

## **RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

The Board of Directors (the “**Board**”) of MindChamps PreSchool Limited (the “**Company**”) refers to the following queries raised by the Singapore Exchange Securities Trading Limited on 27 April 2021 in relation to the Company’s Annual Report for the financial year ended 31 December 2020 (the “**FY2020 Annual Report**”), and sets out the Company’s response as follows:

### **Question 1:**

Listing Rule 704 (6) states that an issuer must immediately announce if there is any material adjustments to the full year audited results and to disclose and explain the material adjustments via an SGXNET announcement. We note that it was stated in the release of full year financial results that the net cash flows provided by investing activities was \$2,397,000 while the audited results state that the net cash flows provided by investing activities was \$2,603,000. Given that no announcement was released on SGXNet for the above material adjustment, please explain this discrepancy as well as how the company is in compliance with Listing Rule 704 (6).

### **Company’s Response:**

The variance was due to a reclassification between net cash provided by operating activities and net cash provided by investing activities, largely due to unrealised currency translation affecting intangible assets and property, plant and equipment. Cash and cash equivalents for the financial year ended 31 December 2020 remained unchanged, and there was no impact to the profit or loss as a result from this reclassification.

### **Question 2:**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 8 of the Code states that appropriate remuneration disclosures for individual directors, CEO and KMP should be made to provide sufficient transparency and information to shareholders regarding remuneration matters. The remuneration disclosures for individual directors and the CEO should specify the names, amounts and breakdown of remuneration. We note that the Company declined to disclose each individual director and CEO’s exact remuneration. Instead, the Company disclosed the remunerations in bands of S\$100,000. Please clarify if this disclosure is consistent with the intent of Principle 8 of the Code.

### **Company’s Response:**

The Company had disclosed on page 38 of its FY2020 Annual Report the reasons for deviating from Provision 8.1, as follows:

“The remuneration of the Directors, including the CEO, is disclosed in bands of S\$100,000 instead of rounded to the nearest thousand dollars, as the Board is of the view that such disclosure provides a balance between detailed disclosure and confidentiality. Given the confidentiality of and commercial

sensitivity attached to remuneration matters, the Board believes that disclosing in the respective bands and disclosing in aggregate the total remuneration of the Directors provides a sufficient overview of the remuneration of the Directors.”

The Company had also disclosed on page 38 and page 39 of its FY2020 Annual Report that:

- (i) The remuneration of the Company’s CEO has been formulated to attract, retain and motivate individuals the Group relies on to achieve its business strategy and create long-term value for its shareholders. The Remuneration Committee believes that fair performance-related pay should motivate good performance and that rewards should be closely linked to and commensurate with performance. A significant and appropriate proportion of the CEO’s remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is also aligned with the achievement of objectives and the interests of shareholders and other stakeholders and promotes the long-term success of the Company.
- (ii) The Company’s CEO does not receive a Director’s fee. His service agreement provides for compensation in the form of a fixed monthly salary and a variable and/or performance bonus which may be awarded for each financial year of the Company during the continuance of his employment, to be determined by the Board, based on his performance and the performance of the Company for that financial year.
- (iii) The Remuneration Committee is of the view that the remuneration of the Company’s Non-Executive Directors is appropriate for their level of contribution, taking into account factors such as effort and time spent and the role and responsibilities of the Non-Executive Directors, and the said remuneration does not compromise the independence of the Non-Executive and Independent Directors.

The Company is of the view that the practices that the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

**Question 3:**

Listing Rule 1207(19a) provides that a statement should be made whether and how the issuer has complied with the following best practices on dealings in securities: (a) A listed issuer should devise and adopt its own internal compliance code to provide guidance to its officers with regard to dealing by the listed issuer and its officer in its securities. In this regard, please state if the Company has an internal compliance code.

**Company’s Response:**

The Company has adopted an internal policy in line with the SGX-ST’s best practices with regards to dealings in securities to provide guidance for its directors and employees.

Directors and employees of the Group are prohibited from dealing with the Company’s securities on short-term considerations and during the period commencing one month before the announcement of the Company’s half year and full year financial statements, in compliance with Rule 1207(19) of the Listing Manual.

Memoranda are issued to all Directors and employees of the Group to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company on short-term consideration or during prohibited periods. Directors and employees are expected to observe the insider trading laws at all times even when dealing in shares of the Company within permitted trading periods.

**MindChamps PreSchool Limited  
30 April 2021**