **Group and Company** | |
|---|---|---|
| | **2021** | **2020** |
| | **%** | **%** |
| 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. Due to prolonged uncertainty created by the COVID-19 pandemic, the Group and the Company have pro-actively worked with the lenders to create some contingency buffers as at the date of these financial statements.

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

## 21 Provision for reinstatement costs

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Beginning of financial year | **984** | 940 | **34** | 31 |
| Additions | **97** | 63 | **3** | 3 |
| Provisions utilised | **(4)** | (19) | **–** | – |
| Reversal of provisions | **(74)** | (69) | **–** | – |
| Currency translation differences | **(27)** | 69 | **–** | – |
| End of financial year | **976** | 984 | **37** | 34 |

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

## 22 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$** | **$** | **$** | **$** |
| Deferred income tax assets | **1,768** | 1,755 | **28** | – |
| Deferred income tax liabilities | **(40)** | (105) | **–** | (63) |
| Net deferred tax assets/(liabilities) | **1,728** | 1,650 | **28** | (63) |

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 $1,768,000 (2020: $1,755,000) 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 $2,807,000 (2020: $2,636,000) and capital allowances of $7,238,000 (2020: $4,986,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

As at 31 December 2021 and 31 December 2020, 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 balance sheet 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<br>*Deferred income tax assets* | Provisions<br>$'000 | Tax losses<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| **2021** | | | |
| Beginning of financial year | **(1,129)** | **(626)** | **(1,755)** |
| (Credited)/charged to profit or loss | **(532)** | **427** | **(105)** |
| Currency translation differences | **52** | **40** | **92** |
| End of financial year | **(1,609)** | **(159)** | **(1,768)** |
| **2020** | | | |
| Beginning of financial year | (280) | (1,038) | (1,318) |
| (Credited)/charged to profit or loss | (780) | 465 | (315) |
| Currency translation differences | (69) | (53) | (122) |
| End of financial year | (1,129) | (626) | (1,755) |

| Group<br>*Deferred income tax liabilities* | Total<br>$'000 |
|---|---|
| Accelerated tax depreciation | |
| **2021** | |
| Beginning of financial year | **105** |
| Credited to profit or loss | **(64)** |
| Divestment in a subsidiary corporation (Note 11) | **(1)** |
| End of financial year | **40** |
| **2020** | |
| Beginning of financial year | 28 |
| Charged to profit or loss | 77 |
| End of financial year | 105 |

| Company<br>*Deferred income tax assets* | Provisions<br>$'000 | Tax losses<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| **2021** | | | |
| Beginning of financial year | **–** | **–** | **–** |
| Credited to profit or loss | **(28)** | **–** | **(28)** |
| End of financial year | **(28)** | **–** | **(28)** |
| **2020** | | | |
| Beginning and end of financial year | – | – | – |

| Company<br>*Deferred income tax liabilities* | Total<br>$'000 |
|---|---|
| Accelerated tax depreciation | |
| **2021** | |
| Beginning of financial year | **63** |
| Credited to profit or loss | **(63)** |
| End of financial year | **–** |
| **2020** | |
| Beginning of financial year | 4 |
| Charged to profit or loss | 59 |
| End of financial year | 63 |

## 23 Share capital

| | Group and Company | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | No. of ordinary shares issued ('000) | Amount $'000 | No. of ordinary shares issued ('000) | Amount $'000 |
| Beginning and end of financial year | **241,600** | **49,301** | 241,600 | 49,301 |

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

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

## 24 Retained profits/(Accumulated losses)

The retained profits of the Group are distributable, except for the accumulated losses from associates and joint ventures amounting to $126,000 (2020: $92,000). The retained profits of the Company are distributable.

Movement in retained profits/(accumulated losses) for the Company is as follows:

| | Company | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Beginning of financial year | **(6,903)** | (1,295) |
| Net loss | **(4,774)** | (5,608) |
| Dividend income | **21,735** | – |
| End of financial year | **10,058** | (6,903) |

## 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 | |
|---|---|---|
| | 2021 | 2020 |
| Net profit attributable to equity holders of the Company ($'000) | **2,411** | 3,171 |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) | **241,600** | 241,600 |
| Basic earnings per share (cents per share) | **1.00** | 1.31 |

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

## 26 Contingencies

*Contingent liabilities*

The Company has issued corporate guarantees to a bank for borrowings of certain subsidiary corporations. These bank borrowing amounts to $2,811,000 (2020: $3,000,000).

## 27 Leases – The Group and the Company as a lessee

**Nature of the Group and the Company's leasing activities**

**Office and preschool premises**

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

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

(a) Carrying amounts

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

| | Office and preschool premises Group $'000 | Office and preschool premises Company $'000 |
|---|---|---|
| **2021** | | |
| Balance as at 1 January 2021 | **26,626** | **2,417** |
| Additions during the year | **6,466** | **–** |
| Reclassification to lease receivables (Note 14) | **(416)** | **(416)** |
| Depreciation charge during the year | **(8,492)** | **(485)** |
| Divestment of a subsidiary corporation | **(519)** | **–** |
| Currency translation difference | **(617)** | **–** |
| **Balance as at 31 December 2021** | **23,048** | **1,516** |

| | Office and preschool premises Group $'000 | Office and preschool premises Company $'000 |
|---|---|---|
| **2020** | | |
| Balance as at 1 January 2020 | 31,378 | 2,945 |
| Additions during the year | 2,611 | – |
| Modification of lease liability (Note 14) | 59 | 59 |
| Depreciation charge during the year | (8,781) | (587) |
| Currency translation difference | 1,359 | – |
| **Balance as at 31 December 2020** | 26,626 | 2,417 |

(b) Interest expense

| | Group $'000 | Company $'000 |
|---|---|---|
| **2021** | | |
| Interest expense on lease liabilities | **1,048** | **133** |
| **2020** | | |
| Interest expense on lease liabilities | 1,306 | 184 |

(c) Lease expense not capitalised in lease liabilities

| | Group $'000 | Company $'000 |
|---|---|---|
| **2021** | | |
| Lease expense – low-value leases | **58** | **4** |
| **2020** | | |
| Lease expense – low-value leases | 61 | 5 |

**27 Leases – The Group and the Company as a lessee** (Continued)

**Nature of the Group and the Company's leasing activities** (Continued)

(d) Total income from subleasing right-of-use assets was $76,000 (2020: $90,000) (Note 5).

(e) Total cash outflow for all the leases in 2021 was $9,484,000 (2020: $8,262,000) and $1,308,000 (2020: $1,066,000) 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 2021 and 2020 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 2021, potential future (undiscounted) cash outflows of approximately $15,140,000 (2020: $14,837,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

**28 Leases – The Group as a lessor**

**Nature of the Group's leasing activities – the Group as a lessor**

The Group has leased out classroom spaces under an operating lease agreement. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

**Nature of the Group and the Company's leasing activities – the Group and the Company as an intermediate lessor**

*Subleases – classified as finance leases*

The Group and the Company's sublease of its right-of-use of the office space is classified as finance lease because the sublease is for the entire remaining lease term of the head lease.

Right-of-use assets relating to the head leases with subleases classified as finance lease are derecognised. The net investment in the sublease is recognised under "Lease receivables".

Finance income on the net investment in sublease during the financial year is $76,000 (2020: $90,000) (Note 5). This amount is not related to variable lease payments and is not depended on an index or rate.

## 28 Leases – The Group as a lessor (Continued)

**Nature of the Group and the Company's leasing activities – the Group and the Company as an intermediate lessor** (Continued)

*Subleases – classified as finance leases* (Continued)

The following table shows the maturity analysis of the undiscounted lease payments to be received:

| | Group and Company | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Not later than one year | **752** | 690 |
| Between one and five years | **1,547** | 1,925 |
| Total undiscounted lease payments | **2,299** | 2,615 |
| Less: Unearned finance income | **(105)** | (153) |
| **Net investment in finance lease** | **2,194** | 2,462 |
| Current | **696** | 625 |
| Non-current | **1,498** | 1,837 |
| **Total** | **2,194** | 2,462 |

## 29 Financial risk management

***Financial risk factors***

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

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The key management team then establishes the detailed policies such as authority levels, risk identification and measurement, oversight responsibilities, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

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

*(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.

## 29 Financial risk management (Continued)

***Financial risk factors*** (Continued)

*(a)* *Market risk* (Continued)

(i) Currency risk (Continued)

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 balance sheet 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 2021** | **SGD $'000** | **AUD $'000** |
|---|---|---|
| **Group** | | |
| **Financial assets** | | |
| Cash and cash equivalents | **5,395** | **5,580** |
| Trade and other receivables | **11,641** | **5,129** |
| Lease receivables | **2,194** | **–** |
| Intra-group receivables | **34,538** | **15,274** |
| | **53,768** | **25,983** |
| **Financial liabilities** | | |
| Borrowings | **(37,549)** | **–** |
| Lease liabilities | **(10,006)** | **(16,390)** |
| Trade and other payables | **(6,271)** | **(7,734)** |
| Intra-group payables | **(34,538)** | **(15,274)** |
| | **(88,364)** | **(39,398)** |
| **Net financial liabilities** | **(34,596)** | **(13,415)** |
| **Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies** | **(3,007)** | **–** |

**29 Financial risk management** (Continued)

***Financial risk factors*** (Continued)

*(a) Market risk* (Continued)

(i) Currency risk (Continued)

The Group's currency exposures based on the information provided to key management are as follows: (Continued)

| **As at 31 December 2020** | **SGD $'000** | **AUD $'000** |
|---|---|---|
| **Group** | | |
| **Financial assets** | | |
| Cash and cash equivalents | 4,967 | 6,358 |
| Trade and other receivables | 10,411 | 5,090 |
| Lease receivables | 2,462 | – |
| Intra-group receivables | 47,067 | 8,689 |
| | 64,907 | 20,137 |
| **Financial liabilities** | | |
| Borrowings | (39,167) | – |
| Lease liabilities | (9,620) | (20,454) |
| Trade and other payables | (5,243) | (9,761) |
| Intra-group payables | (47,067) | (8,689) |
| | (101,097) | (38,904) |
| **Net financial liabilities** | (36,190) | (18,767) |
| **Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies** | (4,662) | – |

If the AUD changes against the SGD by 4% (2020: 8%) 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 2021** | | |
| AUD against SGD | | |
| – Strengthened | **57** | **100** |
| – Weakened | **(57)** | **(100)** |
| **31 December 2020** | | |
| AUD against SGD | | |
| – Strengthened | (222) | (310) |
| – Weakened | 222 | 310 |

## 29 Financial risk management (Continued)

***Financial risk factors*** (Continued)

*(a)* *Market risk* (Continued)

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group and the Company has no significant interest-bearing assets and liabilities, the Group's and the Company's operating cash flows are substantially independent of changes in market interest rate.

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had been higher or lower by 10% (2020: 10%) with all other variables including tax rate being held constant, the profit after tax would have been lower or higher by $81,000 (2020: $99,000) as a result of higher or lower interest expense on these borrowings.

*(b)* *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are trade receivables, other receivables, lease receivables, deposits and cash and cash equivalents.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history.

For other financial assets, the Group adopts the policy of dealing only with high credit quality financial institutions and counterparties.

For lease receivables, management has performed credit evaluation before entering into the sublease of the office space to the tenant. The Group adopts the policy of dealing only with reputable companies with high credit quality.

Credit exposure to an individual customer is restricted by establishing maximum payment periods of less than one-month period for both individual and corporate customers. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the management and at the Group level by the credit controller.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

| | Company | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Corporate guarantees provided to banks on subsidiary corporations' loans (Note 26) | **2,811** | 3,000 |

## 29 Financial risk management (Continued)

***Financial risk factors*** (Continued)

*(b)* *Credit risk* (Continued)

The movements in credit loss allowance are as follows:

| | Trade receivables $'000 | Other receivables $'000 | Total $'000 |
|---|---|---|---|
| **2021** | | | |
| **Group** | | | |
| **Balance as at 1 January 2021** | **171** | **15** | **186** |
| Loss allowance recognised in profit or loss during the year on: | | | |
| – Additions | **789** | **139** | **928** |
| – Utilised | **(178)** | **–** | **(178)** |
| **Balance as at 31 December 2021 (Note 12)** | **782** | **154** | **936** |
| **Company** | | | |
| **Balance as at 1 January 2021** | **–** | **343** | **343** |
| Loss allowance recognised in profit or loss during the year on: | | | |
| – Additions | **456** | **137** | **593** |
| **Balance as at 31 December 2021 (Note 12)** | **456** | **480** | **936** |
| **2020** | | | |
| **Group** | | | |
| **Balance as at 1 January 2020** | 189 | 15 | 204 |
| Loss allowance recognised in profit or loss during the year on: | | | |
| – Additions | 31 | – | 31 |
| – Utilised | (49) | – | (49) |
| **Balance as at 31 December 2020 (Note 12)** | 171 | 15 | 186 |
| **Company** | | | |
| **Balance as at 1 January 2020 and 31 December 2020 (Note 12)** | – | 343 | 343 |

(i) Trade receivables

The Group and the Company use a provision matrix to measure the lifetime Expected Credit Loss ("ECL") allowance for trade receivables.

In calculating the ECL rates, trade receivables are grouped based on shared credit risk characteristics and days past due. The Group and the Company consider historical loss rates for each category of customers and adjust to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified the gross domestic product ("GDP") of the countries in which it sell goods and services to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

**29 Financial risk management** (Continued)

***Financial risk factors*** (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 2021 are set out in the provision matrix as follows:

| | | Past due | | | |
|---|---|---|---|---|---|
| **Group** | **Not past due $'000** | **Less than 3 months $'000** | **3 to 6 months $'000** | **More than 6 months $'000** | **Total $'000** |
| **School fees** | | | | | |
| Trade receivables | 28 | 735 | 163 | 465 | 1,391 |
| Loss allowance | – | – | – | (183) | (183) |
| **Franchise income** | | | | | |
| Trade receivables | 4,688 | 150 | – | 414 | 5,252 |
| Loss allowance | – | – | – | (27) | (27) |
| **Royalty income and sales of merchandise** | | | | | |
| Trade receivables | 972 | 616 | 200 | 1,250 | 3,038 |
| Loss allowance | – | – | – | (572) | (572) |
| **Others** | | | | | |
| Trade receivables | – | 32 | – | – | 32 |
| Loss allowance | – | – | – | – | – |
| **Company** | | | | | |
| **Franchise income** | | | | | |
| Trade receivables | 4,688 | 150 | – | 370 | 5,208 |
| Loss allowance | – | – | – | (27) | (27) |
| **Royalty income and sales of merchandise** | | | | | |
| Trade receivables | 18 | 10 | – | 777 | 805 |
| Loss allowance | – | – | – | (429) | (429) |

## 29 Financial risk management (Continued)

***Financial risk factors*** (Continued)

*(b)* *Credit risk* (Continued)

(i) Trade receivables (Continued)

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2020 are set out in the provision matrix as follows:

| | | Past due | | | |
|---|---|---|---|---|---|
| **Group** | **Not past due $'000** | **Less than 3 months $'000** | **3 to 6 months $'000** | **More than 6 months $'000** | **Total $'000** |
| **School fees** | | | | | |
| Trade receivables | 116 | 578 | 472 | 165 | 1,331 |
| Loss allowance | – | – | (43) | (19) | (62) |
| **Franchise income** | | | | | |
| Trade receivables | 3,996 | – | 138 | – | 4,134 |
| Loss allowance | – | – | – | – | – |
| **Royalty income and sales of merchandise** | | | | | |
| Trade receivables | 298 | 697 | 800 | 332 | 2,127 |
| Loss allowance | – | – | – | (109) | (109) |
| **Company** | | | | | |
| **Franchise income** | | | | | |
| Trade receivables | 3,900 | – | 71 | – | 3,971 |
| Loss allowance | – | – | – | – | – |
| **Royalty income and sales of merchandise** | | | | | |
| Trade receivables | 21 | 9 | 757 | – | 787 |
| Loss allowance | – | – | – | – | – |

## 29 Financial risk management (Continued)

***Financial risk factors*** (Continued)

*(b) Credit risk* (Continued)

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

The Group and the Company use the general approach for assessment of ECLs for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECLs.

As at 31 December 2021 and 2020, 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 $2,194,000 (2020: $2,462,000) 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.

## 29 Financial risk management (Continued)

***Financial risk factors*** (Continued)

*(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 balance sheet 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 2021** | | | |
| Trade and other payables | **14,005** | **–** | **–** |
| Lease liabilities | **8,496** | **17,834** | **1,982** |
| Borrowings | **12,180** | **27,082** | **–** |
| **At 31 December 2020** | | | |
| Trade and other payables | 15,004 | – | – |
| Lease liabilities | 9,961 | 19,267 | 3,642 |
| Borrowings | 6,690 | 34,831 | – |

| | **Less than 1 year $'000** | **Between 1 and 5 years $'000** | **More than 5 years $'000** |
|---|---|---|---|
| **Company** | | | |
| **At 31 December 2021** | | | |
| Trade and other payables | **17,691** | **–** | **–** |
| Lease liabilities | **1,265** | **2,586** | **–** |
| Borrowings | **8,641** | **17,576** | **–** |
| Financial guarantee contracts | **2,811** | **–** | **–** |
| **At 31 December 2020** | | | |
| Trade and other payables | 32,636 | – | – |
| Lease liabilities | 1,380 | 3,850 | – |
| Borrowings | 4,700 | 24,238 | – |
| Financial guarantee contracts | 3,000 | – | – |

## 29 Financial risk management (Continued)

***Financial risk factors*** (Continued)

*(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 | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Total liabilities | **81,976** | 87,843 | **46,705** | 65,108 |
| Total assets | **153,690** | 159,838 | **106,064** | 107,506 |
| Debt ratio | **53%** | 55% | **44%** | 61% |

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

*(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.

*(f) Financial instruments by category*

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Financial assets, at amortised cost | **29,950** | 29,298 | **19,337** | 19,672 |
| Financial liabilities, at amortised cost | **77,950** | 84,245 | **46,668** | 65,011 |

## 30 Related party transactions

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

(a) *Sale and purchase of goods and services*

| | Group 2021 $'000 | Group 2020 $'000 |
|---|---|---|
| Income from related parties | | |
| – Interest income from net investment in sublease | **76** | 90 |
| – Royalty fees | **186** | 252 |
| – Service income | **232** | 204 |
| Expenses to related parties | | |
| – Commission | **138** | 181 |
| – IT services | **–** | 109 |
| – Purchase of merchandise and event expense | **318** | 335 |
| Income from immediate holding corporation | | |
| – Service income | **177** | 177 |
| Expenses to immediate holding corporation | | |
| – Marketing expenses | **–** | 36 |
| Repayment of lease liabilities to immediate holding corporation of a major shareholder | **412** | 354 |

Related parties comprise mainly corporations which are controlled by the Group's key management personnel, their close family members, fellow subsidiary corporations, joint ventures and associate.

Outstanding balances at 31 December 2021, arising from sales and purchases of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 19 respectively.

(b) *Key management compensation*

Key management personnel compensation is as follows:

| | Group 2021 $'000 | Group 2020 $'000 |
|---|---|---|
| Wages and salaries | **1,719** | 1,575 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | **37** | 37 |
| Other short-term benefits | **78** | 182 |
| | **1,834** | 1,794 |

## 31 Business combination

*(i) Acquisition of a centralised childcare enrolment business in 2021*

On 19 April 2021, the Group completed the 51% equity interest acquisition in a centralised childcare enrolment business ("EB") in Australia. The principal activity of the acquired business is to provide childcare providers access to a centralised enrolment team for occupancy maximisation of existing centres and preparations for the Group's franchise expansion in Australia.

| | | EB<br>$'000 |
|---|---|---|
| (a) | Purchase consideration | |
| | Cash paid | 263 |
| | Deferred consideration | 263 |
| | **Consideration transferred for the business** | 526 |
| | | |
| (b) | Effect on cash flows of the Group | |
| | Cash paid | (263) |
| | Less: cash and cash equivalents in subsidiary corporation acquired | 454 |
| | **Cash inflow on acquisition** | 191 |

| | | EB<br>At Provisional<br>Fair Value<br>$'000 |
|---|---|---|
| (c) | Identifiable assets acquired and liabilities assumed | |
| | Cash and cash equivalents | 454 |
| | Trade and other receivables | 519 |
| | Total assets | 973 |
| | | |
| | Trade and other payables | (277) |
| | Total liabilities | (277) |
| | | |
| | **Total identifiable net assets** | 696 |
| | Less: Non-controlling interest (Note (g), as below) | (341) |
| | Add: Goodwill (Note 15 (a)) | 171 |
| | **Consideration transferred for the business** | 526 |

**31 Business combination** (Continued)

*(i) Acquisition of a centralised childcare enrolment business in 2021* (Continued)

(d) Acquisition-related costs

No acquisition related costs were incurred as due diligence has been done internally.

(e) Acquired receivables

The fair value of trade receivables is $170,000. The gross contractual amount for trade receivables due is $170,000 and at the acquisition date, the entire contractual amount was expected to be collectible.

(f) Acquired other receivables

Other receivables include the fair value of deferred consideration receivable amounting to $263,000 attributable to the issuance of new shares. The gross contractual amount of $263,000 has been collected as of June 2021.

(g) Non-controlling interest

The Group recognises the 49% non-controlling interest in EB at the date of acquisition at its proportionate share of EB's identifiable net assets of $696,000.

(h) Goodwill

The goodwill recognised for EB of $171,000 arising from the acquisition is attributable to the synergies of the business combination by leveraging on EB's access to trained centralised enrolments teams to maximise occupancy rates in MindChamps Preschool businesses. It is not deductible for tax purposes.

(i) Revenue and profit contribution

The acquired business contributed revenue of $620,000 and net loss of $48,000 to the Group from 20 April 2021 to 31 December 2021.

Had EB been acquired from 1 January 2021, there would be no significant impact to the consolidated revenue and consolidated net profit for the financial year ended 31 December 2021.

## 31 **Business combination** (Continued)

*(ii) Acquisition of a performing art school business in 2020*

On 31 December 2020, the Group completed the acquisition of a performing art school business ("AoS") in Singapore. The principal activity of AoS is to provide music, dancing, art, speech and drama instruction for children.

| | | AoS<br>$'000 |
|---|---|---|
| (a) | Purchase consideration | |
| | Cash paid | –* |
| | **Consideration transferred for the business** | –* |
| | | |
| (b) | Effect on cash flows of the Group | |
| | **Cash outflow on acquisition** | –* |

| | | AoS<br>At Fair Value<br>$'000 |
|---|---|---|
| (c) | Identifiable assets acquired and liabilities assumed | |
| | Property, plant and equipment (Note 14) | 47 |
| | Trade receivables | 2 |
| | Total assets | 49 |
| | | |
| | Trade and other payables | (–*) |
| | Contract liabilities | (130) |
| | Total liabilities | (130) |
| | | |
| | **Total identifiable net liabilities** | (81) |
| | Add: Goodwill (Note 15 (a)) | 81 |
| | **Consideration transferred for the business** | –* |

* *Less than $1,000*

(d) Acquisition-related costs

No acquisition related costs were incurred as due diligence has been done internally.

(e) Acquired receivables

The fair value of trade receivables is $2,000, which comprises school fee receivables.

(f) Goodwill

The goodwill recognised for AoS of $81,000 arising from the acquisition is attributable to the synergies of the business combination; combining MindChamps' unique research-based education and pedagogy of the Champion Mindset with the training of singing, dancing and acting – the Triple Threat of the Performing Arts. In doing so, it allows the Group to provide a more comprehensive educational package for students through an increase in overall offerings.

The acquired business also includes an assembled workforce and non-contractual student listing that are not separable. These items are not identifiable assets, and they are subsumed into goodwill.

## 31 Business combination (Continued)

*(ii) Acquisition of a performing art school business in 2020* (Continued)

(g) Revenue and profit contribution

The acquired business did not contribute significant revenue and net profit to the Group for the financial year ended 31 December 2020 as the business was acquired on the last day of the financial year.

## 32 Segment information

The Key Management ("KM") is the Group's chief decision-maker. The KM comprises the Founder Chief Executive Officer & Executive Chairman, the Chief Financial Officer and the Chief Brand Officer & Global Group General Manager.

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

Operating segments that have similar economic characteristics and similar nature of products and services are aggregated into a single reportable segment. The following summary describes the operations in each of the Group's reportable segments:

*(i) Education*

Provision of childcare, education and learning related services for preschool children.

*(ii) Franchise*

Franchising of childcare services and enrichment classes.

*(iii) Corporate*

Provision of administrative support services and corporate office.

*(iv) Others*

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

## 32 Segment information (Continued)

The segment information provided to the KM for the reportable segments are as follows:

| | Singapore | | | | Australia | | Group |
|---|---|---|---|---|---|---|---|
| | Education | Franchise | Corporate | Others | Education | Franchise | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2021** | | | | | | | |
| **Sales** | | | | | | | |
| Total segment sales | **18,664** | **10,455** | **–** | **–** | **35,425** | **365** | **64,909** |
| Inter-segment sales | **–** | **(1,646)** | **–** | **–** | **(554)** | **–** | **(2,200)** |
| Sales to external parties | **18,664** | **8,809** | **–** | **–** | **34,871** | **365** | **62,709** |
| **Adjusted EBITDA** | **8,660** | **3,340** | **(4,351)** | **(13)** | **10,028** | **(2,717)** | **14,947** |
| Depreciation | **3,206** | **24** | **703** | **9** | **5,609** | **68** | **9,619** |
| Amortisation | **–** | **1** | **957** | **265** | **–** | **–** | **1,223** |
| **Segment assets** | **23,215** | **2,091** | **20,198** | **1,422** | **102,279** | **4,485** | **153,690** |
| Segment assets includes: | | | | | | | |
| Additions to: | | | | | | | |
| – property, plant and equipment | **5,669** | **7** | **33** | **27** | **1,660** | **–** | **7,396** |
| – intangible assets | **–** | **–** | **757** | **337** | **–** | **–** | **1,094** |
| **Segment liabilities** | **(18,118)** | **(7,871)** | **(30,106)** | **(174)** | **(23,483)** | **(2,224)** | **(81,976)** |
| **2020** | | | | | | | |
| **Sales** | | | | | | | |
| Total segment sales | 17,834 | 8,002 | – | – | 27,361 | 236 | 53,433 |
| Inter-segment sales | – | (1,633) | – | – | – | – | (1,633) |
| Sales to external parties | 17,834 | 6,369 | – | – | 27,361 | 236 | 51,800 |
| **Adjusted EBITDA** | 10,617 | 1,964 | (2,600) | (27) | 9,244 | (2,569) | 16,629 |
| Depreciation | 3,541 | 18 | 797 | 2 | 5,354 | 66 | 9,778 |
| Amortisation | – | – | 583 | – | – | – | 583 |
| **Segment assets** | 21,501 | 1,923 | 19,992 | 1,301 | 113,016 | 2,105 | 159,838 |
| Segment assets includes: | | | | | | | |
| Additions to: | | | | | | | |
| – property, plant and equipment | 199 | 58 | 445 | – | 3,580 | 308 | 4,590 |
| – intangible assets | – | – | 788 | 259 | – | – | 1,047 |
| **Segment liabilities** | (16,292) | (7,090) | (33,101) | (173) | (25,864) | (5,323) | (87,843) |

## 32 Segment information (Continued)

*(a) Reconciliation*

*Segment profits*

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

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Adjusted EBITDA for reportable segments | **14,960** | 16,656 |
| Adjusted EBITDA for other segments | **(13)** | (27) |
| Depreciation (Note 7) | **(9,619)** | (9,778) |
| Amortisation (Note 7) | **(1,223)** | (583) |
| Finance expense (Note 9) | **(2,155)** | (2,638) |
| Interest income (Note 5) | **202** | 205 |
| **Profit before income tax** | **2,152** | 3,835 |

*(b) Revenue from major services*

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

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Revenue | | |
| Education | **53,535** | 45,195 |
| Franchise | **9,174** | 6,605 |
| | **62,709** | 51,800 |

There were no transactions with a single external customer which amounted to 10 per cent or more of the Group's revenue.

*(c) Geographical information*

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

(i) Singapore

The Company is headquartered and has operations in Singapore. The operations in this area are principally those relating to the provision of childcare, education and learning related services for preschool children, franchising of childcare services for preschool children, the provision of administrative support services, provision of commercial schools offering higher education programmes, providing training courses for performing arts, business and management consulting services, investment holding and corporate services.

## 32 Segment information (Continued)

### (c) *Geographical information* (Continued)

#### (ii) Australia

The operation in this area is principally those relating to the provision of childcare, education and learning related services for preschool children, franchising of childcare services for preschool children, the provision of administrative support services, provision of centralised childcare enrolment service and corporate office.

| | Non-current assets | |
|---|---|---|
| | **2021** | **2020** |
| | **$'000** | **$'000** |
| Singapore | **29,395** | 28,133 |
| Australia | **95,404** | 102,913 |
| | **124,799** | 131,046 |

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

## 33 Event occurring after balance sheet date

On 1 January 2022, MindChamps PreSchool Singapore Pte. Limited, a subsidiary corporation of the Company has entered into a joint venture agreement with MindChamps PreSchool @ Changi Airport Pte. Ltd, which is a franchisee of the Group's subsidiary corporation. The Group's subsidiary corporation acquired 40,000 ordinary shares in MindChamps PreSchool @ Changi Airport Pte. Ltd, with a total consideration of $1.

## 34 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted.

**Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)**

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

## 34 New or revised accounting standards and interpretations (Continued)

**Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)**

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E, any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

**Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)**

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

## 35 Authorisation of financial statements

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of MindChamps PreSchool Limited on 1 April 2022.

**Ordinary Shareholdings**

| | | |
|---|---|---|
| Total number of issued shares | : | 241,600,000 |
| 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 | 2 | 0.16 | 157 | 0.00 |
| 100 – 1,000 | 202 | 16.92 | 166,600 | 0.07 |
| 1,001 – 10,000 | 647 | 54.19 | 3,174,000 | 1.31 |
| 10,001 – 1,000,000 | 333 | 27.89 | 23,137,716 | 9.58 |
| 1,000,001 and above | 10 | 0.84 | 215,121,527 | 89.04 |
| Total | 1,194 | 100.00 | 241,600,000 | 100.00 |

**Substantial Shareholders**

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

| | Number of Ordinary Shares | | | |
|---|---|---|---|---|
| Name | Direct Interest | %* | Deemed Interest | %* |
| David Chiem Phu An | – | – | 126,806,441(1) | 52.49 |
| Catherine Du | – | – | 126,606,441(2) | 52.40 |
| MindChamps Holdings Pte. Limited | – | – | 124,895,913(3) | 51.70 |
| Champion Minds Pte. Limited | – | – | 124,895,913(4) | 51.70 |
| Invest Learning Pte. Ltd. | 48,320,000 | 20.00 | – | – |
| Singapore Press Holdings Limited | – | – | 48,320,000(5) | 20.00 |

Notes:

* Percentage is based on 241,600,000 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 ("-") 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 2001of Singapore, Champion Minds is deemed to be interested in the Shares in which MCH has an interest.

(5) Singapore Press Holdings Limited ("**SPH**") wholly-owns Invest Learning Pte. Ltd. ("**Invest Learning**"). Accordingly, for the purposes of Section 4 of the Securities and Futures Act 2001of Singapore, SPH is deemed to be interested in the Shares in which Invest Learning has an interest.

**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 (SINGAPORE) PTE LTD | 100,766,913 | 41.71 |
| INVEST LEARNING PTE. LTD. | 48,320,000 | 20.00 |
| MAYBANK NOMINEES (SINGAPORE) PTE LTD | 24,160,000 | 10.00 |
| PHILLIP SECURITIES PTE LTD | 12,930,200 | 5.35 |
| MERRILL LYNCH (SINGAPORE) PTE LTD | 12,055,900 | 4.99 |
| DBS NOMINEES PTE LTD | 9,852,328 | 4.08 |
| CITIBANK NOMINEES SINGAPORE PTE LTD | 2,195,128 | 0.91 |
| TEOH MEI YIAN (ZHAO MEIYAN) | 1,807,229 | 0.75 |
| WONG WEI HSNG (WANG WEISHENG) | 1,807,229 | 0.75 |
| RAFFLES NOMINEES (PTE) LIMITED | 1,226,600 | 0.51 |
| ABN AMRO CLEARING BANK N.V. | 916,500 | 0.38 |
| NG EE YONG (HUANG YURONG) | 787,400 | 0.33 |
| IFAST FINANCIAL PTE LTD | 634,600 | 0.26 |
| OCBC NOMINEES SINGAPORE PTE LTD | 628,000 | 0.26 |
| PEH POH GEOK | 610,600 | 0.25 |
| WATGLEN PTY LTD | 589,504 | 0.24 |
| ANG HAO YAO (HONG HAOYAO) | 564,300 | 0.23 |
| TAN THIAM CHYE (CHEN TIANCAI) | 560,000 | 0.23 |
| CHIAN SHIAN ANN @ CHIAM YEOW ANN | 557,500 | 0.23 |
| Y.A. CHIAM INVESTMENTS PTE LTD | 448,400 | 0.19 |
| | **221,418,331** | **91.65** |

**Free Float**

Based on the information available to the Company, approximately 24.51% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

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

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**AGM**") of the Company will be held by way of electronic means on Friday, 29 April 2022 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 2021 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 1)***

3. To re-elect Mr Lee Suan Hiang as Director who is retiring by rotation pursuant to Regulations 94 and 95. **(Resolution 3)**

   ***(See Explanatory Note 2)***

4. To approve payment of Directors' fees of S$192,000 for the financial year ended 31 December 2021. **(Resolution 4)**

   ***(See Explanatory Note 3)***

5. To re-appoint Messrs Nexia 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 4)***

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 5)***

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 6)***

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 7)***

**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 April 2022

This Notice has been made available on SGXNet and the Company's website and may be accessed at https://investor.mindchamps.org/ar.html. A printed copy of this Notice, proxy form and the Company's Annual Report 2021 will NOT be despatched to shareholders.

**Explanatory Notes to Resolutions:**

1. **Resolution 2** is to re-elect Ms Catherine Du who will, upon re-election, continue to serve as the Chief Executive Officer & Executive Chairman of the Company. The detailed information on Mr Chiem can be found in the 'Board of Directors' and 'Further Information on Directors Seeking Re-election' sections of the Company's Annual Report.

2. **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.

3. **Resolution 4** is to approve the proposed Directors' fees of S$192,000 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 2021.

4. **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.

5. **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.

6. **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.

7. **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 22 April 2021.

**Notes:**

**Participation in the AGM via live webcast or live audio feed**

1. As the AGM will be held by way of electronic means, shareholders will NOT be able to attend the AGM in person. All shareholders or their corporate representative (in the case of shareholders which are legal entities) will be able to participate in the AGM proceeding by accessing a live webcast or live audio feed. To do so, shareholders are required to pre-register their participation in the AGM ("**Pre-registration**") by sending the following details by mail to 6 Raffles Boulevard #04-100 Marina Square Singapore 039594 or by electronic mail to ir@mindchamps.org by **10.00 a.m. on Tuesday, 26 April 2022** ("**Registration Deadline**") for verification of their status as shareholders (or corporate representatives of such shareholders):
   (i) Full Name – If your shares are held under joint shareholders, please provide both shareholders' names;
   (ii) NRIC or Passport Number or Company Registration Number;
   (iii) Email Address and Contact Number; and
   (iv) The manner in which the shareholder holds shares in the Company (e.g., via CDP, Scrip, CPF or SRS).

2. Following verification, authenticated shareholders or their corporate representatives will receive a notification and link to access the live webcast and live audio feed of the AGM proceedings. Members who do not receive such email by 10.00 a.m. on Thursday, 28 April 2022 but have pre-registered by the Registration Deadline should contact the Company for assistance at (65) 6828 2688 or via email to ir@mindchamps.org.

3. Shareholders or their corporate representatives must not forward the email to other persons who are not shareholders of the Company and who are not entitled to participate in the AGM. This is to avoid any technical disruptions or overload to the live webcast or live audio feed. Recording of the AGM proceedings in whatever form is also strictly prohibited.

**Voting by Proxy**

1. Shareholders may only exercise their voting rights at the AGM via proxy voting.

2. Shareholders who wish to vote on any or all of the resolutions to be tabled for approval at the AGM must appoint the Chairman of the AGM as their proxy to do so on their behalf. In the proxy form, a shareholder should specifically direct the Chairman on how he/she is to vote for or vote against or to abstain from voting on each resolution to be tabled at the AGM, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. The instrument appointing the Chairman of the AGM as proxy must be deposited at the registered office of the Company at **6 Raffles Boulevard #04-100 Marina Square Singapore 039594** or be submitted via email to **ir@mindchamps.org** not less than seventy-two (72) hours (i.e. by 10.00 a.m. on Tuesday, 26 April 2022), before the time appointed for holding the AGM. The proxy form can be downloaded from SGXNet or the Company's website at https://investor.mindchamps.org/ar.html.

4. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") at least seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the AGM by appointing the Chairman of the AGM 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 who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the AGM.

5. CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on Wednesday, 20 April 2022), to ensure that their votes are submitted.

6. The Chairman of the AGM, as proxy, need not be a member of the Company.

**Access to documents or information relating to the AGM**

All documents and information relating to the business of the AGM (including the Annual Report and the proxy form) have been published on SGXNet and the Company's website at https://investor.mindchamps.org/ar.html. Printed copies will not be sent to shareholders.

**Submission of questions prior to the AGM**

1. Shareholders or their corporate representatives may submit questions related to the resolutions to be tabled at the AGM via email to **ir@mindchamps.org** or 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 Tuesday, 26 April 2022**.

2. Shareholders or their corporate representatives who submit questions by post or email must provide his/her (i) full name; (ii) number of shares held; and (iii) the manner in which he/she hold shares in the Company (e.g., via CDP, CPF or SRS). Any question without the identification details will not be addressed.

3. The Company will endeavour to address the substantial and relevant questions (as may be determined by the Company in its sole discretion) at or before the AGM. 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 will not be able to ask questions at the AGM live during the webcast or audio feed, and therefore it is important for shareholders who wish to ask questions to submit their questions prior to 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) the processing of the Pre-registration for purposes of granting access to shareholders (or their corporate representatives in the case of shareholders which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from shareholders received before the AGM and if necessary, following up with the relevant shareholders in relation to such questions;

(iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

**APPENDIX DATED 14 APRIL 2022**

**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 2021 which is available for download from the Company's website. Its purpose is to explain to the Shareholders the rationale and to provide information pertaining to the proposed renewal of the Share Purchase Mandate of the Company, and to seek Shareholders' approval of the same at the annual general meeting to be held on Friday, 29 April 2022 at 10.00 a.m. via electronic means.

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

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

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

**APPENDIX**

**TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 14 APRIL 2022**

**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)*
Teo Ser Luck *(Lead Independent Director)*
Catherine Du *(Non-Independent Non-Executive Director)*
Phua Chin Chor *(Independent Director)*
Lee Suan Hiang *(Independent Director)*

**Registered Office:**
6 Raffles Boulevard
#04-100 Marina Square
Singapore 039594

14 April 2022

**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 April 2021 (the "**Notice**"), accompanying the Annual Report 2021, convening the annual general meeting which is scheduled to be held on Friday, 29 April 2022 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 22 April 2021. 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 241,600,000 issued Shares (excluding treasury shares and subsidiary holdings) as at 16 March 2022 (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 24,160,000 Shares pursuant to the Share Purchase Mandate.

**(b) Duration of Authority**

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

(i) the date on which the next annual general meeting of our Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

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

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

(i) on-market purchases ("**Market Purchases**"), transacted through the SGX-ST trading system and/or on any other securities exchange on which our Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by our Company for the purpose; and/or

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

Our Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act as they consider fit in the interests of our Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same (except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares).

If our Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information as required under Rule 885 of the Listing Manual:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances; and

(iii) the information required under 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 2021, 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 241,600,000 issued Shares as at the Latest Practicable Date, the purchase by our Company of up to the maximum 10% limit will result in the purchase or acquisition of 24,160,000 Shares.

**(c) Maximum Price Paid for Shares Acquired or Purchased**

In the case of Market Purchases and assuming that our Company purchases or acquires 24,160,000 Shares at the Maximum Price of $0.21 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 24,160,000 Shares would be approximately $5,074,000.

In the case of Off-Market Purchases and assuming that our Company purchases or acquires 24,160,000 Shares at the Maximum Price of $0.24 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 24,160,000 Shares would be approximately $5,798,000.

**(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 2021 purchased 24,160,000 Shares (representing 10% of our issued Shares of 241,600,000 Shares); and

(ii) such Share purchases are made entirely out of capital and held as treasury shares,

the financial effects on the consolidated financial statements of our Group for the financial year ended 31 December 2021 would have been as follows:

| | Market Purchase | | Off-Market Purchase | |
|---|---|---|---|---|
| | **Before Share Purchase $'000** | **After Share Purchase $'000** | **Before Share Purchase $'000** | **After Share Purchase $'000** |
| **Profit attributable to equity holders of our Company as at 31 December 2021** | **2,411** | **2,411** | **2,411** | **2,411** |
| Share Capital | 49,301 | 49,301 | 49,301 | 49,301 |
| Currency translation reserve | (1,231) | (1,231) | (1,231) | (1,231) |
| Retained profits | 23,246 | 23,246 | 23,246 | 23,246 |
| Treasury shares | – | (5,074) | – | (5,798) |
| **Shareholders' equity** | **71,316** | **66,242** | **71,316** | **65,518** |
| **Total equity** | **71,714** | **66,640** | **71,714** | **65,916** |
| **Net assets value (NAV)** | **71,714** | **66,640** | **71,714** | **65,916** |
| Current assets(1) | 17,209 | 17,209 | 17,209 | 17,209 |
| Current liabilities(2) | 17,015 | 17,015 | 17,015 | 17,015 |
| **Working capital** | **194** | **194** | **194** | **194** |
| Total borrowings | 37,549 | 42,623 | 37,549 | 43,347 |
| Cash and cash equivalents | 10,986 | 10,986 | 10,986 | 10,986 |
| Net cash | (26,563) | (31,637) | (26,563) | (32,361) |
| Number of shares as at 31 December 2021 ('000) | 241,600 | 217,440 | 241,600 | 217,440 |
| Weighted average number of shares as at 31 December 2021 ('000) | 241,600 | 242,196 | 241,600 | 242,196 |
| **Financial Ratios** | | | | |
| NAV per share(2) ($) | 0.30 | 0.31 | 0.30 | 0.30 |
| Gearing ratio(3) | 0.52 | 0.64 | 0.52 | 0.66 |
| Current ratio(4) | 0.99 | 0.99 | 0.99 | 0.99 |
| Basic EPS ($)(5) | 0.01 | 0.01 | 0.01 | 0.01 |

**Notes:**

(1) Current assets excluding cash and lease receivables.

(2) Current liabilities excluding current borrowings and lease liabilities.

(3) NAV divided by number of shares as of 31 December 2021.

(4) Total borrowings divided by Total equity.

(5) Current assets excluding lease receivables divided by Current liabilities excluding lease liabilities.

(6) Profit attributable to equity owners of our Company divided by the weighted average number of shares as at 31 December 2021

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 2021 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 24.51% of our issued Shares are held by public shareholders.

Assuming that our Company purchases or acquires as at the Latest Practicable Date through Market Purchases 24,160,000 Shares, being the full 10% limit pursuant to the Share Purchase Mandate and holds these shares as treasury shares, approximately 16.12% 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 2021 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 2021.

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**
1. Shareholder who wish to vote on any or all of the resolutions at the AGM (as defined below) must appoint the Chairman of the AGM as their proxy to do so on their behalf.
2. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF and 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 20 April 2022) to specify voting instructions and to ensure that their votes are submitted.
4. By submitting an instrument appointing the Chairman of the AGM as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2022.

## PROXY FORM

I/We, ________________________________________ (Name)

________________________________ (NRIC/Passport/Company Registration Number)

of ________________________________________ (Address),
being a shareholder/shareholders of MindChamps PreSchool Limited (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on Friday, 29 April 2022 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 2021 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 Regulations 94 and 95. | | | |
| 4. | To approve payment of Directors' fees for the financial year ended 31 December 2021. | | | |
| 5. | To re-appoint Messrs Nexia 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 the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a "√" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with a "√" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution.* ***In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.***

Dated this ______ day of __________ 2022

| 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 (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), 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. **Due to the current COVID-19 situation in Singapore, shareholders will not be able to attend the AGM in person. A shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM.** This proxy form has been made available on SGXNet and may be accessed at this link: https://investor.mindchamps.org/ar.html. A printed copy of this proxy form will **NOT** be sent to shareholders.

3. CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by **5.00 p.m.** on **Wednesday, 20 April 2022**), to ensure that their votes are submitted.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The instrument appointing the Chairman of the AGM as proxy must be deposited at the registered office of the Company at **6 Raffles Boulevard #04-100 Marina Square Singapore 039594** or be submitted via email to ir@mindchamps.org not less than seventy-two (72) hours (i.e. by 10.00 a.m. on Tuesday, 26 April 2022), before the time appointed for holding the AGM. **In view of the Covid-19 situation in Singapore, shareholders are strongly encouraged to submit completed proxy forms electronically via email.**

7. The instrument appointing 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 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 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, Chapter 50 of Singapore is applicable at this AGM.

8. The Company shall be entitled to reject the instrument appointing 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 the Chairman of the AGM as proxy.

9. 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 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)
Teo Ser Luck
(Lead Independent Director)
Catherine Du
(Non-Independent Non-Executive Director)
Phua Chin Chor (Independent Director)
Lee Suan Hiang (Independent Director)

**AUDIT COMMITTEE**
Phua Chin Chor (Chairman)
Teo Ser Luck
Lee Suan Hiang

**NOMINATING COMMITTEE**
Lee Suan Hiang (Chairman)
Teo Ser Luck
Phua Chin Chor

**REMUNERATION COMMITTEE**
Teo Ser Luck (Chairman)
Phua Chin Chor
Lee Suan Hiang

**REGISTERED OFFICE**
6 Raffles Boulevard
#04-100 Marina Square
Singapore 039594
Tel: (65) 6828 2688
Fax: (65) 6828 2699
Website: www.mindchamps.org/preschool

**SHARE REGISTRAR**
Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00 Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399
Website: www.sg.tricorglobal.com

**COMPANY SECRETARY**
Yeo Hui Leng (LLB (Hons))

**EXTERNAL AUDITORS**
Nexia TS Public Accounting Corporation
(appointed on 19 October 2009)
80 Robinson Road
#25-00
Singapore 068898

Director-in-charge:
Loh Ji Kin
(appointed since the financial year ended 2018)

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

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

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

**INVESTOR RELATIONS**
6 Raffles Boulevard
#04-100 Marina Square
Singapore 039594
Tel: (65) 6828 2688
Email: ir@mindchamps.org
Website: investor.mindchamps.org

**STOCK CODE**
CNE.SI

**MindChamps PreSchool Limited**

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