Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: MindChamps PreSchool Limited

Stock code: CNE

Meeting details:
Date: 29 April 2022
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q1. Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) **Growth plans: What are management's insights on the industry and the group's specific growth plans as the world transitions to living with COVID-19 after more than 2 years of struggle?**

(ii) **MindChamps Version 2.0: How revolutionary is the new integrative learning approach? What is the impact on the group's operations, in terms of enrolment capacity, teaching staff etc? Will the group be renovating all the centres to have an indoor playground to nurture the 3 minds?**

(iii) **MindChamps Music programme: Can management help shareholders understand the roll-out of the music programme? Does it require substantial investment to introduce the music programme to all MindChamps preschool centres in Singapore? Will the programme be introduced to Australia as well? In addition, do students have to separately enrol and top-up additional fees to participate in the music programme?**

(iv) **MindChamps Académie of Stars: Are there opportunities to roll out the performing arts training as a programme (just like the music programme)?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q2. The group recognised an impairment loss on financial assets of $(928,000) in FY2021, an increase from the $(31,000) recognised a year ago. The impairment on trade receivables and other receivables are $(789,000) and $(139,000) respectively.

As shown in Note 29(b) (page 122 – Credit risk: Trade receivables), trade receivables past due more than 6 months mostly relate to school fees and royalty income and sales of merchandise.

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2021 are set out in the provision matrix as follows:

		Past due			
Group	**Not past due $'000**	**Less than 3 months $'000**	**3 to 6 months $'000**	**More than 6 months $'000**	**Total $'000**
School fees					
Trade receivables	28	735	163	465	1,391
Loss allowance	–	–	–	(183)	(183)
Franchise income					
Trade receivables	4,688	150	–	414	5,252
Loss allowance	–	–	–	(27)	(27)
Royalty income and sales of merchandise					
Trade receivables	972	616	200	1,250	3,038
Loss allowance	–	–	–	(572)	(572)
Others					
Trade receivables	–	32	–	–	32
Loss allowance	–	–	–	–	–

(Source: company annual report)

To put things in perspective, net profit for the year amounted to $2.6 million while the impairment loss was $(928,000).

(i) What are the profiles of the debtors with long overdue payments in school fees? What are management's efforts to collect the overdue payments?

(ii) In addition, what are the reasons for franchisees to be slow in their franchise fee payment? Are those with long outstanding payments underperforming in their centres?

(iii) What is the nature of the underlying transactions relating to "royalty income and sales of merchandise"? Similarly, how is management working to collect on the outstanding receivables?

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q3. As noted in the corporate governance report, the company has engaged Messrs KPMG Services Pte. Ltd. as its internal auditors (IA). The primary reporting line of the internal audit function is to the audit committee (AC).

The AC is satisfied that the IA is staffed by suitably qualified and experienced professionals and is independent, effective and adequately resourced. The internal audit work carried out is guided by the KPMG Global Internal Audit standard and the International Standards for the Professional Practice of Internal Auditing set out in the International Professional Practices Framework issued by The Institute of Internal Auditors (the "IIA"). The internal auditors are a member of the IIA, Singapore, a professional internal auditing body affiliated to the IIA, Inc.

(i) **What was the scope of the internal audit in FY2021?**

(ii) **Are all the subsidiaries (including the Australian entities) and the joint ventures included in the IA?**

(iii) **How were the scope and the effectiveness of the IA affected in the last two years?**

(iv) **What were the key findings and the recommendations of the IA?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US