



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

**RESPONSE TO SGX QUERY REGARDING UNAUDITED RESULTS**

The Board of Directors (the “**Board**”) of MindChamps PreSchool Limited (the “**Company**”) refers to the following query raised by the Singapore Exchange Securities Trading Limited regarding the Company’s announcement made on 27 February 2020 in relation to the unaudited results of the Company and its subsidiaries for the fourth quarter and full year ended 31 December 2019 (the “**Announcement**”), and sets out the Company’s response as follows:-

**SGX Query:**

It is disclosed on page 3 of the Announcement:-

Line Item	Group		Company	
	As at 31.12.2019	As at 31.12.2018	As at 31.12.2019	As at 31.12.2018
	S\$’000	S\$’000	S\$’000	S\$’000
<b>Current liabilities</b>				
Trade and other payables	13,291	8,965	15,121	6,516

The Company also stated on page 18 of the Announcement:-

*“The Group’s current liabilities increased by approximately S\$18.2 million, from S\$17.2 million as at 31 December 2018 to S\$35.4 million as at 31 December 2019 mainly due to:... (c) an increase of approximately S\$2.3 million in accrued expenses as a result of acquisitions of preschool centres in 2019 and its related operations.”*

Please provide a full breakdown of the “Trade and other payables” line item and explain the reason(s) for its increase.

## Company's Response:

The full breakdown of the "Trade and other payables" line item is set out below:-

	Group			Company		
	2019 S\$'000	2018 S\$'000		2019 S\$'000	2018 S\$'000	
Trade payables	848	208	(a)	1	1	IM*
Other payables	3,010	1,893	(b)	13,793	5,345	(e)
Deposit received	2,942	2,678	(c)	32	32	IM*
Accruals	6,491	4,186	(d)	1,295	1,138	IM*
<b>Total trade and other payables</b>	<b>13,291</b>	<b>8,965</b>		<b>15,121</b>	<b>6,516</b>	

*\*IM – Movement is immaterial to explain.*

The reasons for the increase in the "Trade and other payables" line item are as follows:-

- (a) The Group's trade payables increased by approximately S\$0.6 million, from S\$0.2 million as at 31 December 2018 to S\$0.8 million as at 31 December 2019. This increase was mainly due to the increase in operational costs payable to operate those preschool centres acquired and subsumed into the Group in 2019.
- (b) The Group's other payables increased by approximately S\$1.1 million, from S\$1.9 million as at 31 December 2018 to S\$3.0 million as at 31 December 2019. This increase was mainly due to the renovation and related costs of the Company's new headquarter office at Marina Square and the intercompany balance owed to MindChamps PreSchool @ TPY Pte. Limited ("TPY") prior to the Group's divestment of all its shares in TPY on 31 December 2019 (which was eliminated in the consolidated balance sheet as at 31 December 2018). The outstanding balance with TPY was settled in January 2020.
- (c) The Group's deposit received increased by approximately S\$0.2 million, from S\$2.7 million as at 31 December 2018 to S\$2.9 million as at 31 December 2019. This increase was mainly due to the increase in student enrolment deposits who enrolled in those preschool centres acquired in 2019.
- (d) The Group's accruals increased by approximately S\$2.3 million, from S\$4.2 million as at 31 December 2018 to S\$6.5 million as at 31 December 2019. This increase was mainly due to an increase in accrued operating expenses as a result of the Group operating more preschool centres in 2019, and also due to sums retained by the Group from sellers of preschool centres acquired by the Group in 2019 for the purpose of setting off potential claims against such sellers.
- (e) The Company's other payables increased by approximately S\$8.5 million, from S\$5.3 million as at 31 December 2018 to S\$13.8 million as at 31 December 2019. This increase was mainly due to the intercompany advances from the Company's subsidiary corporations in 2019.

**MindChamps PreSchool Limited**  
**9 March 2020**