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

RESPONSE TO SGX QUERY REGARDING ANNUAL REPORT

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 on 3 May 2020 in relation to the Company's Annual Report for the financial year ended 31 December 2019 (the "**FY2019 Annual Report**"), and sets out the Company's response as follows:

SGX Query:

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.

We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of the policy and criteria for setting remuneration as well as disclosure of the amounts of remuneration of each individual director and the CEO. There were no explanations provided for in your FY2019 Annual Report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices 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.

Company's Response:

The Company is of the view that explanations were provided in its FY2019 Annual Report on how the practices that it has adopted are consistent with the intent of Principle 8 of the Code, namely, that there is 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.

In this respect, the Company disclosed on page 41 of its FY2019 Annual Report that 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.

In addition, the following disclosures were made 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:

(i) Page 39, FY2019 Annual Report – The remuneration of the Company's Executive Director / 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 Executive Director'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) Page 39, FY2019 Annual Report – The Company's Executive Director / 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) Page 40, FY2019 Annual Report – The Remuneration Committee is of the view that the remuneration of the Company's Non-Executive Directors is appropriate to 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.

(iv) Page 41, FY2019 Annual Report – The total remuneration of the 6 Directors was S$1,145,000, and the percentage breakdown of remuneration between Salary, Bonus and Other Benefits for the Company's Executive Director / CEO was set out.

(v) Page 1, Notice of Annual General Meeting – The 5 Non-Executive Directors' fees for FY2019 were S$207,000. The actual remuneration of the Company's Executive Director / CEO can therefore be derived from the above to be S$938,000. Similarly, the average of each of the 5 Non-Executive Directors' fees can be derived from the above to be S$41,400.

MindChamps PreSchool Limited
6 May 2020