



M2L HOLDINGS LIMITED

ARBN 154 095 897

Prospectus

This Prospectus is a compliance prospectus to facilitate secondary trading of Shares previously issued by the Company and for the Offer of 100,000 Shares each at an issue price of A\$0.168 to raise A\$16,800

Proposed NSX Code: MLH

This Prospectus provides important information about the Company. You should read the entire document including the Application Form. If you have any questions about the Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the Shares offered under this Prospectus is highly speculative.

Important Notice

This Prospectus is dated 29 February 2012 and was lodged with ASIC on that date. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application will be made for listing of the Company's securities offered by this Prospectus to the National Stock Exchange of Australia Limited (NSX) with 7 days after the date of this Prospectus. The fact that the NSX may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities.

The NSX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liabilities whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus. ASIC takes no responsibility for the contents of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Web Site - Electronic Prospectus

A copy of this Prospectus is available and can be downloaded from the website of the Company at www.M2LHoldings.com. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free,

either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Suitability of Investment & Risks

Before deciding to invest in the Company following its admission to the Official List of NSX, prospective investors should read entirely this Prospectus and, in particular, the summary of the Company's business in section 6 and the risk factors in section 7. They should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding to invest.

Any investment in the Shares of the Company should be regarded as speculative.

Definitions and Photographs

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary. The assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

Exposure Period

This Prospectus is subject to an exposure period of 7 days from the date of lodgment with ASIC. This period may be extended by ASIC for a further period of up to 7 days. The purpose of this exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, any Application Forms received during the exposure period will be dealt with in accordance with section 724 of the Corporations Act. Application Forms received prior to the expiration of the exposure period will not be processed until after the exposure period. No preference will be conferred on Application Forms received in the exposure period and all Application Forms received during the exposure period will be treated as if they were simultaneously received on the Opening Date.

Offer of Shares in CDI form

The Offer contained in this Prospectus is an invitation to apply for Shares in the Company. Shares will be issued in the form of CHESS Depositary Interests (or CDIs), which are a form of beneficial interest in Shares held by a depositary nominee. The issue of CDIs is necessary to allow NSX trading. CDIs give a holder similar, but not identical, rights to a holder of Shares. More details regarding CDIs are contained in section 9.14. References in this Prospectus to "Shares" include references to "CDIs" as appropriate.

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Corporate Directory

Directors

Mr LAM, Peck Heng
Independent Non-Executive Director
Chairman

Mr (Robin) CHONG, Hock Tat
Executive Director

Mr (Yong) TAY, Kwee Yong
Executive Director

Mr LAN Shi Ren
Executive Director

Company Secretary

Mr (Yong) TAY, Kwee Yong
Registered Office (Singapore)
21 Bukit Batok Crescent #15-74
WCEGA Tower
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Tel: +65 63342771
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Registered and Business Office (Australia)

Level 7, 140 Bourke Street
Melbourne VIC 3000
Tel: +61 3 96507672
Fax: +61 3 96507673

Singapore Lawyers

TanLim Partnership
101 Cecil Street #19-02
Tong Eng Building
Singapore 069533

Auditors

MGI Singapore PAC
Certified Public Accountants
51 Anson Road #02-57
Anson Centre
Singapore 079904

Website: www.M2LHoldings.com

Corporate Adviser

Biztrack Public Accounting Corporation
(Registration No. 201120451R)
21 Bukit Batok Crescent #15-74
WCEGA Tower
Singapore 658065

Nominated Adviser

Crowe Horwath Corporate Finance Limited
Level 16, 120 Edward Street
Brisbane QLD 4001

Independent Market Report

Omartis Private Limited

Investigating Accountant

MGI Perth Corporate Finance Pty Ltd
Level 7, The Quadrant
1 William Street
Perth WA 6000

Sponsoring Broker

Centre Capital Securities Limited
14 Macquarie Street
Belmont NSW 2280

Registered Agent in Australia

Mr Tony NG FCPA, FFin, ACIS, JP
Tony Ng & Co
Certified Practising Accountants
Level 7, 140 Bourke Street
Melbourne VIC 3000

Share Registry

Link Market Services Limited
Ground Floor, 178 St Georges Terrace
Perth WA 6000

Solicitors to the Offer

Kings Park Corporate Lawyers
Suite 8, 8 Clive Street
West Perth WA 6005

1 TIMETABLE TO THE OFFER

Opening Date of the Offer ¹	8 March 2012
Closing Date of the Offer ²	9 March 2012
Allotment of Shares under this Prospectus	28 March 2012
Quotation of Shares (in the form of CDIs) on NSX	30 March 2012

¹ Subject to an exposure period as required by the Corporations Act, any extension of which will delay the Opening Date of the Offer.

² Prospective investors are encouraged to apply as soon as possible after the Offer opens, as the Company reserve the right to close the Offer early or later as indicated above without prior notice.

This timetable is indicative only, and may change.

2 KEY OFFER STATISTICS AND CAPITAL STRUCTURE

Shares currently on issue	56,900,000
Options currently on issue	Nil
Shares offered under this Prospectus to raise A\$16,800 at an issue price of A\$0.168	100,000
Total Shares on issue following the Offer	57,000,000
Full amount to be raised under the Offer	A\$16,800
Market capitalisation at the Offer issue price	A\$9,576,000

3 CHAIRMAN'S LETTER

Dear Investor

M2L Holdings Limited was recently incorporated to carry on the business of education. For a start we will focus on providing Mandarin learning programmes for English-speaking adults and developing our in-house content for such programmes. Briefly, one of our Directors has developed a methodology for teaching Mandarin as a second language with its own 500 character list that confidently places students on the path to Chinese language competency.

We will also engage in organising short-term executive training programmes in partnership with the School of Continuing Education of a premier state-funded university in China.

M2L Holdings Limited has acquired controlling interests in 2 profitable organisations in China. One provides work-skills and vocational proficiency certification and the other operates tuition centres. We will also run classes to teach English to Mandarin speakers to meet the huge and insatiable demand for knowledge and English in China.

We believe that the business of private teaching of Mandarin to English-speakers and vice versa, (that is to say, the teaching of English to Mandarin-speakers) has significant commercial potential. This is because the booming markets in Asia have more than 1 billion consumers. M2L Holdings Limited is well-placed to tap this pent-up demand and offer our own solution to the need for better communication between Mandarin and English speakers. The proposed listing on National Stock Exchange of Australia Limited (NSX) will be a crucial step towards fulfilling the Company's objectives and accelerating its development.

This Prospectus is issued in support of an application by M2L Holdings Limited for the listing of its shares on NSX. It contains detailed information about the Company's operations, business plan and financial position. Shareholders and Interested Investors are advised to read this Prospectus carefully and in full and, where necessary, seek professional advice before deciding whether to invest or trade in the Company's shares following its admission to the Official List of NSX.

The journey ahead to realise the full potential of M2L Holdings Limited is an exciting one and while it may be arduous and unpredictable, there will be stages along the way where your Company will get its rewards and recognition.

Yours sincerely



LAM Peck Heng
Chairman

4 INVESTMENT OVERVIEW

This information is a selective overview only. Prospective investors should read the Prospectus in full, including the experts' reports in this Prospectus before deciding to invest in Shares.

Question	Response	Where to find more information
Who is issuing this Prospectus?	M2L Holdings Limited (ARBN: 154 095 897), a company incorporated in Singapore (M2L or the Company).	
Who is M2L and what does it do?	<p>M2L operates businesses that provide Mandarin learning programmes for English-speaking adults and develops in-house content for these programmes, consist of:</p> <ul style="list-style-type: none">• Century Blue Ocean (51% interest), which operates tuition centers providing supplementary academic tuition for elementary and high school students in China;• Beijing Century (51% interest), which provides work skills certification for vocational colleges in China under authority of the Chinese Ministry of Education;• the development and licensing of 'Mandarin as a Second Language' training programmes for adult non-native speakers; and• a business run jointly with Tsinghua University, to which they will jointly organise short-term executive training programmes and seminars in Singapore and other countries in South-East Asia.	Section 6
What are the benefits of investing in the Company?	<p>The benefits of investing in the Company include the following:</p> <ul style="list-style-type: none">• An experienced Board and management team.• Private teaching of Mandarin to English-speakers and vice versa, has significant commercial potential.	Section 6
Is there a market report?	The Company has engaged Omartis Private Limited to prepare an Independent Market Report.	Section 3
What is the financial position of the Company?	M2L is a new company that was formed on 30 August 2011 to acquire 2 existing businesses and a yet to be commercialized training program for 'Mandarin as Second Language'. This Prospectus contains financial information including a pro forma consolidated income statement and balance sheet.	Section 10

Question	Response	Where to find more information
Who are the Directors of the Company?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> • Mr LAM, Peck Heng (Independent Non-Executive Director and Chairman); • Mr (Robin) CHONG, Hock Tat (Executive Director); • Mr (Yong) TAY, Kwee Yong (Executive Director); and • Mr LAN Shi Ren (Executive Director). 	Section 8
What benefits are being paid to Directors?	<p>The Directors are paid directors' fees for operating the Company. Messrs Chong Hock Tat Robin and Tay Kwee Yong are executive Directors working for the Company on a full time basis, for which they will be paid S\$54,000 and S\$42,000 respectively per annum.</p>	Section 8
What important contracts has the Company entered into?	<p>The Group is a party to a number of important contracts under which it has acquired or operates its businesses. They are:</p> <ul style="list-style-type: none"> • an Assignment of Copyright Agreement with Mr TAY Kwee Yong dated 12 September 2011; • a Lease Agreement with Mr CHONG Hock Tat Robin and Madam CHUA Soon Beng Ellen dated 12 September 2011; • a Licence Agreement with Global Community College Pte Ltd dated 14 October 2011; • an Equity Assignment Agreement in relation to Century Blue Ocean with Mr LAN Shi Ren dated 10 September 2011 which is supplemented by two Supplemental Agreements dated 12 September 2011 and 28 November 2011; and • an Equity Assignment Agreement in relation to Beijing Century with Mr LAN Shi Ren dated 10 September 2011 which is supplemented by two Supplemental Agreements dated 12 September 2011 and 28 November 2011. <p>Summaries of the key terms of these contracts are included in this Prospectus.</p>	Sections 6.3 to 6.7
What is the purpose of the Prospectus?	<p>This Prospectus has been prepared for the Company's listing on NSX, and to facilitate the offer for sale of the Company's Shares.</p> <p>For this reason, up to 100,000 new Shares are being offered to certain individuals nominated by the Directors.</p>	Section 9

Question	Response	Where to find more information
What are CDIs?	<p>The Listing Rules require that the Company operate both an electronic issuer-sponsored sub-register and an electronic Clearing House Electronic Subregister System (CHESS) sub-register.</p> <p>M2L is incorporated in Singapore, a jurisdiction that does not recognise the holding of securities or electronic transfer of legal title to Shares other than shares held in the name of sole recognized depository agent, namely Central Depository (Pte) Ltd, a subsidiary of the Singapore Exchange. To facilitate the use of CHESS, Shareholders will hold their Shares in the form of CHESS Depository Interests (or CDIs), which are a form of beneficial interest in Shares held by a depository nominee.</p> <p>CDIs give a holder similar, but not identical, rights to a holder of Shares. References in this Prospectus to “Shares” include references to “CDIs” as appropriate.</p>	Section 9.14
Will the Company pay dividends?	The Company's focus will be on generating capital growth. The Company has no immediate plan to declare or distribute dividends. Payment of future dividends will depend on matters such as the future profitability and financial position of the Company.	Section 6.10
Where will the Shares be quoted?	An application will be made to the NSX for quotation of the Shares under the trading symbol “MLH”.	Section 9.9
How can I obtain further advice?	By speaking to your accountant, stockbroker or other professional advisor.	

5 KEY RISKS

An investment in the Shares the subject of this Prospectus is highly speculative.

There are a number of risks associated with investing in the share market generally and in the Company specifically. The following is a summary of the key risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations. Full details of these risks are set out in section 7 of this Prospectus.

Please consider the risks described below and the information contained in other sections this Prospectus. You should also consider consulting with your professional advisers before deciding whether or not to apply for the Shares.

Risk	Summary	Reference
Limited operating history	Two of the Company's four businesses have no operating history. There is a risk that these businesses will not generate revenue or be profitable.	Section 7.1(a)
Attracting and retaining teaching staff	The Directors consider the ability to continue to attract and retain qualified and temperamentally suitable teaching personnel as the biggest challenge while Century Blue Ocean expands. There is a risk if Century Blue Ocean is unable to attract and retain teaching staff that it is unable to grow its business.	Section 7.1(b)
Revocation of the appointment of Beijing Century as the exclusive administrator	Beijing Century's appointment as the exclusive administrator of the Chinese Society of Educational Development Strategy (CSEDS) skills certification is informal. There is a risk it may be terminated or the fees received under it reduced without notice to the Company.	Section 7.1(c)
Key personnel	The prospects of the Group depend, in part, on the entrepreneurial drive and business experience of key executives.	Section 7.1(d)
Shareholder disputes	The Company has a 51% interest in each of Century Blue Ocean and Beijing Century. There is a risk that disputes may arise with the minority shareholders of these companies.	Section 7.1(e)
Internal controls	The system of internal controls currently implemented by the Group is designed for the operations of an owner-managed enterprise. The Directors are of the opinion that while this system of internal control is adequate and effective for the current level of operations, it may become inadequate after the Group's business expands.	Section 7.1(f)

Risk	Summary	Reference
Policies and regulations of the Chinese government	Service providers in the education sector in China are subject to extensive national, provincial and local governmental regulations, policies and controls.	Section 7.1(g)
Competitive activity	The Group operates in a competitive market. Competition in the education industry is based on factors such as price, perceived service quality and brand name recognition. The Group faces competition in the domestic market in which it operates from other large domestic education service providers.	Section 7.1(h)
Reliance on third parties	The Group is reliant on third parties for certain key services such as advertisements and rental of operating locations.	Section 7.1(i)
Tax risk	The Group is subject to the tax regimes of China and Singapore. Changes in the tax laws and regulations or their interpretation or applications could adversely affect the tax liabilities of the Group. There is also no assurance that the current concessions, incentives or exemptions that are available to the Group will be renewed upon their expiry date.	Section 7.1(j)
Growth and potential Acquisitions	Expansion of the Group's business potentially involves the Group making acquisitions of new centres and business in the same or complimentary sector. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of new businesses.	Section 7.1(k)
Currency and Foreign Exchange	Revenue generated, and capital and operating costs incurred, by the Group will largely be denominated in the Chinese currency, the Chinese Yuan or Renminbi. The conversion of the Yuan into foreign currencies is regulated in China. The Group expects to report financial results in Singapore Dollars. As a result, it will be subject to foreign exchange currency risks due to exchange rate movements which will affect the Group's transaction costs and translation of its results.	Section 7.1(l)
Legal considerations	Legislative reforms during the last 2 decades have significantly enhanced the protection enjoyed by enterprises in China. However some of these laws, regulations and measures are relatively recent and their interpretation and enforcement remain uncertain.	Section 7.1(m)

Risk	Summary	Reference
Political, economic and social reforms	There is no assurance that any change that occurs as a result of political, economic or social reforms in China will have a positive effect on China's economic development or that the Group's operating companies will benefit from or will be able to capitalise on these reforms.	Section 7.1(n)

- (d) Organises short-term executive training programmes and seminars in Singapore and other countries in South-East Asia. This business segment is also being carried on by the Company.

Further information on each business is set out in sections 6.3 to 6.7 below.

6.3. Academic Tuition Center's Business operated by Century Blue Ocean

- (a) The Market

Asian societies place tremendous importance on the value of paper qualifications, with remarkably little differences between the more developed economies of Japan, Korea and Singapore and the emerging economies of Vietnam and China. As parents' elitist attitudes towards education prevail over more elementary desires for a basic education for their children, preparatory and supplementary tuition schools and centres are seeing unprecedented growth in many Asian countries.

As competition increases for both places in higher ranked schools (either actual ranking or perceived ranking) and positions in the job markets, effective rote learning and good examination results become more important than traditional education objectives. This has fuelled tremendous growth in supplementary tuition centres and preparatory and cram schools across Asia. In China alone, the private school industry - which includes supplementary tuition centres, preparatory and cram schools - is worth an estimated US\$85 billion in annual spending (Financial Times, 22 October 2010).

- (b) The Centres

Century Blue Ocean, which was registered in 2009, currently operates 3 tuition centres in Xiamen city in Fujian province in China. These tuition centres provide supplementary academic tuition for elementary and high school students. Subjects taught are based on China national school syllabus. The tuition centres do not provide separate examinations and certification. Lessons are taught by teachers who are either formally trained school teachers or who are university graduates competent to teach the subjects they are assigned to. Currently, Century Blue Ocean employs about 100 full-time teachers.

The tuition centres which operate 6 days a week, offer both one-to-one tuition as well as tuition in large classroom settings. In 2 years since its commencement of business, Century Blue Ocean has managed to build its current student enrolment to about 1,500 students enrolled in approximately 5,000 courses. In other words, a number of these students enroll for more than 1 course at a time. Tuition fees are usually paid monthly in advance and are not refundable.

- (c) Financial information

Financial information for Century Blue Ocean is set out in the Investigating Accountant's Report in section 10.

Because of its short history of operations, the Directors do not consider that Century Blue Ocean's historical financial provide a sufficiently reasonable basis to forecast future earnings, and for that reason none are provided.

- (d) The Growth Model

The Directors believe that demand for such supplementary academic tuition provided by Century Blue Ocean to continue to rise because:

- (i) strong economic growth in China in the past few years has caused an increase in the number of affluent middle-class households; and
- (ii) there is increasing competition for a limited number of freshmen places available in the traditionally “good” universities in China.

To tap into this anticipated strong demand, the Directors plan to open additional tuition centres in other major cities in Fujian province and neighbouring provinces. These new tuition centres will be either owned by Century Blue Ocean or will be operated by franchisees under a franchise.

The Directors consider the ability to continue to attract and retain qualified and temperamentally suitable teaching personnel as the biggest challenge while this business segment expands. To address this, Century Blue Ocean will devise suitable career paths for these teaching personnel and implement a comprehensive remuneration package which incorporates performance and loyalty incentives and provides a better working environment which promotes a better work-life balance for Century Blue Ocean's employees.

(e) Terms of acquisition

M2L Blue Ocean Holdings Pte Ltd, a wholly owned subsidiary of the Company, entered into an Equity Assignment Agreement with Mr LAN Shi Ren on 10 September 2011 and supplemented by two Supplemental Agreements dated 12 September 2011 and 28 November 2011 (together the CBO Acquisition Agreements). In accordance with the CBO Acquisition Agreements:

- (i) Mr LAN Shi Ren transferred his 51% equity interest in Century Blue Ocean to M2L Blue Ocean Holdings Pte Ltd for a consideration of RMB5,342,000 (approximately A\$814,600), paid with RMB102,000 (approximately A\$15,550) in cash and the balance by the issue of 8,000,000 Shares;
- (ii) Mr LAN Shi Ren warranted that there is no encumbrances or liens on this equity interest, and that there is also no dispute or litigation related to this equity interest; and
- (iii) On completion of the CBO Acquisition Agreements (which occurred on 1 December 2011) Mr LAN Shi Ren was appointed as a Director and as General Manager and Chief Executive Officer of Century Blue Ocean.

The CBO Acquisition Agreements are governed by the laws of China.

6.4. Work Skills Certification Business operated by Beijing Century

(a) The Service

In China, only 2 State-level government ministries are empowered to provide work skills certification. These are the Ministry of Education and the Ministry of Manpower. The Ministry of Education has delegated this function to the Chinese Society of Educational Development Strategy (CSEDS), an academic society constituted under the auspices of the Ministry of Education of China, which on 19 May 2008 appointed Beijing Century as exclusive administrator of this function. To enable Beijing Century to act as the exclusive administrator CSEDS has given Beijing Century custody of its common seal for affixation on the accreditation and skills qualification certificates to be issued by CSEDS. Beijing Century's appointment as an exclusive administrator is confirmed in writing by CSEDS in a letter of confirmation dated 19 May 2008. While Beijing Century's appointment has no fixed

tenure, the Directors have no reason to believe that this appointment will be discontinued or revoked by CSEDS.

As administrator, Beijing Century reviews and approves the syllabus of skills training courses provided by licensed vocational colleges and training centres throughout China, as well as accredits these vocational colleges and training centres. Students who have successfully completed approved courses at these accredited vocational colleges and training centres will receive a skills certificate awarded by CSEDS. These certificates are recognised nationally throughout China.

(b) The Revenue Model

Beijing Century is responsible for and bears the cost of carrying out the accreditation and certification function of CSEDS. For this purpose, Beijing Century maintains a team of quality controllers and administrative staff in Beijing to carry out these activities. In return, it receives a percentage of the accreditation fees and certification fees received by CSEDS. Beijing Century's share of the accreditation and certification fees received by CSEDS is negotiated with CSEDS from time to time. There is no fixed formula to determine these fees which was RMB 100,000 over the last 6 month period.

(c) Financial information

Financial information for Beijing Century is set out in the Investigating Accountant's Report in section 10.

Because of its short history of operations, the Directors do not consider that Beijing Century's historical financial provide a sufficiently reasonable basis to forecast future earnings, and for that reason none are provided.

(d) Material arrangements and contracts

A summary of material arrangements or contracts entered into by the Company concerning Beijing Century is set out below:

(i) Arrangement to provide work skills certification as delegate for the Ministry of Education

Under the terms of a letter of confirmation dated 19 May 2008 appointing Beijing Century as exclusive administrator of CSEDS's skills certification function:

(A) CSEDS will be responsible to set the standards for the relevant skills certification, and quality assurance standards; and

(B) Beijing Century will be responsible for: (i) the promotion and marketing of CSEDS work skills certification function; and (ii) the actual implementation of the work skills certification function based on the standards set by CSEDS.

(ii) Beijing Century Equity Transfer Agreement

M2L Blue Ocean Holdings Pte Ltd entered into an Equity Assignment Agreement with Mr LAN Shi Ren on 10 September 2011 and supplemented by Supplemental Agreements dated 12 September 2011 and 28 November 2011 (together the BM Acquisition Agreements). In accordance with the BM Acquisition Agreements:

- (A) Mr LAN Shi Ren transferred his 51% equity interest in Beijing Century to M2L Blue Ocean Holdings Pte Ltd for a consideration of RMB5,817,200 (approximately A\$887,100), of which RMB57,120 (approximately A\$8,710) was paid in cash and the balance was paid by the issue of 8,800,000 Shares;
- (B) Mr LAN Shi Ren warranted that there is no encumbrance or lien on this equity interest, and that there is also no dispute or litigation related to this equity interest; and
- (C) On completion of the BM Acquisition Agreements (which occurred on 1 December 2011), Mr LAN Shi Ren was appointed as a Director and as General Manager and Chief Executive Officer of Beijing Century.

The BM Acquisition Agreements, completed on 1 December 2011 and are governed by the laws of China.

6.5. Content Development & Licensing Business operated by the Company

(a) The Market

With a population of 1.3 billion people and an economy that has sustained an average of 10% percent per annum growth over the past 30 years, China has already surpassed Japan as the second largest economy in the world. Economic analysts expect it to surpass the United States in less than a decade but some are already arguing that, adjusted for purchasing power parity, China is already the largest economy in the world. China is the world's largest exporter of goods and the second largest importer. It is also the world's largest creditor nation.

The size and robustness of the Chinese economy represent more than just business opportunities. China will continue to exert ever-increasing influence in a broad range of areas such as economics, geopolitics, business, culture, sports and the arts. This in turn fuels the need to deal and communicate with Chinese people, hence the need to learn Mandarin Chinese, the official language and lingua franca of China. According to HANBAN, the Chinese National Office for Teaching Chinese as a Foreign Language, the number of foreign nationals learning Mandarin Chinese worldwide is estimated to be 100 million.

Of all countries, the United States is probably most active in conducting business with China. It is therefore not surprising that US employers are looking to hire those who are able to speak, read and write Chinese in a bid to foster business and economic relationships with their Chinese-speaking business associates in China or the Greater China region. A study by the University of Phoenix Research Institute found that 42 % of employers surveyed expect business proficiency in Chinese to be in moderate or high demand in a decade.

(b) The Product

Mandarin Chinese is still widely perceived to be a difficult language to learn. According to a study conducted in the 1970's by the Defense Language Institute (a Department of Defense educational and research institute) in Monterey, California, Chinese is rated as one of the most difficult languages to learn for people whose native language is English. Other languages considered to be difficult to learn include Japanese, Korean and Arabic.

This perceived difficulty arises mainly from the fact that Mandarin Chinese is a language based on symbols (logographic), whereas English and a number of other languages are based on sounds (phonographic). Two other factors contribute to the perception that Mandarin Chinese is a difficult language to learn. These are:

- (i) unlike most Western languages in which different tones express emphasis or emotions, Mandarin Chinese depends on 4 distinct tones to convey different meanings to words; and
- (ii) Mandarin Chinese has a great number of homophones; thus words with the same sounds have different meanings. While this is not unique to Mandarin Chinese, it is much more pronounced.

From this understanding of the difficulties which arise when people who are accustomed to sound-based languages try to learn a symbol-based language like Mandarin, the Company has developed a method to bridge this gap by relating Chinese characters to the familiar alphanumeric characters. By teaching Mandarin Chinese in a context that is already familiar to the learner, the language becomes easier to relate to and learn. This method of teaching Mandarin Chinese to non-native speakers was developed after extensive research by our Executive Director, Mr TAY Kwee Yong.

The Company has branded this teaching methodology and its copyrighted courseware “A Modern Approach to Adult Mandarin for Non-native Speakers”. This methodology equips the Company with a unique differentiator and value proposition in the teaching of Mandarin Chinese as a foreign or second language. It can be applied in a formal classroom learning environment or by way of independent self-learning with traditional printed course materials or through an internet-based platform. The Directors believe that as of the date of this Prospectus, there is no other learning programmes which teach Mandarin Chinese in this manner and with this approach.

(c) The Revenue Model

The Proprietary Learning Programme is yet to be commercialised and to date has not generated revenue.

The Company will commercialise the Proprietary Learning Programme in two ways:

- (i) by licensing the Proprietary Learning Programme to educational and learning centres. The Company has signed a Licence Agreement with Global Community College Pte Ltd to use the Proprietary Learning Programme in Singapore. Global Community College Pte Ltd is licensed by the Council for Private Education in Singapore to run commercial schools offering higher education programmes. Directors believe the Company they will also be able to license the Proprietary Learning Programme in Indonesia, India, Sri Lanka and Australia, as these countries are large trading partners of China.
- (ii) by conducting courses using the Proprietary Learning Programme in collaboration with reputable organisations. Organisations which the Company has identified as potential collaboration partners include the People's Association (an incorporated body constituted by statute under the Singapore Prime Minister's Office), the Singapore Chinese Chamber of Commerce and the Indian International School in Singapore. These organisations have carried out courses on a trial basis using early versions of the Proprietary Learning Programme.

(d) Material contracts

A summary of material contracts relevant to Content Development & Licensing Business is set out below.

(i) Assignment of Copyright Agreement

The Company entered into an Assignment of Copyright Agreement with Mr TAY Kwee Yong on 12 September 2011, under which:

- (A) Mr TAY Kwee Yong as the absolute beneficial owner of the copyright in the Proprietary Learning Programme assigned and transferred to the Company the copyright to the Proprietary Learning Programme which he had authored for a consideration of S\$49,999 (approximately A\$38,470) payable by the issue of 4,999,999 Shares; and
- (B) Mr TAY Kwee Yong covenanted to the Company that he was the sole owner of the copyright to the Proprietary Learning Programme, and that there is no right, claim or interest of any kind, whatsoever, of any other person in the copyright to the Proprietary Learning Programme.

The Assignment of Copyright Agreement is governed by the laws of Singapore.

Approval for the Company's entry into the Assignment of Copyright Agreement being a related-party transaction with Mr TAY Kwee Yong, a Director of the Company, was given by shareholders of the Company at an Extraordinary General Meeting held on 12 September 2011.

(ii) Global Community College Licence Agreement

The Company entered into a Licence Agreement with Global Community College Pte Ltd on 14 October 2011, under which:

- (A) the Company agreed to sub-lease the Leased Premises to Global Community College Pte Ltd; and
- (B) the Company licensed the use of the Proprietary Learning Programme, to Global Community College Pte Ltd (the Licensee),

for a period of 2 years (with the option to extend it for a period of 1 year at the option of the Licensee) for a revenue share amounting to 35% of gross revenue that Global Community College Pte Ltd derives from the use of the Proprietary Learning Programme.

The Licence Agreement is governed by the laws of Singapore.

Global Community College Pte Ltd is 90% owned by Mr CHONG Hock Tat Robin and 10% by Mr TAY Kwee Yong, Directors of the Company. Mr CHONG Hock Tat Robin is also the sole director of Global Community College Pte Ltd. Approval for the Company's entry into the Licence Agreement being a related-party transaction with Mr CHONG Hock Tat Robin and Mr TAY Kwee Yong, Directors of the Company, was given by shareholders of the Company at an Extraordinary General Meeting held on 12 September 2011.

6.6. Executive Training Business operated by the Company

The Company and the School of Continuing Education of Tsinghua University (SCE) have reached an understanding under which the Company and SCE will jointly organise short-term executive training programmes and seminars in Singapore and other countries in South-East Asia. Tsinghua University is considered one of the top universities in China and is ranked No. 71 in the Times Higher Education World University Rankings 2011-12. As comparison, University of Melbourne is ranked No. 37 and University of Queensland is ranked No. 74 in the same rankings.

These programmes and seminars will be conducted either in-house at clients' premises or at suitable conference venues, and will be primarily conducted by guest speakers from Tsinghua University. The Company will bear all costs for organising the programmes and are entitled to all course and participation fees. However, the Company pay SCE for providing guest speakers for these programmes. Other than the fees the Company pay CSE for providing guest speakers for these programmes, SCE is not entitled to any further profit share nor revenue share. On completion of the programmes and seminars, participants will be awarded certificates of attendance by SCE. The Directors believe that this will be a major selling point for such programmes and seminars.

The Directors expect that such programmes and seminars will first be launched in Singapore sometime in the second quarter of 2012 after the Lunar New Year holidays. The SCE will provide the speakers and the Company will organise, and meet the costs of, training programs and seminars.

6.7. Summary of other contracts material to the Company's business and operations

In addition to the above material contracts, on 12 September 2011 the Company entered a Lease Agreement with Mr CHONG Hock Tat Robin and Madam CHUA Soon Beng Ellen (the Landlord), the material terms of which are as follows:

- (a) the Landlord leased the Leased Premises to the Company for a 5 year term commencing on 12 September 2011 and ending on 11 September 2016 for a lump sum of S\$254,999 (approximately A\$196,200) payable by the issue of 24,999,999 Shares to persons nominated by the Landlord; and
- (b) the Lease Agreement may be terminated with compensation payable to the Company only in the event the Leased Premises are subject to a collective sale.

The Lease Agreement is governed by the laws of Singapore.

Approval for the Company's entry into the Lease Agreement being a related-party transaction with Mr CHONG Hock Tat Robin, a Director of the Company, was given by shareholders of the Company at an Extraordinary General Meeting held on 12 September 2011.

6.8. Sufficiency of Working Capital

Other than the Offer (which was made for compliance with the Corporations Act only), the Company has not carried out any fund raising for the 3 month period immediately preceding the date of its intended admission to the Official List. The Directors are of the opinion that the Company will have sufficient working capital to carry on its business as described in this Prospectus, and does not plan to carry out any fund-raising exercise within 3 months from the date the Company is admitted to the Official List, other than the Offer.

6.9. Shareholding Structure

The shareholding structure of the Company as at the date of this Prospectus is as follows:

	Number of Shareholders	No of Shares	%
Directors of the Company			
CHONG Hock Tat Robin	1	20,000,000	35.15
TAY Kwee Yong	1	5,420,000	9.52
LAN Shi Ren (and his spouse, Madam Shi Wen Jing)	2	16,900,000	29.70
LAM Peck Heng	0	0	0
Total - Directors	4	42,320,000	74.37
Independent Shareholders who hold less than 5% of the Company			
More than 1,000,000 Shares	7	12,175,000	21.40
Fewer than 1,000,000 Shares	46	2,405,000	4.23
Total - independent Shareholder	53	14,580,000	25.63
TOTAL	57	56,900,000	100.0

6.10. Dividend Policy

Any dividend payment in the future will depend on the Company's operational and financial performance, its working capital requirements and future investment programmes. As the Group is planning to embark on its business expansion plans, the Directors do not anticipate any dividend to be paid in the next 2 financial years.

As at the date of this Prospectus the Directors anticipate that dividends, if any are paid to Shareholders resident in Australia, will not be franked.

6.11. Use of funds raised under the Offer

The money raised under the Offer will be used towards the costs of the listing process.

6.12. Company tax status and financial year

The Company will not be taxed in Australia. The financial year of the Company will end on 30 September annually.

6.13. Litigation

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7 RISK FACTORS

An investment in the Company is not risk free. Before deciding to trade in the Shares, Shareholders and Interested Investors should read the entire Prospectus, consider at least the following risk factors in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser.

The operating and financial performance and position of the Group, the value of Shares and the amount and timing of any dividends that the Company may pay will be influenced by a range of factors. Many of these factors will remain beyond the control of the Group and the Directors. Accordingly, these factors may have a material effect on the Group's performance and profitability which may cause the market price of Shares to rise or fall over any given period.

This section identifies the areas the Directors regard as major risks associated with an investment in the Company. This list is not intended to be an exhaustive list of the risk factors to which the Group is exposed.

7.1. Specific risks

In addition to the general risks outlined below, there are specific risks associated with the Group's existing and proposed business operations. These include:

(a) Limited operating history

Two of the Company's four businesses have no operating history. The Proprietary Learning Programme and Executive Training Businesses operated by the Company are yet to be commercialised and to date have not generated revenue.

There is a risk that these businesses will not generate revenue or be profitable.

(b) Attracting and retaining teaching staff

The Directors consider the ability to continue to attract and retain qualified and temperamentally suitable teaching personnel as the biggest challenge while Century Blue Ocean expands. To address this, Century Blue Ocean will devise suitable career paths for these teaching personnel and implement a comprehensive remuneration package which incorporates performance and loyalty incentives and provides a better working environment which promotes a better work-life balance for Century Blue Ocean's employees. There is a risk if Century Blue Ocean is unable to attract and retain teaching staff that it is unable to grow its business.

(c) Revocation of the appointment of Beijing Century as the exclusive administrator

There is a risk that Beijing Century's appointment as the exclusive administrator of CSEDS skills certification may be revoked by CSEDS. If Beijing Century's position as exclusive administrator is revoked the Company may have to compete with other companies in relation to the provision of these services or they may not be able to continue to provide these services in China. There is no written contract protecting Beijing Century's rights, however, the Directors have no reason to believe that this appointment will be discontinued or revoked by CSEDS.

(d) Key personnel

The prospects of the Group depend, in part, on the entrepreneurial drive and business experience of key executives. These key personnel include Mr Lan Shi Ren. There can be no assurance that the Group will be able to retain these key

personnel. The loss of a number of key personnel without replacement by, or the inability to recruit and retain, persons of similar technical skills and experience may have an adverse effect on the business. The proposed listing of the Company in part seeks to place the Group's operating companies, being subsidiaries of a publicly listed company, in a better position to provide a more attractive career path for these key personnel in order to retain them.

(e) Shareholder disputes

The Company owns a 51% interest in each of Century Blue Ocean and Beijing Century. There is a risk that disputes may arise with the minority shareholders of these companies. Any disputes will be subject to the laws of China.

(f) Internal controls

The system of internal controls currently implemented by the Group is designed for the operations of an owner-managed enterprise. It comprises a number of undocumented procedures which require the substantial hands-on involvement of the owner-manager. The Directors are of the opinion that while this system of internal control is adequate and effective for the current level of operations, it may become inadequate after the Group's business expands. The Group's internal controls, including internal financial reporting procedures, are continuously being developed and the Group will need to allocate significant resources to meet the standards of internal controls expected of a larger publicly listed company. If the Group is not able to improve and subsequently maintain the quality of the Group's internal controls, any weaknesses could materially and adversely affect the Company's ability to properly manage the operations of the Group, provide timely and accurate information about the Group's operations and finance, and could cause the Group to be susceptible to internal fraud.

The Directors will continuously review the Group's system of internal controls and ensure that they are developed to, and maintained at, a level of quality appropriate for a publicly listed company of comparable size and scale of operations.

(g) Policies and regulations of the Chinese government

Service providers in the education sector in China are subject to extensive national, provincial and local governmental regulations, policies and controls. Failure to comply with the relevant laws and regulations in educational and academic enrichment operations may result in the suspension of operations and thus materially and adversely affect the business and results of operations. Compliance with such laws and regulations may require significant capital expenditures or other obligations or liabilities.

(h) Competitive activity

The Group operates in a competitive market. Competition in the education industry is based on factors such as price, perceived service quality and brand name recognition. The Group faces competition in the domestic market in which it operates from other large domestic education service providers. These companies may have greater financial, marketing and other resources than the Group has. The Group's success depends on its ability to continue competing effectively against these competitors. Should there be any significant increase in competition or in the event that the Group is not able to compete effectively against other competitors or cope with changing market conditions by maintaining operating efficiency and

improving price competitiveness, the Group's revenue and profit margins may be adversely affected.

(i) Reliance on third parties

The Group is reliant on third parties for certain key services such as advertisements and rental of operating locations. Any constraints on these third parties providing such service to the Group or default or inadequate performance in the provision of these services may have a material adverse effect on the Group's cost competitiveness, business, financial condition and results of operations.

(j) Tax risk

The Group is subject to the tax regimes of China, Singapore and Australia. Changes in the tax laws and regulations or their interpretation or applications could adversely affect the tax liabilities of the Group. There is also no assurance that the current concessions, incentives or exemptions that are available to the Group will be renewed upon their expiry date.

(k) Growth and potential acquisitions

Expansion of the Group's business potentially involves the Group making acquisitions of new centres and business in the same or complimentary sector. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of new businesses. The expansion of the Group's operations through acquisitions or internal growth will require the Group to continue to improve, and where appropriate, upscale its operational and financial systems, procedures and controls as well as expand, retain, manage and train its employees. There is a risk of a material adverse effect on the Group's financial performance if it is not able to manage its growth efficiently and effectively.

(l) Currency and foreign exchange

Revenue generated, and capital and operating costs incurred, by the Group will largely be denominated in the Chinese currency, the Chinese Yuan or Renminbi. The conversion of the Yuan into foreign currencies is regulated in China. The Group expects to report financial results in Singapore Dollars. As a result, it will be subject to foreign exchange currency risks due to exchange rate movements which will affect the Group's transaction costs and translation of its results. The cross exchange rates are affected by numerous factors outside the Group's control. These factors include the economic conditions of Singapore and China, interest rates, inflation and other economic factors which may have a material adverse effect on the Group's operations and financial performance.

The value of the Yuan is subject to change in the Chinese government's policies and to international economic and political developments. There can be no assurance that the Yuan will not become volatile against other currencies or that the Yuan will not be devalued. The Company does not hedge against movements in the Yuan. There can be no assurance that future changes in the exchange rate of the Yuan against other currencies will not have adverse effects on the Group's financial position.

Under Chinese government regulations, all foreign enterprises must establish a "current account" and a "capital account" with a bank authorised to deal in foreign exchange. Currently, foreign enterprises are able to exchange Yuan into foreign exchange at designated foreign exchange banks for settlement of "current account"

transactions, which include payment of dividends on the basis of a board resolution authorising the distribution of profits or dividends, without other regulatory approval. Conversion of the Yuan into foreign currencies for “capital account transactions” which include the receipt and payment of foreign exchange for loans, contributions and purchases of fixed assets continues to be subject to limitations and requires regulatory approval. There can be no assurance that the Group will be able to repatriate funds from China to pay dividends or satisfy foreign exchange requirements in the future.

(m) Legal considerations

China operates under a civil law system. This system is different from the common law system which exists in Australia and in Singapore. While individual court decisions in China may be noted for reference, they may not have precedent value. Although legislative reforms during the last 2 decades have significantly enhanced the protection enjoyed by enterprises in China, some of these laws, regulations and measures are relatively recent and their interpretation and enforcement remain uncertain. In addition, the legal system in China is subject to continuing development in areas such as foreign investment, tax and foreign exchange and these could adversely affect the operations of the Group's operating companies.

Should it be necessary for the Company to enforce its legal rights in relation to its business it would need to do so in accordance with the laws of China and perhaps other jurisdictions. If multiple jurisdictions or cross-border issues are involved the matters may well attract unusual complexities which may result in added costs.

(n) Political, economic and social reforms

The Chinese economy has gradually changed from a centralised economy to a market economy. This reform has, among other things, resulted in significant economic growth. Political, economic and social factors may lead to further readjustment of the reforms already in place. However, there is no assurance that any change that occurs as a result of political, economic or social reforms in China will have a positive effect on China's economic development or that the Group's operating companies will benefit from or will be able to capitalise on these reforms. There is a risk that the Group's operating companies' operations, markets and financial position may be adversely affected by these continuing changes.

(o) Shareholder rights

The Company is incorporated in Singapore, and the rights of Shareholders are governed by the laws of Singapore. There is a risk that these rights may not be equal to the rights shareholders in Australian companies enjoy, and additional costs and delays in enforcing those rights. See section 13.2 for details on the key differences between Australian and Singapore laws.

7.2. General investment risks

In addition to the above specific risks associated with the Group's existing and proposed business operations there are also general risks associated with an investment in the Shares. These include:

(a) Investment in securities

Shareholders and Interested Investors should be aware that there are risks associated with any investment in securities such as the Shares, and should

recognise that the price of securities may fall as well as rise. In particular, the trading price of securities at any given time may be higher or lower than the price paid by the investor for these securities. Further, there can be no assurance that an active trading market will develop in the Shares.

Many other factors will affect the price of the Shares, including general fluctuations in the performance of local and international stock markets, movements in interest and exchange rates, general as well as industry-specific economic conditions and investor sentiment. Stock markets have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies. There can be no guarantee that trading prices and volumes of any securities will be sustained. These factors may materially affect the market price of the Shares, regardless of the Group's operational performance.

No guarantee can be given by the Company in respect of the payment of dividends, any returns of capital or the market value of the Shares. Such issues are dependent on the Group's performance after listing, the control of costs and the need for working capital and other funding requirements.

(b) Economic risk

Changes in the general economic climate in which the Group operates may adversely affect the financial performance of the Group. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Group, industrial disruption and the rate of growth of the gross domestic product in China where it operates, interest and exchange rates and the rates of inflation.

No assurances can be given or forecasts made regarding the continuing strong growth experienced by the Chinese economy nor whether or when it will slow materially or shrink. If the Chinese economy does not continue to grow or if it slows materially, stops growing or goes into recession, there may be a diminished market for the Group's services. This would have a material adverse effect on the performance and profitability of the Group.

(c) Changes in legislation and government regulation

The introduction of new legislation or amendments to existing legislation and regulations by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Group. In addition, any adverse changes in political and regulatory condition in China, Singapore or Australia could affect the prospects of the Group's operating companies or those of the Group as a whole. Financial and economic changes such as changes in both monetary and fiscal policies, import regulations and tariffs, taxation, methods of taxation and currency exchange could affect the profitability of the Group and adversely affect the return to Shareholders.

8 DIRECTORS AND CORPORATE GOVERNANCE

8.1. Directors

The Directors of the Company are entrusted with the responsibility for the overall management of the Company. The particulars of the Company's Directors are listed below:

Name	Designation	Age	Address
LAM Peck Heng	Independent Non-Executive Chairman	73	20 Jalan Hajijah #03-24 Laguna Green Singapore 468726
CHONG Hock Tat Robin	Executive Director	40	9 Greenleaf Grove Ban Guan Park Singapore 279494
TAY Kwee Yong	Executive Director cum Company Secretary	51	105 Bukit Batok Central #07-267 Singapore 650105
LAN Shi Ren	Executive Director	49	Unit 601, No.3 Huxiyan Road Siming District, Xiamen Fujian Province China

The business and working experience of each Director is summarised below:

- (a) Mr LAM Peck Heng, appointed to the Board on 15 September 2011



Mr. Lam has extensive experience in both the public and private sectors in Singapore. He had been a teacher, a senior officer at the Economic Development Board and an administrative officer at the Ministry of Finance. After 14 years, he switched to the private sector and became an assistant general manager in an international trading company.

Subsequently, he was appointed registrar and executive director of the Singapore Society of Accountants (now known as the Institute of Certified Public Accountants of Singapore).

He was appointed as Singapore's Head of Mission in Myanmar from 1988 to 1992 and served as Singapore's High Commissioner to India from January 1993 to June 1996 and then as High Commissioner to New Zealand from July 1996 to June 2000. He was also the Honorary Consul of the Kingdom of Bhutan in Singapore from 1983 to 1988.

Mr. Lam holds a Bachelor of Science degree with Honours from the University of Singapore and a Master of Arts (Mathematics) degree from the University of Kansas, United States. He currently sits on the board of several public companies listed on the Stock Exchange of Singapore.

- (b) Mr CHONG Hock Tat Robin, appointed to the Board on 30 August 2011



As Managing Director, he was responsible for originating and executing investment projects for the PACE group of companies in Singapore, Sri Lanka and China and for managing a portfolio of equity investments. The projects which Mr Chong has successfully managed include advertising, property management, internet technology start-ups, electronic publishing and education. His relevant experience in the private education industry began when he founded and incubated a private educational centre in Chongqing, China offering courses leading to the University of Cambridge International Examinations.

Mr Chong, a finance graduate from Santa Clara University in the United States, was admitted as a Fellow by the Chartered Management Institute, a professional institution for managers incorporated in the United Kingdom by Royal Charter.

Mr Chong is the controlling shareholder of the Company.

- (c) Mr TAY Kwee Yong, appointed to the Board on 30 August 2011



Mr Tay is an educationalist whose preferred field of research is the teaching of Mandarin Chinese as a foreign or second language. He has served as Visiting Professor at the Economic and Management College of Beijing Correspondence University of Administration and Finance. Mr Tay was vice principal of Beijing New Asia University, a privately operated institution of higher learning endorsed by the Beijing Municipal Government and approved by the Chinese Ministry of Education. In recognition of his expertise and experience in the private education field, Mr Tay was appointed a member of the Strategic Committee for Educational Consulting Services formed by the Chinese Society for Educational Development Strategy, an academic society constituted under the auspices of the Ministry of Education of China.

Effectively bilingual in English and Chinese, Mr Tay was appointed China chief representative for its educational business by E3 Holdings Limited, a public company listed on the Singapore Exchange. As chief representative, he put in place certification arrangements for 260 schools throughout China, as well as the implemented Mandarin language training programmes for reputable organisations such as the Singapore Chinese Chamber of Commerce and the People's Association.

- (d) Mr LAN Shi Ren, appointed to the Board on 5 January 2012



Mr Lan is a graduate from the Wuhan Military Academy and a local university in Beijing, China. Upon graduation, he served a stint in the army. His last posting was in a financial management position at various military-owned commercial enterprises. After that in 2000, Mr Lan founded and operated various businesses in Beijing and Fujian and Jiangxi provinces in China.

Mr Lan also served as a member of the Strategic Committee for Educational Consulting Services, and is instrumental in developing nationwide trade and skills certification organisation Beijing Century which develops national

occupational skills standards, curriculum and trade testing certification systems for all sectors.

The Directors believe that Mr Lan's entrepreneurial drive and business acumen will be instrumental to the future development and growth of M2L Holdings Limited in China.

8.2. Directors' holdings

The Directors' interests in Shares of the Company as at the date of this Prospectus are as follow:

	Directly Held	Indirectly Held
LAM Peck Heng	NIL	NIL
CHONG Hock Tat Robin	20,000,000	NIL
TAY Kwee Yong	5,420,000	NIL
LAN Shi Ren	16,800,000	100,000 ¹

¹ Held in the name of his spouse, Madam Shi Wen Jing

8.3. Remuneration received by the Directors and their related entities

The Directors will be paid the following remuneration by the Company:

Director	Director's Fees per annum	Salaries, Stipends and Bonuses	Benefits in the previous 2 years prior to the date of this Prospectus
LAM Peck Heng	To be approved by the Company at the next AGM		NIL
CHONG Hock Tat Robin	as above	S\$54,000	S\$22,500
TAY Kwee Yong	as above	S\$42,000	S\$17,500
LAN Shi Ren	as above	To be determined by the Board at the end of each financial year.	NIL

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

8.4. No other Directors Interests

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- (d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

8.5. Corporate Governance Statement

Given the size of the Company the Board is yet to formally adopt corporate governance procedures. The Board will continuously review the need for corporate governance practices, and to adopt them as and when the need arises in the future. Disclosure of these corporate governance practices will be given in accordance with the Listing Rules.

9 DETAILS OF THE OFFER

9.1. Purpose of the Offer

The Company currently has 56,900,000 Shares on issue. These Shares were issued without disclosure under Chapter 6D the Corporations Act.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to offer those securities for sale within 12 months of their issue.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are quoted securities of the body; and
- (b) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made.

The purpose of this Prospectus and Offer is to comply with section 708(11) of the Corporations Act so that Shares held by persons other than controllers of the Company are able to be offered for sale within 12 months of their issue.

Funds raised under the Offer will be used towards the costs of the listing process.

9.2. Details of the Offer

The Company is inviting selected investors to apply for up to 100,000 Shares at an issue price of A\$0.168 to raise up to A\$16,800 before issue costs.

The issue is not underwritten. There is no guarantee that the Issue will proceed or that any applications will be accepted.

9.3. Minimum Subscription

There is no minimum amount sought to be raised by the Offer.

9.4. Opening and Closing Dates

The Opening Date of the Offer will be 8 March 2012 and the Closing Date will be 9 March 2012. The Directors reserve the right to close the Offer early or to extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

9.5. Application for Shares

This Offer is being extended to certain investors who are invited by the Company to subscribe for Shares, and is not open to the public. The Company may determine in its discretion whether to accept any or all Applications.

Applications for Shares must be made using the Application Form attached to this Prospectus. To the maximum extent permitted by law, the Directors will have discretion over which Applications to accept.

Applicants will need to follow the procedures advised by them by the Company for Applications under this Offer.

The Directors will determine the allottees of Shares under the Offer. The Directors reserve the right to reject any application or to allocate any applicant few Shares than the number applied for.

Where the number of Shares allotted is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

All application money received before Shares are issued under this Prospectus will be held in a special purpose account. After application money is refunded (if required) and Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

9.6. Applicants outside Australia

The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to acquire Shares.

9.7. Application Money held in Trust

All application moneys will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application moneys returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

9.8. Brokers

As at the latest practicable date prior to the date of this Prospectus, there are 18 brokers registered as participant brokers of NSX, and they are the only brokers who can execute trades on NSX. Full profiles of these participant brokers are available on the NSX website under the For Brokers | Brokers List tab.

9.9. Information about NSX

In February 2000, NSX became the second stock exchange to be approved under the then Corporations Law in Australia and is licensed under the Corporations Act. NSX is a fully operational and fully regulated stock exchange. NSX creates a market for a wide range of interests including alternative investments and traditional equity securities. The investments listed by NSX cover various areas of the economy that require a market platform. NSX is focused on listing small to medium-sized enterprises, as there is a great need for growth entities to have a capital market in which they can raise further capital and provide a mechanism for the transferability of shares or other listed interests.

Additional information about NSX and the market which it operates can be obtained on its website (www.nsx.com.au).

9.10. NSX Listing

The Company will apply to National Stock Exchange of Australia Limited (NSX) within 7 days of the date of this Prospectus for admission to the Official List and for official quotation of

its CDIs on NSX. If NSX does not grant permission for the quotation of the Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application moneys without interest.

The fact that NSX may list the Company's securities is not to be taken in any way as an indication of the merits and commercial viability of the Company or the listed securities. NSX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this Prospectus.

The Directors expect that trading of the Shares on the stock market conducted by NSX will commence as soon as practicable after approval for admission to the Official List of NSX is granted and all conditions (if any) applicable thereto have been fulfilled.

9.11. Nominated Adviser and Sponsoring Broker

Companies intending to list on NSX are required to have a Nominated Adviser and a Sponsoring Broker. It is contemplated that, with a Nominated Adviser for each entity, investors will be offered better protection because Nominated Advisers are required to make sure that companies meet the on-going requirements for listing on NSX and the requirements of the Act. The Company has appointed Crowe Horwath Corporate Finance Limited as Nominated Adviser and Centre Capital Securities Limited as Sponsoring Broker.

9.12. Restricted securities

The NSX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. In particular, Directors, other related parties and promoters may receive escrow on securities held by them for up to 24 months from the date of quotation of the Company's Shares on NSX.

None of the Shares offered under this Prospectus will be treated as restricted securities and will be freely transferable from their date of allotment.

The Company has no voluntary escrow arrangements in place.

9.13. Rights and liabilities attaching to Shares and CDIs

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Company's Memorandum and Articles of Association (its constituent documents, which are the equivalent of an Australian company's constitution), copies of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by Singapore law (in particular the Companies Act of Singapore), the Listing Rules and the general law; and
- in the case of CDI's, the rules of ASX Settlement.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

The summary applies also to CDIs and CDI holders, unless specified otherwise.

(a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there is only one class of shares), at meetings of Shareholders of the Company:

- (i) Each Shareholder who is entitled to vote may vote in person or by proxy;
- (ii) On a show of hands, every person present who is a Shareholder or a proxy of a Shareholder has 1 vote; and
- (iii) On a poll, every person present who is a Shareholder or a proxy of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, have 1 vote.

However, as noted in section 9.14, holders of CDIs cannot vote in person at a general meeting, and must instead direct CDN how to vote in advance of the meeting.

(b) Dividends

The Directors may declare that a dividend is to be paid to Shareholders entitled to the dividend. Dividends are payable out of profits. Dividends declared will (subject to any special rights or restrictions attached to a class of shares created as to any arrangement as to dividend) be payable on shares in accordance with the Companies Act.

(c) Future Issues of Securities

Subject to the Companies Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

Subject to the Constitution, a shareholder may transfer Shares by:

- (i) in the form of CDIs, a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules for the purpose of facilitating transfers in CDIs; or
- (ii) an instrument in writing in any usual or common form or in any other form approved by the Directors or in any other usual or common form.

(e) Future Increases in Capital

Without prejudice to any special rights conferred on the holder of any Shares, and subject to the Listing Rules, the Companies Act and the Constitution, and prior Shareholder approval being granted at a general meeting of Shareholders the Directors may allot and issue such number of shares or class or Shares and on such terms as they see fit.

(f) Variation of Rights

Under the Companies Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary the rights attached to shares. Subject to the Companies Act and the Listing Rules, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or

not the Company is being wound up, may be varied with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(g) Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, and other documents required to be sent to shareholders under the Constitution, the Companies Act, the Companies Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Companies Act.

(h) Election of Directors

There must be a minimum of 3 Directors. At every annual general meeting one-third of the Directors (rounded to the nearest whole number) must retire from office. If the Company has less than 3 Directors, 1 Director must retire from office together with any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting. These retirement rules do not apply to certain appointments including the managing director.

(i) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(j) Winding Up

Subject to the rights of holders of shares (if any) with special rights in a winding up, on the winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them.

(k) Shareholder Liability

As the Shares under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can be amended by a special resolution passed by at least three-quarters of shareholders present and voting at the general meeting. At least 21 days written notice, specifying the intention to propose the resolution as a special resolution, must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains

such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

9.14. CHESS

NSX has established a transfer service agreement between NSX and ASX Chess. This agreement recognizes the NSX as an Australian market operator pursuant to the ASX Settlement and Operating Rules and allows NSX to be a recipient of the transfer service provided by ASX.

The Company will apply to participate in the Clearing House Electronic Subregister System (CHESS), operated by ASX Settlement (a wholly owned subsidiary of ASX), in accordance with the ASX Listing Rules and ASX Settlement Operating Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored subregister and an electronic CHESS subregister. These 2 subregisters together will make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive holding statements that set out the number of Shares each Shareholder owns. If a Shareholder is broker-sponsored, ASX Settlement will send him a CHESS statement. This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register.

A CHESS statement or issuer-sponsored statement will routinely be sent to Shareholders at the end of every calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time; however a charge may be imposed for additional statements.

Singapore law does not recognise the electronic CHESS subregister, and beneficial ownership of Shares held on the CHESS sub-register will be held in the form of CDIs. See section 13.2 for further information.

9.15. CDIs

(a) What are CDIs?

CHESS Depository Interests, or CDIs, are a form of beneficial interest in Shares (sometimes called a depository receipt), rather than a holding of Shares themselves. This means that a depository nominee holds Shares on behalf of the CDI holder as trustee, and passes through all benefits accruing to the underlying Shares such as dividends, capital returns, bonus issues, and rights to take up new shares in entitlement issues.

One CDI represents an interest in 1 underlying Share.

(b) Why issue CDIs?

The issue of CDIs instead of Shares is necessary because under Singapore law, Singaporean companies cannot participate in uncertificated electronic share trading systems such as ASX's CHESS system. Accordingly, Shares will instead be issued directly to CHESS Depository Nominees Pty Ltd (CDN), which is a special purpose subsidiary of ASX that has been set up to act as depository nominee and trustee for CDI holders. Successful applicants will receive CDIs which represent an interest in the Shares held by CDN.

The Company will issue holding statements for CDIs in exactly the same way that holding statements are issued for uncertificated shares that are traded on NSX.

- (c) What are the main differences between Shares and CDIs?

The main difference is that a CDI holder is not the registered holder of Shares. The Shares are held in the name of CDN, which issues CDIs representing those Shares. However, as the beneficial owner of the same number of Shares which are represented by a number of CDIs, a CDI holder effectively has all the benefits of share ownership with the exception of the right to vote in person at a general meeting. CDI holders must instead return voting direction forms in advance of the general meeting, which direct CDN how to vote on a particular resolution. CDN is then obliged under the ASX Settlement Operating Rules to lodge proxy votes in accordance with the directions of CDI holders.

Other aspects of direct Share ownership are, in effect, enjoyed by CDI holders including direct payment of dividends and other distributions, direct receipt of notices of meeting, annual reports and other information from the Company, and rights to take up new shares in entitlement issues. The Company's Share Registry will maintain a register of CDI holders to facilitate direct communications and dealing in this way.

- (d) Can CDIs be converted into Shares?

Holders of CDIs can elect to convert their CDIs into the underlying Shares. This will result in the cancellation of the CDIs and the transfer of the Shares from CDN to the former holder of the CDIs. However, any such Shares cannot be traded on NSX unless they are first converted back into CDIs by reversing the above procedure. CDI holders should contact their sponsoring participant (this will usually be the stockbroker who bought the CDIs for you) or the Share Registry for more information on the procedure.

9.16. Expenses of the Offer

The total estimated expenses of this Prospectus are estimated to be A\$71,000, consisting of the following:

Cost	A\$
Sponsoring Brokers' fees	A\$15,000
Nominated advisors' fees	A\$10,000
Independent accountants' report	A\$9,000
Legal fees (Australia and Singapore)	A\$18,000
Prospectus design and printing	A\$2,000
ASIC and NSX fees	A\$8,000
Other	A\$15,000
Total	A\$71,000

These expenses have or will be paid by the Company.



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28 February 2012

The Board of Directors
M2L Holdings Limited
Level 7, 140 Bourke Street
MELBOURNE VICTORIA 3000

Dear Sirs

Investigating Accountant's Report - M2L Holdings Limited

1. Introduction

This Investigating Accountant's Report (the "Report") has been prepared at the request of the Directors of M2L Holdings Limited ("M2L" or "the Company") for inclusion in a Prospectus to be dated on or around 29 February 2012 (the "Prospectus").

The Prospectus is for an offer of 100,000 shares at an issue price of 16.8 cents per share to raise \$16,800.

2. Basis of Preparation

This Report has been prepared to provide investors with information on the pro forma historical financial information of the Company at 31 July 2011 as noted in Appendix 1. This pro forma historical financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the International Financial Reporting Standards applicable to annual financial reports.

This Report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risk associated with the investment, and has been prepared based on the complete offer being achieved. MGI Perth Corporate Finance Pty Ltd ("MGICF") has not been requested to consider the prospects for the Company, the shares on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly has not done so, nor purports to do so. MGICF accordingly takes no responsibility for these matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are set out in Section 7 of the Prospectus.

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Australian Financial Services Licence No. 289358

- Expert reporting
- Valuations
- Mergers and acquisitions
- Management Buyouts (MBO)
- Management Buys (MBI)
- Development capital raising

Expressions defined in the Prospectus have the same meaning in this report.

3. Background

The Company was incorporated on 30 August 2011 under the laws of Singapore as a public company limited by shares. The Company then incorporated M2L Blue Ocean Holdings Pte Ltd (“M2LBO”) as a wholly owned subsidiary under the laws of Singapore as a private limited company.

On 12 September 2011, M2LBO entered into agreements to acquire the following:

- 51% controlling interest in Xiamen Century Blue Ocean Tuition Centre (“Century Blue Ocean”); and
- 51% controlling interest in Beijing Century Educational Development Centre (“Beijing Century”).

The total purchase price for the above acquisitions is SGD \$2,119,399 which consists of:

- SGD \$29,757 in cash; and
- The issuance of 16,900,000 new Shares at an issue price of approximately SGD \$0.12 per share.

The above acquisitions were completed on 1 December 2011. Mr Lan Shi Ren, who held a 49% interest in Century Blue Ocean and Beijing Century subsequent to the acquisitions, joined the Company as a Director.

For further details on the businesses acquired, please refer to Section 6 of the Prospectus.

4. Scope

We have reviewed the pro forma historical financial information in order to report whether anything has come to our attention which causes us to believe that the pro forma historical financial information, as set out in Appendix 1 of the Report, does not present fairly the pro forma historical financial information at 31 July 2011, on the basis of preparation, accounting policies and the pro forma transactions and/or adjustments described in Appendix 2, and in accordance with the recognition and measurement requirements (but not all of the disclosure requirements) of International Financial Reporting Standards.

The historical financial information set out in Appendix 1 to this Report has been extracted from the unaudited management accounts of the Company for the period ended 31 July 2011.

The Directors of the Company are responsible for the preparation and presentation of the historical financial information including the determination of the pro forma transactions and/or adjustments.

We have conducted our review of the pro forma historical financial information in accordance with Australian Standard on Review Engagements ASRE 2405 “Review of historical financial information other than a financial report”. We made enquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances, including:

- A review of the audited financial reports of Century Blue Ocean and Beijing Century for the period ended 31 July 2011;
- Analytical procedures on the pro forma historical financial information;

- Consideration of the pro forma transactions/or adjustments made to the pro forma historical financial information at 31 July 2011;
- Enquiry of directors, management and others;
- Review of contractual arrangements; and
- A review of work papers, accounting records and other documents.

Our review was limited primarily to an examination of the pro forma historical financial information, analytical review procedures and discussions with both management and Directors. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the pro forma historical financial information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- support by another person, corporation or an unrelated entity has not been assumed;
- the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- the going concern basis of accounting has been adopted.

5. Conclusion

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information, as set out in Appendix 1 of this Report is not properly drawn up in accordance with the basis of preparation, accounting policies and pro forma adjustments described in Appendix 2 and the recognition and measurement requirements (but not all of the disclosure requirements) of International Financial Reporting Standards as if the pro forma transactions had occurred on that date.

6. Subsequent events

Apart from the matters dealt with in this report and having regard to the scope of our Report, to the best of our knowledge and belief, no material transactions or events outside of the ordinary course of business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Independence, Disclosure of interest and Consent

MGICF does not have any interest in the outcome of the listing of the shares, other than in connection with the preparation of this Report for which normal professional fees will be received. MGICF does not hold nor has any interest in the ordinary shares of the Company.

8. Responsibility

MGICF was not involved in the preparation of any part of the Prospectus, and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

MGICF consents to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

9. General advice warning

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Yours faithfully

MGI PERTH CORPORATE FINANCE PTY LTD



TJ SPOONER CA FCA(UK) ACIS
DIRECTOR

**APPENDIX 1
M2L HOLDINGS LIMITED
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

CONSOLIDATED BALANCE SHEET As at 31 July 2011	Note	UNAUDITED	UNAUDITED	AUDITED	AUDITED	UNAUDITED	UNAUDITED
		31 JULY 2011	M2L BLUE	XIAMEN	BEIJING	ELIMINATION	PRO FORMA
		M2L HOLDINGS LIMITED	OCEAN HOLDINGS PTE LTD	CENTURY BLUE OCEAN TUITION CENTRE	CENTURY EDUCATIONAL DEVELOPMENT CENTRE		31 JULY 2011
SGD \$	SGD \$	SGD \$	SGD \$	SGD \$	SGD \$		
Current assets							
Cash and cash equivalents	3	49,556	-	146,173	295,628	-	491,357
Trade and other receivables	2(b)	2,119,403	2	-	165,946	(2,119,399)	165,952
Other assets	4	254,999	-	-	-	-	254,999
Total current assets		2,423,958	2	146,173	461,574	(2,119,399)	912,308
Non-current assets							
Plant and equipment	2(b)	-	-	28,273	1,358	-	29,631
Investments in subsidiaries	2(b)	2	2,119,399	-	-	(2,119,401)	-
Intangible assets	2(b) & 4	49,999	-	-	-	2,089,641	2,139,640
Total non-current assets		50,001	2,119,399	28,273	1,358	(29,760)	2,169,271
Total assets		2,473,959	2,119,401	174,446	462,932	(2,149,159)	3,081,579
Current Liabilities							
Trade and other payables	2(b)	(2)	(2,119,399)	(56,007)	(26,869)	2,119,399	(82,878)
Provisions	2(b)	-	-	(81,036)	(415,117)	-	(496,153)
Total current liabilities		(2)	(2,119,399)	(137,043)	(441,986)	2,119,399	(579,031)
Total liabilities		(2)	(2,119,399)	(137,043)	(441,986)	2,119,399	(579,031)
Net assets		2,473,957	2	37,403	20,946	(29,760)	2,502,548
Equity							
Issued capital	4	(2,473,957)	(2)	(37,403)	(20,946)	58,351	(2,473,957)
Non controlling interest	2(b)	-	-	-	-	(28,591)	(28,591)
Total equity		(2,473,957)	(2)	(37,403)	(20,946)	29,760	(2,502,548)

M2L Holdings Limited's balance sheet as at 31 July 2011 is included in the pro-forma consolidated balance sheet.

The pro forma historical financial information is to be read in conjunction with the notes to and forming part of the pro forma historical financial information in Appendix 2.

**APPENDIX 1
M2L HOLDINGS LIMITED
PRO FORMA FINANCIAL INFORMATION**

INCOME STATEMENT For the year ended 31 July 2011	AUDITED XIAMEN CENTURY BLUE OCEAN TUITION CENTRE SGD \$	AUDITED BEIJING CENTURY EDUCATIONAL DEVELOPMENT CENTRE SGD \$	PRO FORMA 31 JULY 2011 CONSOLIDATED SGD \$
Continuing Operations			
Revenue	1,002,734	1,276,894	2,279,628
Advertisement expenses	(147,163)	-	(147,163)
Depreciation expenses	(8,090)	(3,372)	(11,462)
Repairs and Maintenance expenses	(125,747)	-	(125,747)
Rental expenses	(239,887)	(23,215)	(263,102)
Employment expenses	(248,202)	(80,028)	(328,230)
Travel expenses	-	(32,462)	(32,462)
Other expenses	(23,805)	(21,072)	(44,877)
Profit before income tax	<u>209,840</u>	<u>1,116,745</u>	<u>1,326,585</u>
Income tax expense	(83,829)	(135,351)	(219,180)
Profit from continuing operations	<u>126,011</u>	<u>981,394</u>	<u>1,107,405</u>
Distribution to shareholders immediately prior to the acquisition			<u>(1,107,405)</u>
Carry forward retained earnings			<u>-</u>

The income statements for Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre for the year ended 31 July 2011 referred to above have been audited by MGI Singapore PAC and comprise 100% of activities of the companies. As referred to Section 3 of the Investigating Accountant's Report, M2L acquired 51% of the issued capital of Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre.

All accumulated profits for Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre to 31 July 2011 have been distributed to shareholders of both companies immediately prior to the acquisition by M2L Holdings Limited (via its wholly owned subsidiary - M2L Blue Ocean Holdings Pte Limited) of Xiamen Century Blue Ocean Tuition Centre and Beijing Century Education Development Centre.

No Income Statement has been included above for M2L Holdings Limited as the company was not incorporated until after that date.

The pro forma historical financial information is to be read in conjunction with the notes to and forming part of the pro forma historical financial information in Appendix 2.

**APPENDIX 1
M2L HOLDINGS LIMITED
PRO FORMA FINANCIAL INFORMATION**

	UNAUDITED 31 JULY 2011	UNAUDITED 31 JULY 2011
CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 July 2011	M2L HOLDINGS LIMITED	CONSOLIDATED
	SGD \$	SGD \$
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	412,044	412,044
Net cash from investing activities	412,044	412,044
Cash flows from financing activities		
Proceeds from issue of share capital	172,322	172,322
Capital raising costs	(93,009)	(93,009)
Net cash from financing activities	79,313	79,313
Net increase in cash and cash equivalents	491,357	491,357
Opening cash and cash equivalent	-	-
Cash and cash equivalents at 31 July 2011	491,357	491,357

The pro forma historical financial information is to be read in conjunction with the notes to and forming part of the pro forma historical financial information in Appendix 2.

M2L Holdings Limited was incorporated on 30 August 2011 and M2L Blue Ocean Holdings Pte Limited was incorporated on 10 September 2011. For the purpose of this Report, it has been assumed that these two companies were incorporated on 31 July 2011 and immediately acquired Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre. No cash flows from Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre have, therefore, been included in the consolidated statement of cash flows.

1. **Summary of significant accounting policies**

The significant accounting policies adopted in the preparation of the pro forma historical financial information are:

(a) **Basis of preparation of pro forma historical financial information**

The pro forma historical financial information and notes have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards.

The pro forma historical financial information is presented in a condensed form and does not contain all the disclosures that are usually provided in accordance with the International Financial Reporting Standards.

The pro forma historical financial information has been prepared on an accruals basis, are based on historical cost and except where stated does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

(b) **Principles of consolidation**

Subsidiaries

The pro forma historical financial information comprises the assets and liabilities of M2L Holdings Limited and its subsidiaries (the "Group") at 31 July 2011. A subsidiary is any entity controlled by M2L Holdings Limited.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the financial statements of M2L Holdings Limited.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period which M2L Holdings Limited has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the

**APPENDIX 2
M2L HOLDINGS LIMITED
NOTES TO AND FORMING PART OF THE PRO FORMA
HISTORICAL FINANCIAL INFORMATION**

liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

(e) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any impairment losses.

(f) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributed to the acquisition of the item.

Depreciation

The depreciable amounts of all other fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture, fixture and fittings	33 - 50%
Office equipment	33 - 50%

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each balance date.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(g) Intangibles

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Other intangible assets including copyrights

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(h) Impairment of assets

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit (group of assets) to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are stated at amortised cost, using the effective interest method.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Issued capital

Ordinary shares

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received

(l) Foreign currency transactions and translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The pro forma historical financial information is presented in Singapore dollars (SGD) which is M2L Holdings Limited's functional and presentation currency.

Translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the pro forma historical financial information are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of the subsidiaries are translated into the presentation currency of M2L Holdings Limited at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

2. Pro forma adjustments

(a) Assumptions used for the preparation of the pro-forma consolidated financial information

The following assumptions have been used for the preparation of the pro-forma consolidated financial information:

APPENDIX 2
M2L HOLDINGS LIMITED
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(a) Assumptions used for the preparation of the pro-forma consolidated financial information (continued)

- M2L Holdings Limited was incorporated on 30 August 2011 and M2L Blue Ocean Holdings Pte Limited was incorporated on 10 September 2011. For the purpose of this Report, it has been assumed that these two companies were incorporated on 31 July 2011 and immediately acquired Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre;
- The exchange rate used to translate RMB to SGD is 5.3472;
- The exchange rate used to translate AUD to SGD is 1.3287; and
- There are no retained earnings for Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre at acquisition as any retained earnings immediately prior to the acquisition by the Company have been distributed to the prevailing shareholders of Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre. As a result of the distributions, the Group has no amounts to be included in the Retained Earnings.

(b) Acquisitions of Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre

The acquisitions of 51% of Xiamen Century Blue Ocean Tuition Centre and 51% of Beijing Century Educational Development Centre were completed on 1 December 2011. The acquisitions were funded by:

	No of shares	SGD \$
For Xiamen Century Blue Ocean Tuition Centre:		
Cash consideration	-	19,075
Shares	8,000,000	999,028
For Beijing Century Educational Development Centre:		
Cash consideration	-	10,682
Shares	8,800,000	1,077,214
Additional shares issued	100,000	13,400
Total proceeds for the acquisition	16,900,000	2,119,399

The net assets acquired are represented by the following:

	Xiamen SGD \$	Beijing SGD \$	Total SGD \$
Cash and cash equivalents	146,173	295,628	441,801
Trade and other receivables	-	165,946	165,946
Plant and equipment	28,273	1,358	29,631
Trade and other payables	(56,007)	(26,869)	(82,876)
Provisions	(81,036)	(415,117)	(496,153)
Total identifiable net assets acquired	37,403	20,946	58,349

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(b) Acquisitions of Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre (continued)

Goodwill was recognised as a result of the acquisitions as follows:

	SGD \$
Total consideration transferred	2,119,399
Non controlling interest, based on the proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	28,591
Fair value of identifiable net assets	(58,349)
Goodwill on acquisition	2,089,641

(c) Capital raising costs

The transaction costs of an equity transaction are accounted for as a deduction from the equity raised. The capital raising costs represent registration and other regulatory fees, legal, accounting and other professional fees and printing costs.

3. Cash and Cash Equivalents

	SGD \$
Issue of shares	150,000
Acquisition of Xiemen Century Blue Ocean Tuition Centre	(19,075)
Acquisition of Beijing Century Education Development Centre	(10,682)
Issue of shares	22,322
Capital raising costs	(93,009)
Acquisition of subsidiaries, net of cash acquired	441,801
Balance at 31 July 2011	491,357

4. Issued Capital

	No. of shares	SGD \$
At incorporation date	2	4
Acquisition of Xiemen Century Blue Ocean Tuition Centre	8,000,000	1,077,214
Acquisition of Beijing Century Education Development Centre	8,800,000	999,028
Acquisition of copyrights	4,999,999	49,999
Payment of rent in advance	24,999,999	254,999
Issue of shares for cash	10,000,000	150,000
Issue of shares	100,000	13,400
Issue of shares for cash	100,000	22,322
Capital raising costs	-	(93,009)
	57,000,000	2,473,957

5. Related party disclosures

Transactions with Related Parties and Directors' Interests are disclosed in Sections 6 and 8 of the Prospectus.

6. Commitments and contingencies

There are no commitments and contingencies at the date of this report.



INDEPENDENT MARKET REPORT

**PREPARED FOR
M2L HOLDINGS LIMITED**

13 February 2012

1. Introduction

The following report has been prepared by Omartis Private Limited (Singapore) as requested by the directors of M2L Holdings Ltd (hereafter known as “M2L”) for inclusion in a prospectus.

1.1. Objectives of this Independent Report

This report provides an examination of the international and regional private higher education, executive or adult education, preparatory or cram school and Chinese language learning markets, with a particular focus on the private provision of Chinese learning internationally.

This report is based on a review of publicly-available industry data and published information or reports from both national and international sources. No primary research has been undertaken in the preparation of this report.

1.2. About M2L

Founded with a purpose to make learning and communication skills ubiquitous and accessible for all, M2L is an education and capability development institution driven by emerging informational and knowledge demand trends. With current international interest on Mandarin as an important business or second language, coupled with customised abridged executive development and job skill certification programmes with state and quasi-governmental institutes and organisations in China, M2L is establishing strategic partnerships and operations across various geographical markets as a knowledge and skill improvement hub.

Currently, M2L offers the following:

- a. Nine (9) levels of Chinese language competency courses, administered through classroom environment or an online self-learning platform;
- b. Executive or adult development abridged programmes by the Beijing Tsinghua University’s School of Continuing Education (SCE);
- c. Cram or preparatory schooling for the primary level in China through a acquisition of majority stake in Century Blue Ocean (China) Co. Ltd; and
- d. Vocational skill accreditation in China through solely appointed Beijing Millennium Youth Education & Cultural Promotion Centre (“北京百年育人文化发展中心”) of the Chinese Society of Educational Development Strategy (CSEDS) (“中国教育发展战略学会”).

2. Market Coverage and Outlook

M2L operates primarily in Singapore and the Greater China region, and through independent arrangements with agents, franchisees and/or licensees in markets across various countries or regions.

It is useful to illustrate Peter Jarvis’s (2010) definitions of learning types as a preamble to establishing the key student consumer segments that M2L serves:

- a. **Intended formal education and training:** refers to prescribed learning that takes place in an education institution or any other bureaucratic organisation.
- b. **Intended non-formal learning:** refers to the perpetual nature of guided or mentored learning as a formation of a personal experience in various scenarios or environments such as in the workplace, business, community or social activities and so on.
- c. **Intended informal learning:** refers to the learning in daily life or any form of self-directed learning that takes place. Such learning can be in the form of a course one chooses to undertake to develop a certain skill or knowledge.
- d. **Incidental formal learning:** refers to situations where learning outcomes are not intended as part of a prescribed course or where such outcomes were not intended by the planners of the formal learning programme.
- e. **Incidental non-formal learning:** refers to learning through experience(s) in situations or events that were not intended, designed or planned by an authority or privy party.
- f. **Incidental informal learning:** refers to pre-conscious or pre-cognitive learning during the course of daily activities that often results in tacit or implied knowledge. Such form of learning is probably the most common situation for everyone, and especially so in a rapid-changing society that most of us live in today.

M2L targets and serves the student consumers who primarily fall under the “intended formal education and training” and the “intended informal learning” categories. These student consumers can be demographically described as follows:

- a. Primary school formal students who aim to complement their learning quality through preparatory or cram schools who follow the formal examination and curriculum systems in the respective schools that these students attend;
- b. Adult student learners who are keen to acquire new language skills in this case, Chinese language skills, on an informal and self-directed basis;
- c. Adult student learners, particular those keen to acquire specific business and management information or knowledge in the China business or social environment; and
- d. Adult or vocational course graduates who are keen to complement their skill recognition by prospective employers in the Chinese market sectors through an independent quasi-government authority.

2.1. Global Chinese Language Learning

Mandarin is one of the most widely spoken languages in the world, which is spoken by almost 900 million people, is a majority language in China. (“*Enhancing learning of children from diverse language background: mother tongue-based bilingual or multilingual education in the early years*”, UNESCO, 2011)

China will continue to exercise increasing influence on international economics, geopolitics, business, culture, sports, the arts and other areas. The need to communicate with the Chinese and learn Mandarin or “*Putonghua*” is already growing in many countries worldwide. Consumer expenditure has also been rising significantly in China. To illustrate the robustness of China’s consumer markets for foreign players looking to tap into this market, total consumer expenditure in China accounted for 34.0% of total GDP in 2009 and grew by 8.0% in real terms over the previous year. Real consumer expenditure is expected to grow stronger and was at 9.2% in 2010 owing to improved consumer confidence as a result of economic recovery. (“*Business Environment: China*”, Euromonitor International, 22 March 2010).

According to Hanban, the Chinese National Office For Teaching Chinese as a Foreign Language outside of China, the number of foreigners learning Mandarin worldwide is

estimated to be 100 million. Hanban is the office that supports and supervises the chain of Confucius Institutes that was set up worldwide to promote Chinese language and culture, support local Chinese teaching internationally and facilitate cultural exchanges. The first Confucius Institute opened in Seoul, South Korea at the end of 2004 and as of July 2010, there were 316 Confucius Institutes in 94 countries worldwide. These institutes have an enrollment of some 360,000 Mandarin language students. To date, Hanban has trained over 20,000 Chinese language teachers in 40 countries.

With BRIC economies assuming greater role in the international economic activities, India is fast closing the communication gap with China to take advantage of the geographic proximity and economic growth. India is reported to potentially hire 10,000 Chinese teachers from Taiwan to meet its demand for Chinese lessons during its Union Minister for Human Resource and Development Kapil Sibal's meeting with Taiwan's Education Minister Wu Ching-ji in India, May 2011. (India Education Review, 12 May 2011).

Indonesia used to ban the Chinese language as part of efforts to assimilate the local Chinese population into the Indonesian culture. The majority of Indonesian Chinese in fact, speaks Indonesian and has Indonesian names. The Jakarta Post, Indonesia's leading English-language newspaper, reported on 13 April 2010: the Chinese language: Once banned, now in high demand. The article also stated that Chinese language centres are now mushrooming across the country, ready to fulfill the rising demand in the market.

In December 2010, a delegation of 59 principals and school directors from the United States visited Kunming, China, for teaching cooperation with local schools. The visit was part of "Chinese Bridge for American Schools", an education exchange programme that China has with foreign countries, aimed at enhancing Sino-American language education exchanges and collaboration. Reporting on the visit, Chinese news agencies noted that about 1,600 US schools now offer Chinese courses, compared with only about 300 schools a decade ago. Although Spanish continues to be the most widely learned second language in the US, Chinese classes have showed the fastest growth among foreign languages, according to a 2010 survey of United States Government. Notably, Mandarin is being offered in the US even at kindergarten level, with the first US kindergarten offering the language in 2008.

In February 2010, the state of Oregon passed a bill offering Chinese language opportunities to state-wide public schools, becoming the first state in the United States to legalize the teaching of Chinese in its educational institutions (Reuters, 21 April 2011). US employers are also looking to hire those who are able to speak, read and write Chinese in a bid to foster business and economic relationships with their Chinese-speaking business associates in China or the Greater China region. A study by the University of Phoenix Research Institute found that "42 percent of employers expect business proficiency in Chinese to be in moderate or high demand in a decade". (Wall Street Journal, 18 January 2011).

2.2. Digital Chinese Language Learning

Adults are gaining higher academic and professional accreditations all over the world both for career development as well as for social reasons. As web technology assume rapid betterment over the last decade or so, distant learning as a market overall has experienced exponential surge in popularity and demand. In 2006 alone, 79% of corporate managers rated a distance degree "as good as" a residential option (GetEducated.com, 2006). The access to higher education or skill acquisition has become facile to a large extent.

Moreover, E-learning is the fastest-growing and most promising segment of the education industry, with the digital Mandarin language learning market value expected to exceed

US\$60 billion in 2011 (Council for Economic Planning & Development, Taipei. February 2007). Officials from the same council also quoted a survey conducted by the Summer Institute of Linguistics (SIL) International that Chinese or Mandarin is currently the language with the greatest number of speakers amongst the world's 6,809 languages in use. An estimated 14.8% of the world's population then in 2007 or about 885 million people speak Mandarin as their mother tongue or second language, compared to the 400 million who speak English as their mother tongue or second language.

According to the Chinese Ministry of Education, there are already more than 30 million people worldwide learning Chinese and more than 2,500 universities in over 100 countries and regions that also offer Chinese courses (BBC Monitoring Asia Pacific, 8 July 2006).

2.3. Chinese Outbound Tourism

Hospitality and tourism industries worldwide are also experiencing unprecedented surge in the number of Chinese tourists visiting their respective countries, driving or stimulating many travel sectors. The outbound Chinese tourist trends and revenue are presented in the Table 1. below. Chinese tourist spend is already valued at more than US\$62 billion in 2009 alone.

	2004	2009	2014	% growth 2004-2009	% growth 2009-2014
Domestic tourism:					
Number of trips ('000)	749,379	1,192,530	1,842,099	59.1	54.5
Expenditure (US\$ million)	66,893	146,248	291,589	118.6	99.4
Outbound tourism:					
Number of departures ('000 people)	24,662	34,971	49,151	41.8	40.5
- Macau	8,073	14,440	22,675	78.9	57.0
- Hong Kong, China	7,788	9,411	10,983	20.8	16.7
- South Korea	410	1,031	1,353	151.3	31.2
- Japan	585	893	928	52.5	3.9
- Malaysia	550	890	1,192	61.7	34.0
- Singapore	860	819	1,171	-4.7	43.0
- Thailand	730	581	797	-20.3	37.0
- US	203	448	737	121.3	64.5
- Vietnam	700	447	603	-36.2	35.0
- Australia	251	342	518	36.1	51.4
Departures of 0-3 days	18,851	27,697	38,535	46.9	39.1
Departures of 4-7 days	3,941	5,176	7,766	31.3	50.0
Departures of over 7 days	1,869	1,749	2,851	-6.5	63.0
Leisure departures	18,420	27,566	38,656	49.7	40.2
Business departures	6,242	7,405	10,495	18.6	41.7
Expenditure (US\$ million)	21,783	39,005	62,238	79.1	59.6

Table 1. Chinese Travel Trends.

Source: "The way we travel: how global travel behavior has changed in the wake of the recession", Euromonitor International, December 2010.

According to Euromonitor International in the report and Table 1, the Visa and Pacific Asia Travel Association (PATA) Asia Pacific Travel Intentions Survey 2010 revealed that on average, mainland Chinese travellers were planning to take between seven and eight business and leisure trips in the next two years, and were less affected by the economic climate than in 2009. In 2010, only 50% of Chinese respondents said they would postpone their trips or choose less expensive destination options due to economic uncertainty, compared with 76% in 2009. As in 2009, Asia Pacific continued to be the leading destination region for Chinese

travellers over the following two years, followed by Western Europe and North America. Many respondents expressed a desire to travel to Australia and Japan in favour of Macau.

Hence, Chinese language skills will form critical job skills for global tourism and hospitality industries looking to serve this particular tourist segment.

2.4. China Skills and Labour Force Trends

In 2007, 14.2%, 49.3% and 15.9% of Asia Pacific's exports were of basic manufactures, machinery and transport equipment and miscellaneous manufactured goods respectively. China is experiencing a similar skills mismatch, with unemployment rising since undergraduates do not possess the required skills set. In the same year, approximately 56% of undergraduates were facing unemployment following graduation, possibly due to lack of possession of the required skill sets. (“Special Report: Skills shortage hinders Asia Pacific growth”, Euromonitor International, 06 May 2008).

Since 1999, China’s Chinese State Council has also been actively promoting “quality education” and continuous development. On-job training is dubbed a nationwide fever with an estimated 100 million Chinese plus taking various training courses each year. (“Market economy prompts education change in China”, China Daily, 28 Feb 2002).

As the labour and markets continue to mature in China, job skill qualification and relevant accreditation will serve to be an important consideration factor for employers.

2.5. Executive and Adult Continuing Education

In July 2010, the Economist Intelligence Unit surveyed senior executives of multinational companies in 77 countries and found that the top three expatriate 'hot spots' were China, 'Other Asia' - a category that excluded China, India and Japan - and India. Some 35% of respondents believe China to be one of the top three destinations for their company's overseas representatives, followed by Other Asia (32%) and India (16%). The emergence of “half-pats”, foreigners working in China earning pay between local and expatriate pay levels are also seeing an emerging trend across various Chinese cities. (“Answering the call of the Wild Wild East”, The Business Times, 5 Feb 2011). Such data continues to drive the demand for localization of expertise and knowledge to be relevant to the business environment and practices through executive programmes or courses in many Asian countries.

In 2006, Harvard Business School reported that its revenue from executive education alone rose to US\$113 million in 2010 from US\$81 million in 2006, with about half of its 2010 revenue coming from open-enrollment courses designed for senior executives. (“Short and Very Sweet: Business schools find demand is still strong for their brief and pricey open-enrollment programs”, The Wall Street Journal, 6 Oct 2011).

In China, Chinese Executive Education Corp. estimates that its market size of executive education to be 40 million currently, and will reach 50 million in 2012 based on demand from the small and medium-sized businesses in China alone. (“China Executive Education Corp- Key Business Expansion Developments”, Market News Publishing (Dow Jones), 14 August 2010). As interest in the Chinese economy both from within China and foreign entities grow, competitive companies sending time-strapped top executives back to classrooms will continue to see a positive trend.

Caroline Diarte Edwards, director of admissions for INSEAD, an international business school, says simply opening a campus in Singapore in 2000 spurred interest among North

American applicants. There are 89 U.S. citizens in the class in 2010 compared to 39 in 2000. She added applicants are attracted to the exposure to the emerging markets and potential jobs they get access to by studying in Singapore. (“Education for Executives, Opting to Go Abroad”, The Wall Street Journal, 5 Aug 2010)

2.6. Cram or Preparatory School Demand

Asia accords tremendous importance to the value of education, with remarkably little differences between the more developed economies of Japan, Korea and Singapore and the emerging economies of Vietnam and many Chinese cities. As elitist attitudes towards education prevail over elementary desires of many parents to simply secure a basic education for their children, preparatory and cram schools are seeing unprecedented growth in many countries across the world. In China alone, the private school industry, comprising of a large cram school proportion is worth an estimated US\$85 billion in annual spending (“Chinese Crammer Schools Cash In”, Financial Times, 22 Oct 2010). In the same report, IDC estimates the growth to be led by cram schools and should reach US\$127 billion by 2013.

A survey by the National Bureau of Statistics has found that Chinese citizens on average spend 10% of their savings on education, 3% higher than their average housing budget. The education expenditure of Chinese families also has been growing by 29% annually since 1990. (“School expenses top Chinese budgets”, China Daily, 28 Jun 2002). Such demand continues to drive the growth of private cram or preparatory schools across Chinese cities.

3. Competition

3.1. Chinese Language Learning

In the provision of Mandarin lessons – physically or via e-learning, directly or through franchisees – one of the biggest competitors would be the Confucius Institutes established worldwide by the Chinese government. These institutes might be compared with France's Alliance Francaise or Germany's Goethe Institutes, with one important difference being that the Confucius Institutes are sited in universities and other academic institutions. The Confucius Institutes have proven highly successful, with some 316 of them established in 94 countries as of July 2010. They have a student enrollment of over 360,000 in Mandarin language classes.

The Confucius Institutes therefore represent a mixed threat to independent education providers like M2L. Other well-established language schools include Berlitz, Oxford, Fluenz and Rosetta Stone. These do not specialise in the teaching of Mandarin, they do not offer courses up to advanced levels and they have limited e-learning programmes. Hence, in this market, M2L will face both public and private education providers across various consumer segments in all country markets.

Below are selected competitor profiles that M2L may face in various country markets:

3.1.1. Berlitz Corporation

Berlitz (formerly Berlitz International) was established in 1878 by Maximilian D Berlitz. In 1950, Berlitz expanded rapidly, as it opened Latin American language centers in Mexico and other locations in Brazil, Venezuela, Argentina, Colombia, and Chile. In 1996, Berlitz launched a franchising program that strengthened the company presence and capabilities all over the world. The company operates a network of 550 language centers in 70 countries. It is headquartered in Princeton, New Jersey. In 2005, Singapore Airlines teamed up with American Berlitz International to offer in-flight crash courses in English, French, German, Spanish, Italian, Greek, Russian, Portuguese,

Mandarin, Cantonese and Japanese. In 2009, Berlitz Languages, Inc., launched a new blended e-learning course, eBerlitz FusionSM.

3.1.2. Cleverlearn

Cleverlearn first launched New Concept Mandarin (NCM) in Vietnam in 2005, which promotes learning of the Chinese language in an efficient and easy way. The NCM programmes are targeted at both individuals and organisations. Learners can also take their courses through the Internet, CD-ROM or within a classroom environment. Cleverlearn putatively claimed that learners will be able to master the basic of Chinese or Mandarin pronunciation after just 32 hours of learning time. Such basics also include reading and writing of Chinese characters and common conversational phrases. The NCM courses are divided into three levels of three modules within each level. Learners can also opt for a ten-day intensive course.

3.1.3. Rosetta Stone Inc.

Rosetta Stone develops, markets and sells language-learning solutions consisting of software, online services and audio practice tools under the Rosetta Stone brand. The company's courses are based on its proprietary interactive technologies and pedagogical content, which utilizes a sequencing of images, text and sounds to teach a new language without translation or grammar explanation. Rosetta Stone operates in the US, the UK, Japan and Germany. The company currently provides self-study language learning solutions in 34 languages, including Chinese. In addition, the company provides an online peer-to-peer practice environment called SharedTalk, where registered language learners meet for language exchange and to practice their foreign language skills.

3.2. **Cram and Preparatory Schooling**

In this market, primary focus will be on the domestic Chinese market's cram or preparatory schooling segments or students looking to complement their formal education through examination preparation programmes offered by private service providers. Due to China's one-child policy and competitiveness of top Chinese university places, this market has already seen well-established geographic-specific service providers in China.

Below are selected competitor profiles that M2L's subsidiary may face in China:

3.2.1. New Oriental Education & Technology Group (New Oriental)

New Oriental is engaged in providing private educational programs, services and products to students of all ages. It has a network of 52 schools, 404 learning centers, 29 New Oriental bookstores, over 5,000 third-party bookstores and approximately 11,300 teachers in 44 cities; as well as an online network with over 6.5 million registered users. The company operates through two business segments: language training and test preparation courses; and primary and secondary education.

The company's primary and secondary education segment offers full-time primary and secondary school in Yangzhou (Jiangsu Province) and a school that provides post-secondary education, classroom-based courses that are generally designed to be completed in two to 16 weeks.

3.2.2. Noah Education Holdings (Noah Holdings)

Noah Holdings provides interactive educational content and education services in China. It also develops and markets interactive educational content software and electronic learning products (ELP). The company provides children English training and after-school education services. It develops and markets interactive, multimedia

learning materials and covers a range of subjects, including English, Chinese, mathematics, physics, chemistry, biology, geography, political science and history. Noah Holdings' subsidiaries include: Well Profit Creation, Bright Sound Electronic Technology (Shenzhen) Co., Bright Sound, Noah Education Development (Chengdu) Co., Innovative Noah Electronic (Shenzhen) Co., Noah Education Technology (Shenzhen) Co., New Noah Technology (Shenzhen) Co., Win Bright Creation, Shenzhen New Noah Education Investment Development Co., and Beijing Haidian New Noah School.

3.3. Executive & Adult Continuing Education

Competition will come from both public and private educational and corporate development service providers worldwide. Particularly, the stiffest competition on the product level will be programmes offered through joint collaborations between both Chinese and foreign universities which are attractive to both non-Chinese and Chinese executives looking to assimilate both international and China's local knowledge and experiences.

Below are selected competitor profiles M2L may face for their programmes:

3.3.1. CIBT Education Group Inc.

CIBT Education Group (CIBT) is an education management and investment company with focus on the global education sector. The group has a global network of business schools, vocational schools and language schools. The company's subsidiary, CIBT School of Business & Technology, is engaged in the business of developing and operating academic, technical and career training schools in China. CIBT established an agreement with 26 institutions in China to expand the company's growing hotel and tourism division in November 2010. CIBT is also heavily focused on emerging hospitality, tourism, gaming and creative industries and offers programmes in countries besides China like Korea, Canada, US, Philippines and many cities elsewhere in Asia.

3.3.2. ChinaEdu Corp.

Although operating entirely in China, ChinaEdu Corp. provides online degree programs of leading Chinese universities. The company's online degree programs offer associate and bachelor degree programs in a range of subjects, including, accounting, marketing, finance, business administration, international business, law, civil engineering, education, computer science, literature, project management, marketing and administrative management. These online degree programs are aimed primarily at working adults who have sufficient economic means to support their studies and who value the flexibility of a self-paced online educational process. ChinaEdu has strategic relationships with 25 universities throughout China. ChinaEdu has also entered into long-term exclusive partnerships with Jiangsu University and Fujian Radio and TV University. ChinaEdu also signed an agreement with WIDE World, a professional development program through both online courses and on-site workshops developed at the Harvard Graduate School of Education in April 2010.

3.4. Job Skill and Vocational Qualification

While this market is relatively dependent on key governmental agency or body relationships, there are numerous competitors present in China due to the national administration structure and provincial or city labour or manpower administrations' rights to enter into contracts with various non-profit organisations or associations that in turn appoint for-profit agencies to manage their certification processes.

An indirect competitor profile can be found below:

3.4.1. Chinacast Education Corp.

ChinaCast Education Corporation (ChinaCast) is a for-profit, post-secondary and e-learning services provider in China. The company provides post-secondary degree and diploma programs through its two universities in China: The Foreign Trade and Business College of Chongqing Normal University and the Lijiang College of Guangxi Normal University. The company's vocational or career training services partner with various government departments and corporate enterprises. The company has deployed several hundred training centers throughout China providing job-skills training to recent graduates, employees of state-owned enterprises, and corporate employees.

4. Trends, Issues and Risks

While the development and growth of the education sectors and services in many countries continue to seem positive, below are the risks or threats that M2L may encounter:

- 4.1.1. **National Competition.** Increasing competition from national education bodies of host nations to attract source country students to study at the respective public or private universities. Some examples are the New Zealand government's New Zealand Education International Ltd (NZEIL) and Australian Education International (AEI) continuous efforts to market and attract foreign students.
- 4.1.2. **Competitor Numbers Surge.** The emergence and maturity of knowledge-based economies worldwide has and will continue to increase domestic and foreign education provider numbers and quality across various geographical markets for M2L.
- 4.1.3. **Delivery Method Evolution.** The continuous development of delivery methods, especially those via the mobile or internet platforms will likely impact almost every education provider in the market globally.
- 4.1.4. **Market Saturation.** The extent of market saturation in both developed and developing, perhaps even emerging economies may impact the outlook for the necessary continued growth of M2L.
- 4.1.5. **Brand Relevance.** Marketing and market segmentation strategies will be a key advantage that M2L needs to hone as branding, image, public relations and other dimensions continue to play an important role in the differentiation-led market, especially when most education-seekers, including parents are relatively more insensitive towards cost.
- 4.1.6. **Changing Preferences.** As prospective learner or student decision models or processes continue to be influenced by the multitude of marketing or communication messages from the competitors, depth into understanding and refining the learning experiences for the student consumers of M2L will be another critical dimension of the business.
- 4.1.7. **Strategic Resource Considerations.** Due to the pursuit of multiple geographical markets, M2L will need to be adept at the management and balancing of the supply and demand side of the business, particularly on the resource productivity.

4.1.8. **Market Experience.** As export and expansion activities increase into unfamiliar country or geo-political markets, the choice of marketing and market entry modes or arrangements will be critical failing which may prove highly risky for M2L.

4.2. Regulatory Environment

According to UNESCO, in terms of the regulatory control of the private education sectors in countries worldwide, there is an upward trend in the decentralisation of education administration by the state, especially in adult of self-directed learning in the Asia Pacific and other regions worldwide that is presented under table 2. (“Global Report on Adult Learning and Education”, UNESCO, 2009).

The same UNESCO report also indicated national education development trends towards both lifelong and adult education efforts and initiatives by various governments. An excerpt of the table is presented under table 3.

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Region	Arab states	Asia-Pacific	Europe and North America	Latin America and Caribbean	Sub-Saharan Africa	Total
Countries mentioning decentralisation in adult learning and education	Egypt, Morocco, Palestine, Sudan	Afghanistan, Australia, Cambodia, China, India, Japan, Kyrgyzstan, Laos, Mongolia, Nepal, Pakistan, Papua New Guinea, Philippines, Republic of Korea, Thailand, Vietnam	Armenia, Canada, Croatia, Czech Republic, Denmark, France, Georgia, Germany, Greece, Hungary, Ireland, Israel, Latvia, Lithuania, Montenegro, Norway, Poland, Romania, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States of America	Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, Paraguay, Peru	Burkina Faso, Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Lesotho, Malawi, Mali, Mozambique, Namibia, Niger, Nigeria, Senegal, Sierra Leone, Togo, Uganda, United Republic of Tanzania, Zambia, Zimbabwe	
Frequency	4	16	24	16	25	85
National Reports submitted	19	29	38	25	43	154

Source: National Reports prepared for COMFINTEA 10

1 Refers to responses to question 1.1.3. from the Guidelines for the Preparation of National Reports on the Situation of Adult Learning and Education

• How is adult learning and education organized within the government? What ministry/s are in charge or involved? Is adult learning and education centralised/decentralised? How?

Table 2. Decentralised organisation of adult learning and education

Source: “Global Report on Adult Learning and Education”, UNESCO, 2009

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	Arab states	Asia-Pacific	Europe and North America	
Total National Reports		19	29	38
Basic/general competencies (i.e. literacy)	Bahrain, Egypt, Iraq, Jordan, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, Yemen	Afghanistan, Australia, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, Fiji, Lao People's Democratic Republic, Japan, India, Iran, Mongolia, Nepal, New Zealand, Pakistan, Papua New Guinea, Philippines, Republic of Korea, Solomon Islands, Thailand, Vietnam	Armenia, Belgium (Flemish), Bulgaria, Canada, Cyprus, Denmark, Estonia, Finland, Georgia, Germany, Greece, Ireland, Israel, Latvia, Lithuania, Montenegro, Norway, Portugal, Serbia, Slovenia, Spain, Sweden, The Former Yugoslav Republic of Macedonia, Turkey, United Kingdom, United States of America	
		16	21	26
<i>Percentage¹</i>	84	72	68	
Vocational/ technical & income-generating/ on-the-job training	Jordan, Kuwait, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia, Yemen	Afghanistan, Australia, Bhutan, Brunei Darussalam, Cambodia, China, Democratic People's Republic of Korea, Fiji, India, Iran, Japan, Kazakhstan, Kyrgyzstan, Malaysia, Mongolia, Nepal, New Zealand, Palau, Philippines, Republic of Korea, Tajikistan, Thailand, Uzbekistan, Vietnam	Armenia, Austria, Belgium (Flemish), Bulgaria, Canada, Croatia, Cyprus, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Israel, Latvia, Lithuania, Montenegro, Norway, Poland, Portugal, Romania, Russian Federation, Serbia, Slovakia, Slovenia, Spain, Sweden, The Former Yugoslav Republic of Macedonia, Turkey, United Kingdom, United States of America	
		9	24	34
<i>Percentage¹</i>	47	69	69	
Life skills, Post-literacy, Health issues	Lebanon, Mauritania, Oman, Sudan, Syria, Tunisia, Yemen	Bangladesh, Bhutan, Cambodia, China, Fiji, Lao People's Democratic Republic, India, Iran, Japan, Mongolia, Nepal, New Zealand, Pakistan, Palau, Thailand, Tajikistan, Vietnam	Canada, Cyprus, Greece, Israel, Serbia, Sweden, Spain, The Former Yugoslav Republic of Macedonia	
		7	17	8
<i>Percentage¹</i>	37	59	21	
Knowledge generation, innovation (i.e. ICTs, second languages)	Bahrain, Kuwait, Lebanon, Oman, Palestine	Australia, Bhutan, Brunei Darussalam, China, Fiji, Japan, New Zealand, Kazakhstan, Kyrgyzstan, Malaysia, Republic of Korea, Tajikistan, Thailand, Vietnam	Armenia, Cyprus, Denmark, Estonia, France, Georgia, Germany, Greece, Hungary, Latvia, Lithuania, Montenegro, Poland, Portugal, Russian Federation, Serbia, Slovakia, Slovenia, Spain, The Former Yugoslav Republic of Macedonia, United Kingdom	
		5	14	21
<i>Percentage¹</i>	26	48	55	
Human rights education, civic education	Kuwait, Lebanon, Sudan, Syria, Yemen	Fiji, India, Japan, Kyrgyzstan, New Zealand, Philippines, Republic of Korea, Tajikistan, Thailand	Armenia, Georgia, Germany, Montenegro, Serbia, Slovenia, The Former Yugoslav Republic of Macedonia, Turkey	
		5	9	8
<i>Percentage¹</i>	26	31	21	
Liberal/Personal education (i.e. artistic, cultural)	Kuwait	Australia, India, Kyrgyzstan, New Zealand, Republic of Korea, Tajikistan	Belgium (Flemish), Bulgaria, Cyprus, Denmark, Finland, Israel, Norway, Sweden	
		1	6	8
<i>Percentage¹</i>	5	21	21	
Continuing education	Bahrain, Kuwait	Bangladesh, Bhutan, Brunei Darussalam, China, India	Austria	
		2		1
<i>Percentage¹</i>	11	17	5	3
Second chance education	N/A*	Cambodia, China, Japan, Kyrgyzstan, Lao People's Democratic Republic	Austria, Belgium (Flemish), Greece, Israel, Romania, Sweden	
		0	5	6
<i>Percentage¹</i>	0	17	5	16
Teacher training	Yemen (unclear if for adults)	Bhutan, Cambodia	Armenia, Romania, Turkey	
		1		3
<i>Percentage¹</i>	5	7	2	8
Secondary education	N/A	N/A	The Former Yugoslav Republic of Macedonia, Sweden, United States of America	
		0	0	3
<i>Percentage¹</i>	0	0	0	8

Table 3. Type of adult education provision, as recorded in national reports, by region.

Source: "Global Report on Adult Learning and Education", UNESCO, 2009

5. Notes

5.1. Consent

Omartis Private Limited (Singapore) has given its consent in writing to use of this Independent Market Report in the form and context to which it is included in this Prospectus or document.

5.2. Disclosure

This Independent Market Report is an independent report, Omartis does not have a pecuniary or other interest in M2L.

5.3. Assumptions and Qualifications

Omartis has relied on the information provided by internationally recognised and credible sources available from various sources in the public domain.

This Report has been prepared for the purpose of inclusion in a listing or offer document by M2L and the contents herewith shall be read in its entirety and within the context of the scope of the Report.



Winston Ng Keng Hong
Principal & Consultant

For enquiries relating to this report, please contact Omartis at winston.ng@omartis.com.

12 OVERVIEW OF PRC LEGAL FRAMEWORK

This section contains a brief outline of the legal framework and key laws and regulations of China relevant to the Century Blue Ocean and Beijing Century. This summary is not exhaustive and persons should seek their own advice if necessary.

12.1. PRC Legal System

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations and directives. Decided court cases do not constitute binding precedents in the PRC.

The National People's Congress of China ("NPC") and the Standing Committee of the NPC ("Standing Committee") are empowered by the PRC Constitution to exercise the legislative powers of the State including the power to amend the PRC Constitution and to enact and amend primary laws.

The State Council of China ("State Council") is the highest organ of state administration and has the power to enact administrative rules and regulations. Ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations.

The power to interpret laws is vested by the PRC Constitution in the Standing Committee. In cases where the limits of articles of laws need to be further defined or additional stipulations need to be made, the Standing Committee shall provide interpretations or make stipulations by means of decrees.

At the regional level, the People's Congresses of Provinces and Municipalities and their standing committees may enact local rules and regulations and the local People's Government may promulgate administrative rules and directives applicable to their own administrative area. However, these local laws and regulations may not be in conflict with the PRC Constitution, any national laws or any administrative rules and regulations promulgated by the State Council.

12.2. Judicial System

The People's Courts are the judicial organs of the PRC. The People's Courts comprise the Supreme People's Court, the local level of the People's Courts, military courts and other special People's Courts. The local People's Courts are divided into three levels, namely, the basic People's Courts, intermediate People's Courts and higher People's Courts. The basic People's Courts are divided into civil, criminal and administrative divisions. The intermediate People's Courts have divisions similar to those of the basic People's Courts and, where the circumstances so warrant, may have other special divisions (such as intellectual property divisions). The higher People's Court deal with significant impact cases, in civil, criminal and administrative divisions. The judicial functions of People's Courts at lower levels are subject to supervision of People's Courts at higher levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by the People's Courts of all levels.

The People's Courts adopt a two-tier final appeal system. A party may before the taking effect of a judgement or order appeal against the judgement or order of the first instance of a local People's Court to the People's Court at the next higher level. Judgements or orders of the second instance of the same level and at the next higher level are final and binding.

A foreign individual or foreign enterprise is accorded the same litigation rights and obligations as a citizen or legal person of the PRC. But if the courts of a foreign country impose restrictions on the civil litigation rights of the citizens, legal persons and other organisations of the PRC, the People's Courts of the PRC shall follow the principle of reciprocity regarding the civil litigation rights of the citizens, enterprises and organisations of that foreign country. If any party to a civil action refuses to comply with a judgement or order made by a People's Court or an award made by an arbitration body in the PRC, the aggrieved party may apply to the People's Court to enforce the judgement, order or award.

A party seeking to enforce a judgement or order of a People's Court against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgement or order. A foreign judgement or ruling may also be recognised and enforced according to PRC enforcement procedures by the People's Courts in accordance with the principle of reciprocity or if there exists an international or bilateral treaty with or acceded to by the foreign country that provides for such recognition and enforcement, unless the People's Court considers that the recognition or enforcement of the judgement or ruling will violate fundamental legal principles of the PRC or its sovereignty, security or social or public interest.

12.3. Arbitration and Enforcement of Arbitral Awards

Under the Arbitration Law of the PRC, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the People's Court for enforcement. A People's Court may refuse to enforce an arbitral award made by an arbitration committee if there were mistakes, an absence of material evidence or irregularities over the arbitration proceedings, or the jurisdiction or constitution of the arbitration committee.

The PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made by a state which is a party to the New York Convention shall be recognised and enforced by other parties to the New York Convention subject to their right to refuse enforcement under certain specific circumstances. Under the terms of the PRC's accession to the New York Convention, the PRC would only recognise and enforce foreign arbitral awards if the foreign arbitral award is made (1) by an arbitration committee from a state which recognises arbitral awards from the PRC; and (2) in relation to disputes considered under PRC laws to be arising from contractual and non-contractual mercantile legal relations.

12.4. Foreign Exchange Control

The Regulations on Administration of Foreign Exchange of the PRC of January 1996 and the subsequent amendments in 1997 and in 2008 by the State Council of China set out the regulatory framework on foreign exchange of the PRC ("Foreign Exchange Regulations"). In accordance with the Foreign Exchange Regulations, Renminbi shall be freely exchanged for settling current accounts transactions, including trading and service related foreign exchange transactions and dividend distributions. However, foreign exchange involving direct investments, loans or securities investments outside the territory is restricted and requires the prior approval of the State Administration of Foreign Exchange. According to the Foreign Exchange Regulations, approvals from the State Administration of Foreign Exchange are exempted should the foreign owned enterprise trade the foreign currency with documentation that could prove such transaction, and foreign exchange can be

remitted (subject to the ceiling imposed by the State Administration of Foreign Exchange) for dividend distributions.

However, in view of the immense discretionary executive power of the central government, it is possible that future restrictions may be imposed or current rights of foreign owned enterprises to purchase foreign exchange may be abolished.

12.5. Taxation

The applicable income tax laws, regulations, notices and decisions related to foreign invested enterprises (“FIE”) and their investors within the PRC (collectively the “Applicable Foreign Enterprises Tax Law”) include the following:

Income tax on FIEs and domestically invested enterprises (“DIEs”)

The PRC enterprise income tax is calculated based on the taxable income determined under the PRC accounting standards and regulations.

In March 2007, the National People’s Congress enacted a new Enterprise Income Tax Law (“EIT Law”), which became effective on January 1, 2008. The new tax law imposes a unified income tax rate of 25% on all DIEs and FIEs unless they qualify under certain limited exceptions. The new tax law permits companies to continue to enjoy their preferential tax treatment under the prior tax regime until such treatment expires in accordance with its terms, on the condition that such preferential tax treatment is available under the “grandfather clause” of the new tax law.

The EIT Law provides that a withholding tax of 10% is normally applicable to dividends payable to a “non-resident enterprise” to the extent such dividends are derived from sources within the PRC, or a lower tax rate on the condition that the PRC has a tax treaty with the judicial district which the “non-resident enterprise” is subject to.

Value Added Tax

The current Provisional Regulations of the People’s Republic of China Concerning Value Added Tax, promulgated on 13 December 1993 and amended on 5 November 2008, provide that value added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

Value added tax payable in the PRC is charged on an aggregated basis at a rate of 13% or 17% (depending on the type of goods involved) on the full price collected for the goods sold or, in the case of taxable services provided, at a rate of 17% on the charges for the taxable services provided but excluding, in respect of both goods and services, any amount paid in respect of value added tax included in the price or charges, and less any deductible value added tax already paid by the taxpayer on purchases of goods and services in the same financial year.

Business Tax

The current Provisional Regulations of the People’s Republic of China on Business Tax, promulgated on 13 December 1993 and amended on 5 November 2008, provide that any business that provides services, or assigns intangible assets or sells immovable property is liable to pay a business tax at a rate ranging from 3% to 5% of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be.

12.6. Labour

The Employment Contract Law of PRC, effective as of 1 January 2008, provides that an employer shall sign the employment contract with any employee upon, or, in no event

beyond one month from the commencement of service by the employee for such employer. There are three types: (i) an employment contract with fixed term, under which employment terminates on the fixed date agreed; (ii) an employment contract with indefinite term, under which the date of termination of employment is not explicitly provided and thus remains indefinite; and (iii) an employment contract termination subject to consummation of certain work, under which employment terminated upon consummation of certain work. An employment contract with indefinite term shall be duly established, where: (i) an employer has signed the employment contract with fixed term twice consecutive; or (ii) an employer fails to sign any written employment contract with any employee after one year from commencement of service by such employee for such employer.

An employer, who fails to sign any written employment contract with any employee beyond one month after commencement of service by such employee and remains so until expiration of one year, shall pay double salary to such employee.

13 ADDITIONAL INFORMATION

13.1. No Prospective Financial Forecasts

The Directors have considered the matters outlined in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings because the proposed future operations of the Company do not have an operating history from which reliable forecasts can be made. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Notwithstanding the above, this Prospectus includes, or may include, forward looking statements including, without limitation, forward looking statements regarding the Company's financial position, business strategy, and plans and objectives for its business and future operations (including development plans and objectives), which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward looking statements. These statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

13.2. Key differences between Singapore and Australian law

The Company is incorporated in Singapore. The material differences between the rights of Shares and holders of Shares in an Australian company and the rights of Shares and holders of Shares in a Singaporean company result from the differences in their governing documents and governing laws.

The summary is a general description of the principal differences between the laws and regulations concerning shares in a company incorporated in Singapore as opposed to Australia. It is provided as a general guide only and does not purport to be a comprehensive analysis of all the consequences resulting from acquiring, holding or disposing of such shares or interest in such shares. The laws, regulations, policies and procedures described are subject to change from time to time and Applicants should seek their own independent legal advice if they have any doubt as to their own legal position.

(a) Corporate procedures

The general company law structure of Singapore and Australia is reasonably similar, being based in legislation with a common law background of directors' duties. As with Australian company law, many corporate procedures require approval by a special resolution of shareholders under Singapore law including a change of company name, alteration of the Memorandum or Articles of Association, and approval of capital reductions.

(b) Takeovers

Acquisitions of shares in a Singaporean public company are regulated under the Securities and Futures Act (Chapter 289) of Singapore and the Singapore Code on Take-overs and Mergers. The threshold above which acquisitions by a person, together with parties acting in concert with it, are regulated is 30%. This is higher than the 20% threshold which applies to Australian public companies.

Subject to the exceptions noted below, a person will be required to make a general offer for all of the shares in a company if it acquires shares which (taken together with shares held or acquired by persons acting in concert with it) carry 30% or more of the voting rights of the company. Where a person and its concert parties hold between 30% and 50% of the voting rights in a company and the person (or its concert party) acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, the person will also be required to make a general offer for all the shares in the company not already owned by it. The Securities Industry Council of Singapore may waive compliance with the obligation to make a general offer in certain circumstances, including where a majority of the shareholders of the company approve by way of a poll at a general meeting a waiver of their rights to receive a general offer. A person who (together with its concert parties) already holds more than 50% of the voting rights in a Singapore public company is not restricted from making further acquisitions above that level, and is not obliged to make a general offer as a result of making any such further acquisitions.

(c) Substantial shareholder reporting

Substantial shareholder reporting applies at the 5% level, and at every change in a percentage level after that. Details of acquisitions and disposals by substantial shareholders must generally be given to the company within 2 business days after the transaction occurs.

(d) Related party transactions

Related party transactions (that is, transactions between a public company and a director, an entity controlled by a director, or a parent company of the public company) are regulated in Australia under the Corporations Act by a requirement for disinterested shareholder approval, unless the transaction is on “arm’s length terms”, represents no more than reasonable remuneration, or complies with other limited exemptions.

Under Singaporean law, loan transactions (including granting security or guarantees for loans) in favour of directors of public companies are regulated but otherwise the rules regarding related party transactions are not as restrictive as under Australian law.

Issues of shares or other equity securities to Directors of the Company will be regulated under the Listing Rules to exactly the same extent as a listed Australian company.

13.3. Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant’s security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisors, and to NSX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

13.4. Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to take independent financial advice about the taxation and any other consequences of investing in the Company.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to taxation and any other consequences of investing in the Company.

13.5. Interests of experts and advisors

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Kings Park Corporate Lawyers has acted as Australian legal adviser to the Company in connection with its application to list on NSX. The Company will pay approximately A\$15,000 to Kings Park Corporate Lawyers for these services. Kings Park Corporate Lawyers has not provided other professional services to the Group during the last 2 years.

Crowe Horwath Corporate Finance Limited has acted as Nominated Adviser to the Company in connection with its application to list on NSX. The Company will pay approximately

A\$10,000 to Crowe Horwath Corporate Finance Limited for these services. If the Company is admitted to the Official List, Crowe Horwath Corporate Finance Limited will act as Nominated Adviser to the Company, for which they will be paid its usual commercial rates. Crowe Horwath Corporate Finance Limited has not provided other professional services to the Group during the last 2 years.

TanLim Partnership has acted as Singaporean legal adviser to the Company in connection with its application to list on NSX. The Company will pay approximately S\$8,000 (approximately A\$3,850) to TanLim Partnership for these services. TanLim Partnership has not provided other professional services to the Group during the last 2 years.

Biztrack PAC has acted as corporate adviser to the Company in relation to the Company's application to list on NSX. In respect of this work, the Company has paid and will pay Biztrack PAC a total sum of S\$12,000 (approximately A\$9,200). Mr CHUA Kee Leng, a director and minority shareholder of Biztrack PAC, had provided general consulting services to other businesses controlled by Mr CHONG Hock Tat or in which he has an interest. As remuneration for those services, Mr CHONG Hock Tat had transferred 2,000,000 Shares to Mr CHUA Kee Leng.

Omartis Private Limited has prepared the Independent Market Report in this Prospectus. In respect of this work, the Company will pay approximately S\$4,500 (approximately A\$3,400). Omartis Private Limited has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

MGI Perth Corporate Finance Pty Ltd has prepared the Investigating Accountant's Report in this Prospectus. In respect of this work, the Company will pay approximately A\$9,000. MGI Perth Corporate Finance Pty Ltd has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

13.6. Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgment of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below; and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role	Statement/Report		
Omartis Pte Ltd	Independent Market	Independent	Market	Report,

	Report	section 11
MGI Perth Corporate Finance Pty Limited	Investigating Accountant	Investigating Accountants' Report section 10
Crowe Horwath Corporate Finance Limited	Nominated Advisor	Nil
TanLim Partnership	Singapore Lawyers	Key differences between Singapore and Australian law (section 13.2) Overview of PRC Legal Framework (section 12)
Kings Park Corporate Lawyers	Australian Lawyers	Nil
Link Market Services Limited	Share Registry	Nil
Biztrack Public Accounting Corporation	Corporate Advisor	Nil
Centre Capital Securities Limited	Sponsoring Broker	Nil

14 DIRECTORS' RESPONSIBILITY AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgment of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of the Shares pursuant to this Prospectus.

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 29 February 2012

Signed for and on behalf of
M2L Holdings Limited by



CHONG Hock Tat Robin
Executive Director



TAY Kwee Yong
Executive Director

15 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

Applicant	a person who submits a valid Application Form pursuant to this Prospectus.
Application	a valid application made on an Application Form to subscribe for Shares pursuant to this Prospectus.
Application Form	the application form attached to this Prospectus.
ASIC	the Australian Securities & Investments Commission.
ASX	the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules	the listing rules of ASX.
ASX Settlement	ASX Settlement Pty Ltd (ACN 008 504 532).
ASX Settlement Operation Rules	the operating rules of ASX Settlement.
Auditors	auditors of the Company to be appointed in accordance with provisions of the Corporations Act.
Acquisitions	the acquisition of controlling 51% stakes in each of Beijing Century and Century Blue Ocean.
Beijing Century	Beijing Century Education Development Centre.
Board	the Board of Directors.
CDI	CHESS Depository Interests, being a unit of beneficial ownership of Shares.
CDN	CHESS Depository Nominees Pty Ltd
Century Blue Ocean	Xiamen Century Blue Ocean Tuition School.
Closing Date	the closing date for receipt of Application Forms under this Prospectus, estimated to be 5.00pm WST on 9 March 2012 or an amended time as set by the Board.
China or PRC	the People's Republic of China.
Companies Act	Companies Act (Cap 50) of Singapore.
Company or M2L	M2L Holdings Limited ARBN 154 095 897.
Company's Registered	Mr Tony NG FCPA, FFin, ACIS, JP.

Agent	
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
CSEDS	the Chinese Society of Educational Development Strategy.
Director	a director of the Company and, where the context requires, the proposed Directors.
Group	the Company and its subsidiaries, including the Subsidiaries.
Interested Investor	an investor other than a Shareholder contemplating a sale or a purchase transaction of the Shares on NSX.
Issue	the issue of Shares under this Prospectus.
Leased Premises	a furnished and fully fitted commercial unit situated at the ground floor of 2 Pandan Valley, Acacia Court #01-202, Singapore 597626.
Listing Rules	the listing rules of the NSX.
NSX	National Stock Exchange of Australia Limited and where the context permits the National Stock Exchange of Australia market operated by National Stock Exchange of Australia Limited.
Proprietary Learning Programme	the copyrighted learning programme titled “A Modern Approach to Adult Mandarin for Non-native Speakers” and its related course-ware.
Prospectus	this prospectus and includes the electronic prospectus.
Offer	the offer for Shares made under this Prospectus.
Official List	the official list of the NSX.
Opening Date	8 March 2012.
Registered Office	the Company's registered office from time to time, including the office of the Company's Registered Agent.
RMB or Yuan	Renminbi, the official currency of China.
S\$	Singapore Dollar, the official currency of Singapore.
SCE	the School of Continuing Education of Tsinghua University.
Share	a fully paid ordinary share in the Company.
Shareholder	the registered holder of Shares in the Company or, where the

context requires, CDIs over Shares.

Share Registry	Link Market Services Limited of Ground Floor, 178 St Georges Terrace, Perth WA 6000.
Sponsoring Broker	Centre Capital Securities Limited.
Subsidiaries	M2L Blue Ocean Holdings Pte Ltd, Beijing Century and Century Blue Ocean.
WST	Western Standard Time, Perth, Western Australia.
A\$	Australian dollars unless otherwise stated. Unless otherwise stated, amounts in foreign currencies disclosed in this Prospectus are translated to its Australian Dollar equivalent based on the fixed exchange rates of A\$1 = RMB6.55744 and A\$1 = S\$1.29974, and rounded to 4 significant numbers.

M2L HOLDINGS LIMITED ARBN 154 095 897 APPLICATION FORM

Share Registrars use only	
Broker reference – stamp only	
Broker code	Adviser Code

Please read all instructions on reverse of this form

A Number of Shares applied for **B** Total amount payable cheque(s) to equal this amount

<input type="text"/>	at \$0.168 per Share =	A\$ <input type="text"/>
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You may be allocated all of the Shares above or a lesser number

C Full name details title, given name(s) (no initials) and surname or company name

D Tax file number(s)
Or exemption category

Name of applicant 1

<input type="text"/>

Applicant 1/company

<input type="text"/>

Name of joint applicant 2 or <account name>

<input type="text"/>

Joint applicant 2/ trust

<input type="text"/>

Name of joint applicant 3 or <account name>

<input type="text"/>

Joint applicant 3/exemption

<input type="text"/>

E Full postal address

F Contact details

Number/street

<input type="text"/>

Contact name

<input type="text"/>

<input type="text"/>

Contact daytime telephone number
()

<input type="text"/>

Suburb/town State/postcode

<input type="text"/>

Contact email address

<input type="text"/>

G CHESS HIN (if applicable)

H Cheque payment details please fill out your cheque details and make your cheque payable to "**M2L Holdings Limited – Share Account**"

Drawer	Cheque number	BSB number	Account number	Total amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

I Return of the Application Form with your cheque for the Application monies will constitute your offer to subscribe for Shares in the Company. I/We declare that:

(a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of the Company; and

(b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Application Form or a copy of the Application Form or a direct derivative of the Application Form, before applying for Shares.

No signature is required.

You should read the Prospectus dated **29 February 2012** carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any other relevant supplementary prospectus (whether in paper or electronic form).

Guide to the Application Form

This Application Form relates to the Offer of 100,000 Shares in M2L Holdings Limited ARBN 154 095 897 at \$0.168 per Share pursuant to the Prospectus dated 29 February 2012. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

Insert the number of Shares you wish to apply for.

Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of \$0.168.

Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the company.

Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.

Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.

Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.

Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.

The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the Company will operate an electronic CHES subregister of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to Application in respect of securities allotted.

If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the relevant section of the Prospectus.

Please complete cheque details as requested:

Make your cheque payable to "M2L Holdings Limited – Share Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Lodgement of Applications

Return your completed Application Form with cheque(s) attached to:

By Post to:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

Application Forms must be received no later than 5.00 pm WST time on 9 March 2012.

Or delivered to:

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
Australia