

AGM PAPER (FEASIBILITY STUDY)
Proposed Disposal of Little Kidz Preschool

For Consideration by Members of Singapore Muslim Teachers' Co-Operative Ltd
Annual General Meeting – 27 June 2026

Agenda Item:

“To seek Members' approval in principle for the disposal, divestment, transfer, merger, or other suitable restructuring of the Little Kidz Preschool operations, subject to regulatory requirements, due diligence, valuation, and approval by the Board and relevant authorities”.

1. Background

The Co-operative has experienced operating deficits over the past several years, placing increasing pressure on its financial sustainability and capital resources. While the principal business of the Co-operative remains the provision of friendly loans and member-related financial services, the preschool business has become a significant financial burden.

Based on management accounts and historical performance, the Little Kidz Preschool operation has accumulated substantial losses, estimated at approximately **S\$1.5 million**, and continues to face challenges relating to enrolment, manpower costs, operating expenditure, and increasing competition within the preschool sector.

2. Strategic Considerations

The Board has reviewed the long-term viability of retaining the preschool operation and has identified the following concerns:

Financial Sustainability

- Continued losses erode the Co-operative's reserves and capital base.
- Resources utilized to support preschool losses could otherwise be deployed to strengthen member services and loan operations.
- Persistent losses may adversely affect the Co-operative's overall financial health and regulatory standing.

Focus on Core Mission

- The primary purpose of the Co-operative is to serve members through financial assistance, savings, and welfare-related activities.
- The preschool operation is not directly aligned with the Co-operative's principal strategic focus.
- Divestment would allow management and the Board to concentrate on restoring financial stability and enhancing member benefits.

Risk Management

- Ongoing operational, regulatory, staffing, and enrolment risks remain significant.
- Future investment may be required to sustain operations without assurance of surplus (profitability).
- Disposal would reduce the Co-operative's exposure to these risks.

3. Options Considered

Option	Assessment
Continue operating as status quo	High risk of continued deficits (losses)
Invest further to turn around operations	Requires substantial capital with uncertain outcomes
Strategic partnership or merger	Possible but dependent on external parties
Disposal / Divestment	Potentially the most prudent option to stop future losses and unlock value

4. Expected Benefits of Disposal

Should the disposal be successfully concluded, the anticipated benefits include:

- Elimination of recurring operating deficits (losses).
- Preservation and strengthening of the Co-operative's financial reserves.
- Improved focus on the Co-operative's core activities.
- Enhanced ability to improve member services and benefits.
- Reduced operational and regulatory risks.
- Better positioning of the Co-operative for long-term sustainability.

5. Risks and Mitigation

Risk	Mitigation
Impact on staff and students	Ensure orderly transition and continuity arrangements
Disposal value below expectations	Independent valuation and due diligence
Stakeholder concerns	Transparent communication and consultation
Regulatory requirements	Compliance with all applicable approvals and procedures

6. Recommendation

After careful consideration of the financial, operational, and strategic implications, the Board is of the view that the disposal of Little Kidz Preschool is a prudent and responsible option worthy of consideration by Members.

The Board therefore recommends that Members approve, in principle, the exploration and implementation of the disposal of Little Kidz Preschool, subject to satisfactory terms, valuation, due diligence, and all necessary approvals.

Proposed AGM Resolution:

"That the Members of the Singapore Muslim Teachers' Co-operative Ltd approve in principle the disposal, divestment, transfer, merger, or other appropriate restructuring of the Little Kidz Preschool operation, and authorize the Board to undertake all necessary actions, negotiations, valuations, due diligence, and regulatory submissions required to effect such transaction, subject to final terms being in the best interests of the Co-operative."

Prepared for AGM Consideration

Board of Directors

Singapore Muslim Teachers' Co-Operative Ltd

27 June 2026

This version is deliberately balanced and objective, presenting the rationale without appearing to have predetermined the outcome, thereby allowing members to make an informed decision at the AGM.