

**Issuer:** TMC Education Corporation Ltd

**Security:** TMC Education Corporation Ltd

**Meeting details:**

Date: 30 October 2017

Time: 11.00 a.m.

Venue: 250 Middle Road Singapore 188983

**Company Description**

TMC Education Corporation Ltd, an investment holding company, provides educational services in Singapore and the People's Republic of China. The company operates a private education institution that offers a range of courses, including preparatory courses for international students for admission into government schools; certificate in tertiary foundation program, a preparatory program for higher diploma for Singapore and international students; and American degree transfer program, a preparation course for bachelor's degree at the United States University. It offers courses in various areas, such as accounting and finance, business, hospitality and tourism, infocomm technology, mass communication, and psychology, as well as English and Chinese language programs. The company also provides certified financial planner certification programs; and preparatory courses for the Singapore-Cambridge GCE 'O' level examinations. In addition, it offers marketing and recruitment support services, as well as conducts examinations. TMC Education Corporation Ltd was founded in 1981 and is headquartered in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=586](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=586))

**Q1.** Shareholders would like to ask management and the board for more clarifications on the operations of the group. Specifically:

- Tertiary education
  - a) Please tell shareholders the popular courses and programmes in its portfolio. Please include the enrolment figures for the main courses and the overall enrolment figure for the group.
  - b) Can the group elaborate further on the potential of being appointed as a Singapore Workforce Skills Qualifications (WSQ) Approved Training Organisation (ATO) – Public and In-House, by the SkillsFuture Singapore (SSG)?
  - c) What kind of courses can the group offer as Short Courses for Adults and under the WSQ programme for workforce upgrade? How many of such courses will be offered in 2018? Does the group have the sufficient qualified and experienced resources to conduct and deliver these courses?
  - d) How successful were the marketing initiatives to promote the SSG Study Awards? Can management explain how this ties in with the group’s programmes and how does the group benefit from this?
  - e) Other than SkillsFuture, what are the other programmes that the group is exploring?

**Q2.** As disclosed in Note 6 (page 58 – Investment properties), the group still holds 25 office units at Peninsula Plaza with a total floor area of 884 square metres. The 999-year leasehold properties are recognised at fair value (market value) of \$19.96 million.

The group has received approval for the sub-division of the properties to improve their marketability.

- a) How many units can the current 25 units be sub-divided into?
- b) Does having “obtained approval from the relevant authorities for the sub-division” mean that the paper work has been completed and the 25 units will be sub-divided into more units very soon? If not, when does the group expect to complete the paperwork and recognise the investment properties in their new legal form?
- c) Are there plans to market these units in the near future? Has the board evaluated how the group can maximise the returns of these 999-year leasehold assets?
- d) As part of the initiatives to improve its financial position, the Group will be actively looking to realise some of the Investment Properties, which are valued at \$19.96 million as at 30 June 2017. **Could the board advise shareholders if the continued selling of investment properties is ideal?**

**Q3.** On 12 October 2017, the company announced that the Independent Auditors have highlighted the existence of a material uncertainty which may cast significant doubt on the Group’s and the Company’s ability to continue as going concerns.

As at 30 June 2017, the group’s and the company’s financial positions are as follows:

- Group’s and the Company’s current liabilities exceeded current assets by \$5,555,184 and \$12,405,098 (2016: \$3,187,734 and \$8,094,444) respectively.
- Group incurred a loss after tax of \$877,727 (2016: \$5,880,253) and total comprehensive loss of \$871,589 (2016: \$5,745,460),
- Reported net cash used in operating activities of \$3,029,969 (2016: \$5,040,211)
- Shareholders’ funds stand at just \$7,543,630 (2016: \$7,836,495)

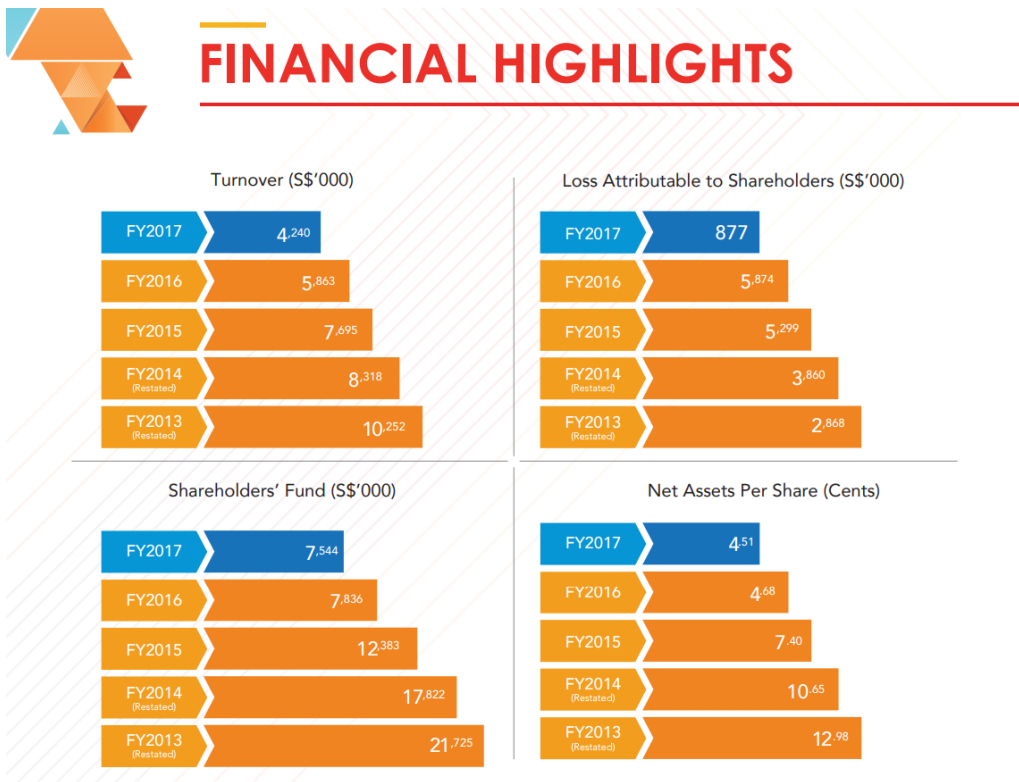
On 8 October 2015, the independent auditors had already issued its Independent Auditor’s Report on the consolidated financial statements of the Group for the financial year ended 30 June 2015 with an emphasis of matter highlighting the existence of a

material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

As noted in the Directors' Statement (page 32), the directors have the opinion that "at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due".

- a) **Has the board considered other ways of fund raising to strengthen the financial position of the company? If not, would it be prudent to evaluate that option at this juncture?**
- b) **The group obtained unsecured third party loan with interest charged at 8% per annum, repayable by 29 October 2018. Can management and the board elaborate further on the identity of the third party?**
- c) **Can the board clarify if the group and company have any unutilised bank credit facilities?**

The Financial Highlights as shown on page 16 of the annual report is reproduced below, as follows:



(Source: Company annual report)

- d) **Has the board monitored and evaluated the group's operations and financial performance, as stated in the Corporate Governance Report (page 17- Principle 1: The Board's Conduct of Affairs)?**
- e) **Has the board considered if the group has the necessary financial and human resources in place to allow the group to achieve its strategic objectives?**
- f) **Looking at the 5-year summary above, would the board agree that it would be prudent to carry out a strategic review to explore how to preserve and create shareholder value?**

A copy of the questions for the Annual Report for the financial year ended 30 June 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=TMC%20Education%20Corporation%20Ltd>

The company's response could be found here: -----