MindChamps®
preschool

FY2017 AGM

16 April 2018



MindChamps®
preschool

Launching the Red Dot to the World!



Who holds the No. 1 position in the university domain?





MindChamps® preschool

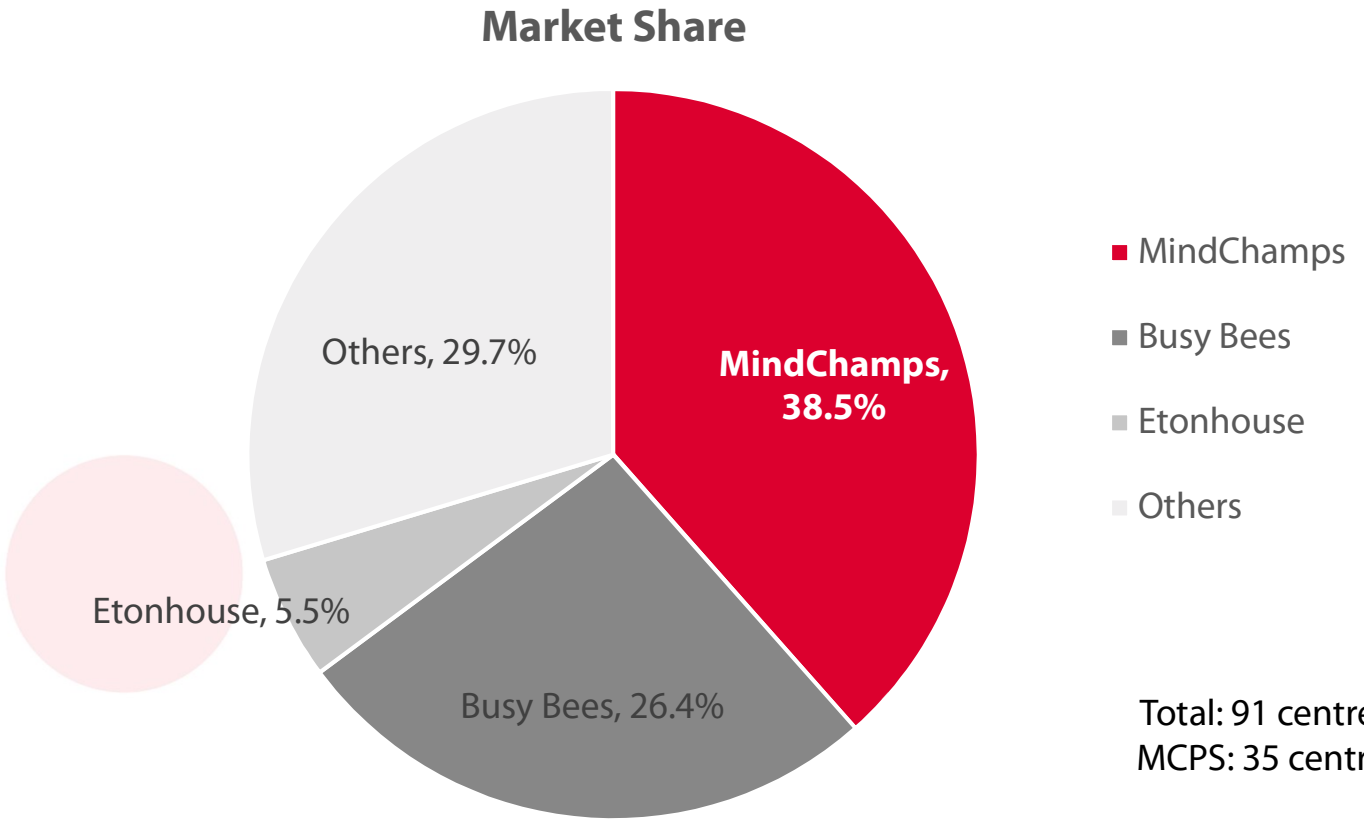
Number 1 position in Singapore



MindChamps® preschool

MindChamps PreSchool – Largest Market Share in Premium Range Preschool

Based on the number of private premium preschools in Singapore, MindChamps has a market share of 38.5%



Total: 91 centres;
MCPS: 35 centres

Note:
Defined in the Independent Market Research Report as preschool child care centres that charge each student S$1,700 and above (based on non-promotional rates and before GST and government subsidies) per month for a 5-day week or 5.5-day week full-day programme

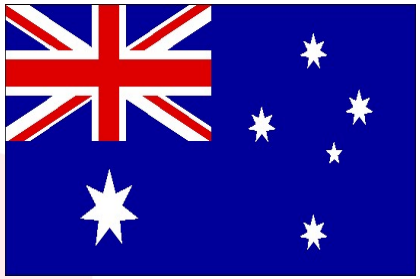
Source: Independent Market Research

MindChamps® preschool

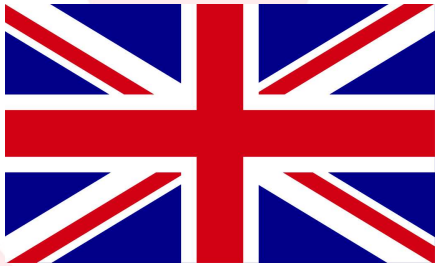
Vision: Take the Number 1 Position Globally













MindChamps® preschool

C

BUSINESS



SIM HOCK HENG
SANLI CHIEF RIDES
WATER SECTOR WAVE C3

MindChamps in tie-up to enter China

Joint venture will have fund for setting up and acquiring pre-school centres in the country

Nisha Ramchandani

MindChamps PreSchool has signed a joint venture agreement with China First Capital Group (CFCG) that will allow it to make its first foray into China.

The joint venture (JV) will see the establishment of a fund that aims to raise an initial tranche of US$200 million (S$262 million) from the offering and sale of limited partnership interests to limited partners, MindChamps said in its announcement yesterday.

MindChamps and CFCG may also invest in the fund, which will be used to set up and acquire pre-school centres under the MindChamps brand in China.

First Capital Asset Management, which is indirectly wholly owned by CFCG, will be appointed as an investment adviser to the fund.

MindChamps and CFCG will also incorporate a new company, which will be appointed the master franchisee in China. MindChamps will own 49 per cent in the master franchisee; and CFCG, the remainder.

MindChamps will receive income from areas such as licence fees from the master franchisee as well as royalties from the pre-schools.

Mr David Chiem, chief executive of MindChamps PreSchool, said of its Champion Mindset pre-schools: "With the success of our research and implementation in Singapore, we are excited to now launch this breakthrough education model in China to make a difference to the children of China and the world at large."



MindChamps PreSchool chief executive David Chiem (left) and China First Capital Group chairman Wilson Sea. MindChamps and CFCG will incorporate a new company, which will be appointed the master franchisee in China. PHOTO: MINDCHAMPS

Hong Kong-listed CFCG is a cornerstone investor in the company's initial public offering, which took place in November last year, as are Hillhouse Capital Management and Target Asset Management. Singapore Press Holdings, which owns The Straits Times, also holds a stake in MindChamps.

Mr Wilson Sea, chairman of CFCG, said: "CFCG highly values our tie-up with MindChamps and considers the JV as a core strategic platform of our education business in China. We are fully committed and firmly believe that MindChamps' investors will reap long-term benefits from their investments into the SGX-listed company."

According to a 2017 Deloitte education industry report, China's pre-school education market swelled to 380 billion yuan (S$78.6 billion) in 2016, and is expected to exceed 540 billion yuan by 2020.

MindChamps was founded as an educational research centre in Australia in 1998, and opened its first pre-school in Singapore in 2008.

It is now the largest operator and franchisor of premium range pre-school centres here and the first such operator in Singapore to be publicly listed.

The company made its debut on the main board of the Singapore Exchange in November last year after raising $46.2 million in its initial public offering at 83 cents per share.

MindChamps now has over 50, mostly franchisee-owned, pre-schools and enrichment centres in Singapore, Australia, Abu Dhabi, Dubai and the Philippines.

In December last year, the company inked a master franchise agreement to open 10 MindChamps pre-school centres and five reading centres in Myanmar, and another such deal to set up 20 pre-school and reading centres in Vietnam.

Shares of MindChamps closed up 0.5 cent, or 0.7 per cent, at 70.5 cents on Thursday.

nishar@sph.com.sg

$200m

Amount in US dollars that fund established by joint venture aims to raise in initial tranche, from the offering and sale of limited partnership interests to limited partners.

380b

Value in yuan of China's pre-school education market in 2016, according to a Deloitte education industry report last year.

MindChamps to enter China with joint venture partner

US$200 million fund to be set up from offering and sale of limited partnership interests

By Nisha Ramchandani
nishar@sph.com.sg
@Nisha_BT

Singapore

MINDCHAMPS PreSchool has signed a joint venture agreement with China First Capital Group (CFCG) that will allow it to make its foray into China.

The joint venture will see the establishment of a fund that aims to raise an initial tranche of US$200 million from the offering and sale of limited partnership interests to limited partners. MindChamps and CFCG may also invest in the fund, which will be used to set up and acquire preschool centres under the MindChamps brand in China.

First Capital Asset Management, which is indirectly wholly owned by CFCG, will be appointed as an investment adviser to the fund.

MindChamps and CFCG will also incorporate a new company which will be appointed the master franchisee in China. MindChamps will own 49 per cent in the master franchisee, and CFCG the remainder. MindChamps will receive income from areas such as licence fees from the master franchisee as well as royalties from the preschools.

Chief executive officer of MindChamps PreSchool, David Chiem, said of its Champion Mindset preschools: "With the success of our research and implementation in Singapore, we are excited to now launch this breakthrough education model in China to make a difference to the children of China and the world at large."

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In December last year, the company inked a master franchise agreement to open 10 MindChamps preschool centres and five reading centres in Myanmar, and another such deal to set up 20 preschool and reading centres in Vietnam.

Shares of MindChamps closed at 70.5 Singapore cents, up half-a-cent, on Thursday.



"With the success of our research and implementation in Singapore, we are excited to now launch this breakthrough education model in China to make a difference to the children of China and the world at large."

David Chiem (left), MindChamps PreSchool CEO

THE BUSINESS TIMES

S$1.20 A SINGAPORE PRESS HOLDINGS PUBLICATION | businesstimes.com.sg | fb.com/thebusinesstimes | @BusinessTimes | CO REGN NO 198402868E | MCI (P) 037/12/2016 Tuesday, April 10, 2018

MindChamps, Temasek tie up in preschool franchisee fund

By Annabeth Leow
leowhma@sph.com.sg
@AnnabethLeowBT

Singapore

PRESCHOOL operator MindChamps Preschool and a Temasek Holdings unit are co-investing in a fund for international franchisees, in a joint venture inked on Monday.

The MindChamps PreSchool Global Fund will invest, directly or indirectly, in local education fund products to buy and set up schools run under the "MindChamps" brand.

The holding company to manage the fund will be 70 per cent owned by MindChamps. The remaining stake will be held by Palace Investments – a subsidiary of state investment firm Temasek's Pavilion Capital Holdings.

Palace Investments will commit US$50 million to the fund, which will raise capital from the offering and sale of limited partnership interests, including to third-party investors.

MindChamps had earlier inked a joint venture with China First Capital Group, to set up the MindChamps PreSchool China Fund in February.

The company said it expects to receive profits from the operations of the new holding company, which will get dividends from the general partners of the MindChamps PreSchool Global Fund, the MindChamps PreSchool China Fund, and any other funds or other similar arrangements that could be set up in future.

It is also looking at profits from the operations of the investment manager, which will receive annual management fees from the MindChamps PreSchool Global Fund. And if the returns exceed an agreed threshold, MindChamps will be entitled to a portion beyond that threshold, too.

MindChamps closed up four Singapore cents at S$0.82, after the announcement.

TUESDAY APRIL 10, 2018 SINCE 1845
THE STRAITS TIMES

MindChamps, Temasek unit to set up pre-school investment fund

Pre-school operator MindChamps PreSchool and a Temasek Holdings unit are co-investing in a fund for international franchisees, it was announced yesterday. The MindChamps PreSchool Global Fund will invest, directly or indirectly, in local education funds to buy and set up schools run under the MindChamps brand.

The holding company to manage the fund will be 70 per cent owned by MindChamps, with the rest held by Palace Investments – a subsidiary of Temasek's Pavilion Capital Holdings.

Palace Investments will commit US$50 million (S$65.7 million) to the fund, which will raise capital from selling limited partnership interests, including to third-party investors.

MindChamps inked a joint venture with China First Capital Group in February to set up the MindChamps PreSchool China Fund.

The company said it expects to receive profits from the operations of the new holding company, which will get dividends from the general partners of the MindChamps PreSchool Global Fund, the MindChamps PreSchool China Fund and any other funds or other similar arrangements that could be set up in future.

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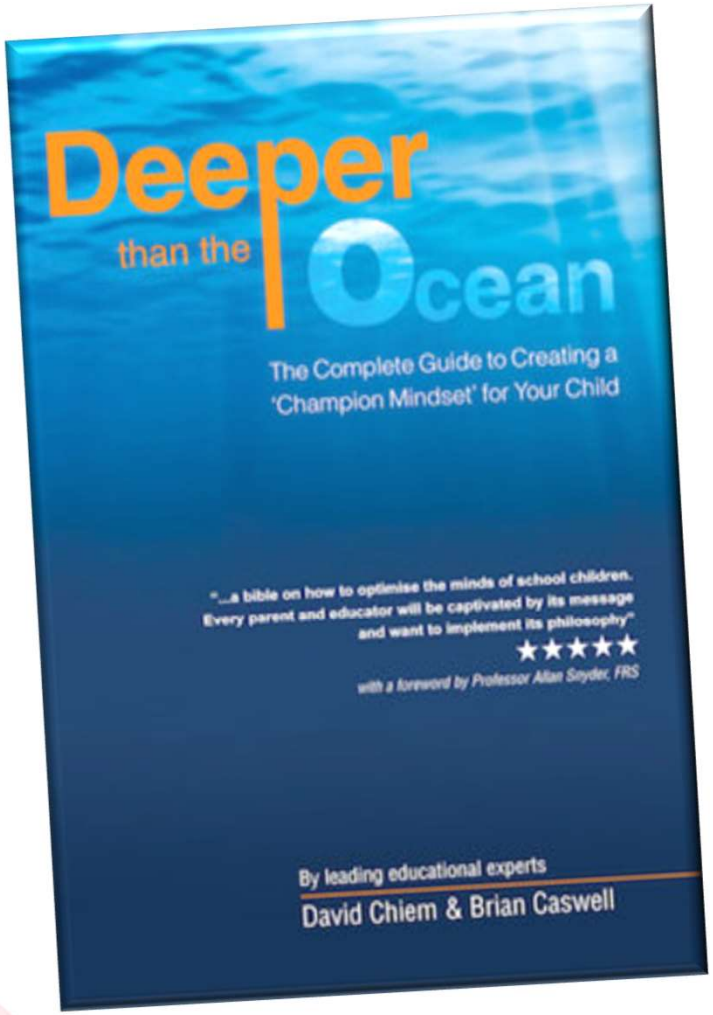


Mr. David Chiem, Founder CEO & Executive Chairman, Mindchamps PreSchool Limited, with Mr. Tow Heng Tan, CEO of Pavilion Capital

MindChamps® preschool



Century of the Mind



Championship was never found in the sterile accumulation of facts and figures. Championship is confident and creative, and the 21st Century – *'The Century of the Mind'* – will demand creativity of its citizens. It will demand champions.

page 29

MindChamps® preschool



Commanding No. 1 Position

MindChamps to open nursery in Abu Dhabi

Its first outlet in the Middle East can admit 192 children and will employ 35 teachers

Felicia Choo

Singapore education firm MindChamps will help to nurture young minds in the United Arab Emirates (UAE) when it opens its first nursery in the Middle East in April next year.

MindChamps Nursery will be housed in a purpose-built two-storey building of 1,100 sq m in Abu Dhabi in the UAE.

It will be able to admit 192 children aged 1½ months to four years old and employ around 35 teachers.

The nursery is a collaboration between MindChamps and Bloom Education, the education division of Abu Dhabi-based developer Bloom Holdings.

The companies plan to open 10 more nurseries over the next five years in the UAE, including another nursery in Abu Dhabi and in Dubai.

"There is a gap globally for early childhood (education) and MindChamps is very big on creating a model that is based on scientific research," said Mr David Chiem, founder, chairman and group chief executive officer of MindChamps.

He noted that research shows that the optimal way of nurturing a child is through language acquisition, nurturing the mind and learning how to learn.

It "transfers quite easily into every part of the world", he added.

Mr Henning Fries, chief executive officer of Bloom Education, said: "When we went to scout the world for the thought-leaders in that field, naturally, we ended up coming to Singapore, where we're very fortunate to forge a relationship with somebody that's already proven that, in a very competitive environment, that model of education works extremely well."

He added: "There is no doubt that the unique and highly effective education model MindChamps has perfected will have tremendous success within the Middle East."

MindChamps has 33 pre-schools in Singapore. It also has two pre-schools in Manila in the Philippines and two reading and writing centres in Sydney, Australia.

Media company Singapore Press Holdings bought a stake in MindChamps in 2014.

feliciac@sph.com.sg

Saif bin Zayed Al Nahyan

Deputy Prime Minister
United Arab Emirates

Crown Prince
Son of Zayed bin Sultan Al Nahyan



MindChamps® preschool



Mr. Sameh Muhtadi (Group CEO, Bloom Holding)
and Mr. David Chiem (Founder, Chairman & Group CEO, MindChamps)

MindChamps®
preschool


MindChamps nursery



1. Proprietary Intellectual Property

IPOS Award for Trade Mark Portfolio

Overall Winner

WIPO-IPOS
IP AWARDS
2015

World Intellectual Property Organization
Intellectual Property Office of Singapore



MindChamps®
preschool

Case of Trade Mark Infringement

MINDCHAMPS MONTESSORI INCORPORATED

- In April 2014, we discovered a company named 'MINDCHAMPS MONTESSORI INCORPORATED' listed on the Philippines online business directory, PHILIPPINECOMPANIES.COM
- The company has since been renamed to NOBLEMINDS MONTESSORI.



MindChamps® preschool



2. System & Standard for Excellence

Franchisor of the Year
Overall Winner



FRANCHISOR
of the Year 2013
WINNER
by Franchising & Licensing Association (Singapore)

MindChamps® preschool



Brand

Superbrands

Mark of Excellence for Consecutive 4 years

Highly respected award that symbolises quality and prestige



MindChamps® preschool

Influential Brands

Voted by 3,000 Gen Y parents in an Asia- wide market research covering 5 countries – Singapore, Malaysia, Indonesia, Thailand, and China, for 4 years consecutively









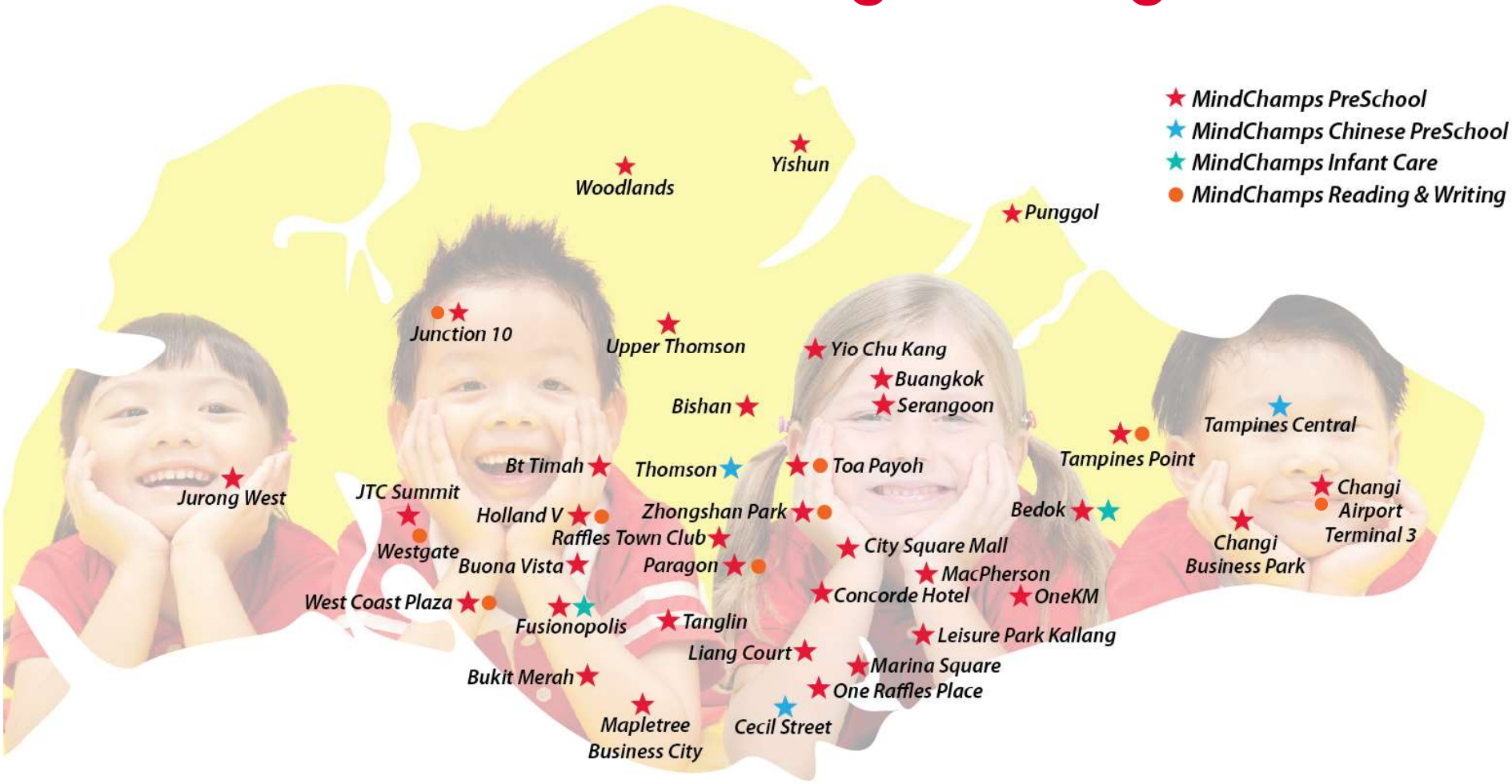
MindChamps preschool

MindChamps®

preschool

MindChamps®
preschool

36 PreSchools, 3 Chinese PreSchools
2 Infant Care & 9 Reading & Writing centres



MindChamps® preschool

Paragon





Level 6, 5,400 sq ft

MindChamps® preschool

Changi Airport Terminal 3



Level 3,
11,000 sq ft

MindChamps®
preschool

Punggol Northshore





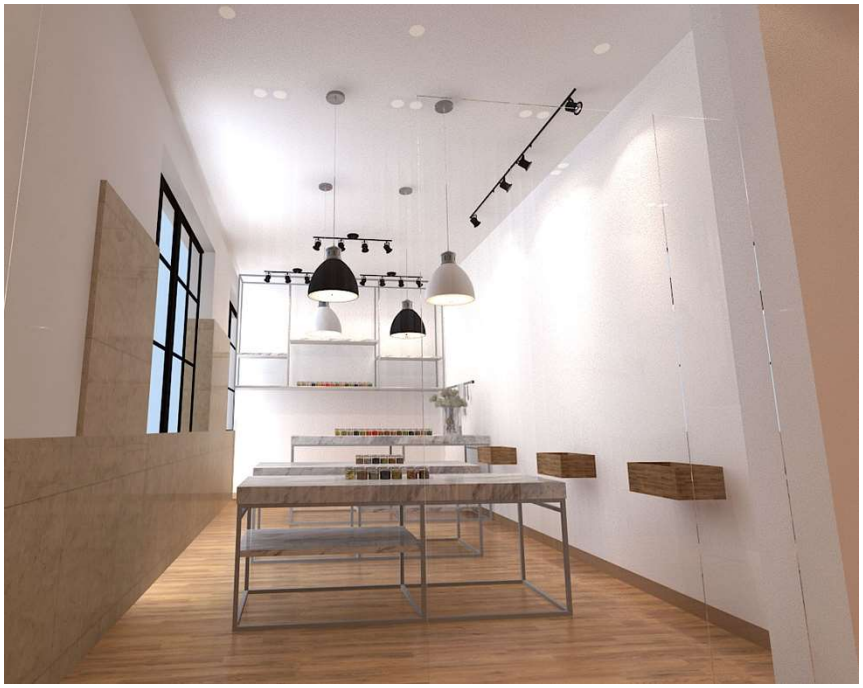


Marina Country Club, 15,000 sq ft of learning space with outdoor play area and eco garden

MindChamps® preschool

Raffles Town Club







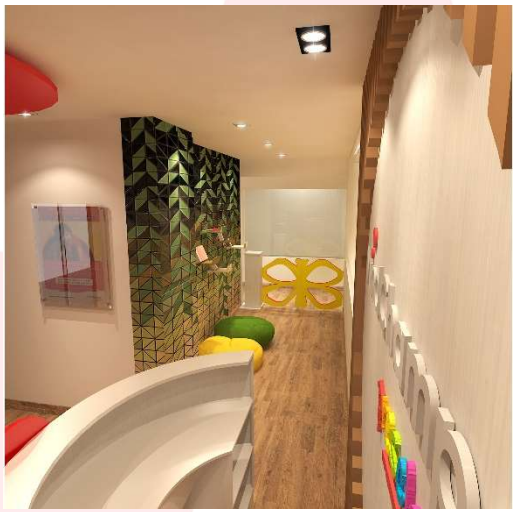
5,200 sq ft of learning space with Gourmet room and outdoor swimming pool & tennis court

MindChamps® preschool

One Raffles Place







Level 6

8,000 sq ft of learning space and 2,000 sq ft of outdoor learning area

MindChamps® preschool

MindChamps®

CHINESE PRESCHOOL

华文幼儿园

MindChamps®
preschool

Tampines Central
淡滨尼中心



6,500 sq ft



MindChamps® preschool

MindChamps®

early learning

Australia

MindChamps® preschool

Broadway



MindChamps® preschool

Broadway



MindChamps® preschool

Broadway



MindChamps® preschool

Cherrybrook



MindChamps®
preschool

Cherrybrook



MindChamps® preschool

Cherrybrook



MindChamps® preschool

Eastwood



MindChamps® preschool

Eastwood



MindChamps® preschool

Eastwood



MindChamps®
preschool

Hornsby



MindChamps® preschool

Hornsby



MindChamps® preschool

Hornsby





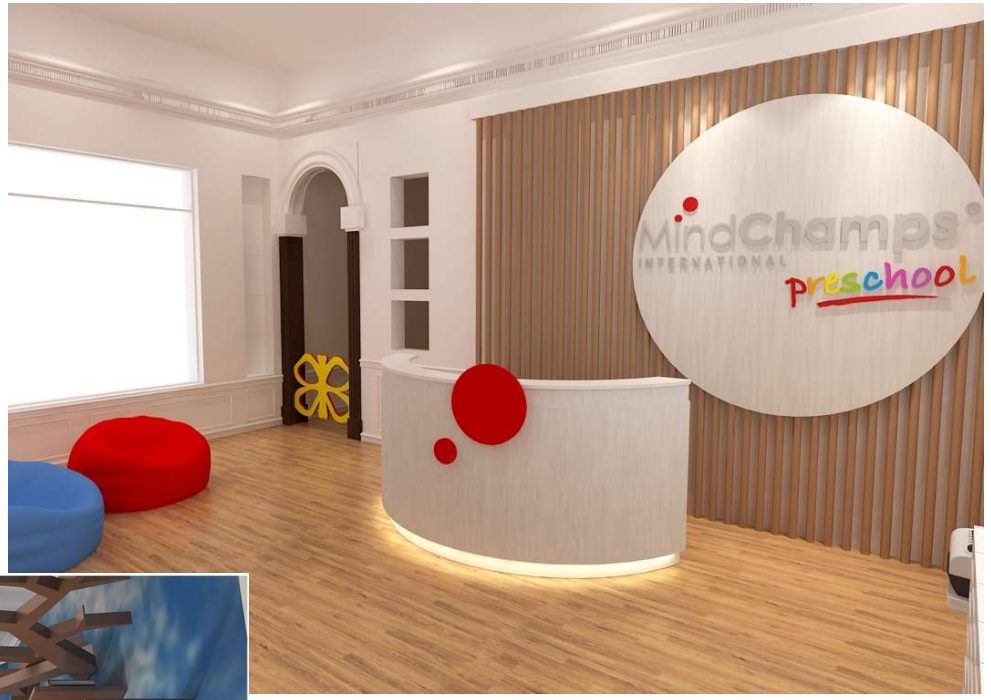
MindChamps® preschool

MindChamps®
INTERNATIONAL preschool

Vietnam

MindChamps®
preschool

Ho Chi Minh





MindChamps®
preschool

Hanoi





MindChamps®
preschool



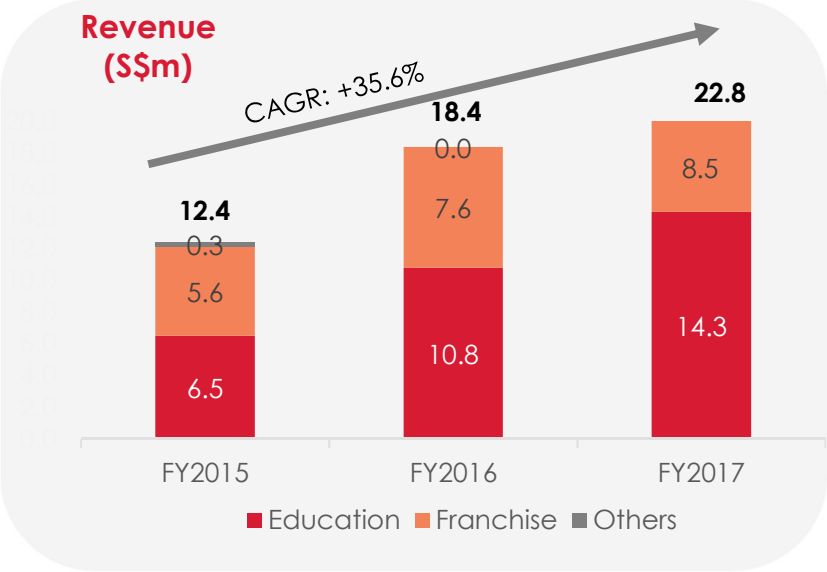
Financial Highlights

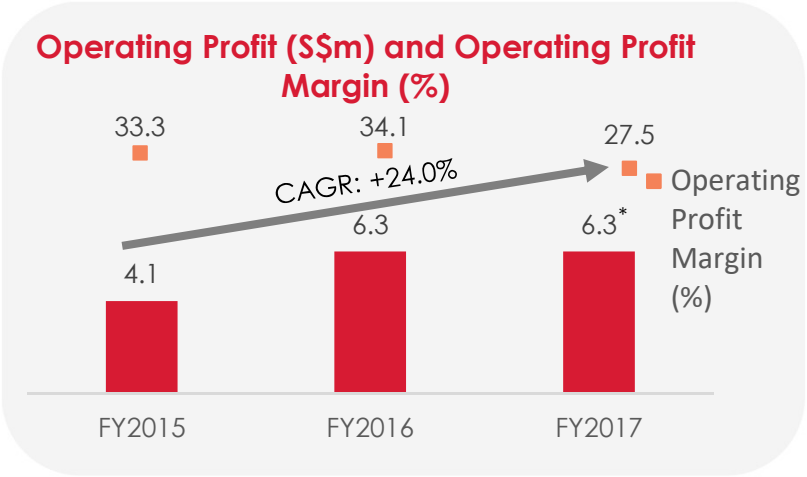
Consolidated Statement of Comprehensive Income

	Group 2017 $'000	Group 2016 $'000
Revenue	22,791	18,418
Cost of sales	(7,656)	(5,974)
Gross profit	15,135	12,444
Other income	1,442	1,214
Expenses		
- Administrative	(9,742)	(7,031)
- Marketing	(560)	(358)
Operating profit	6,275	6,269
Other (loss)/gain - net	(13)	16
Non-operating expenses		
- Finance	(58)	(5)
- Initial public offering	(507)	-
- Mergers and acquisitions	(495)	
Profit before income tax	5,202	6,280
Income tax expense	(312)	(447)
Net profit	4,890	5,833
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation - (Loss)	(212)	(3)
Total comprehensive income	4,678	5,830
Profit attributable to:		
Equity holders of the Company	4,565	5,391
Non-controlling interests	325	442
	4,890	5,833
Total comprehensive income attributable to:		
Equity holders of the Company	4,353	5,388
Non-controlling interests	325	442
	4,678	5,830

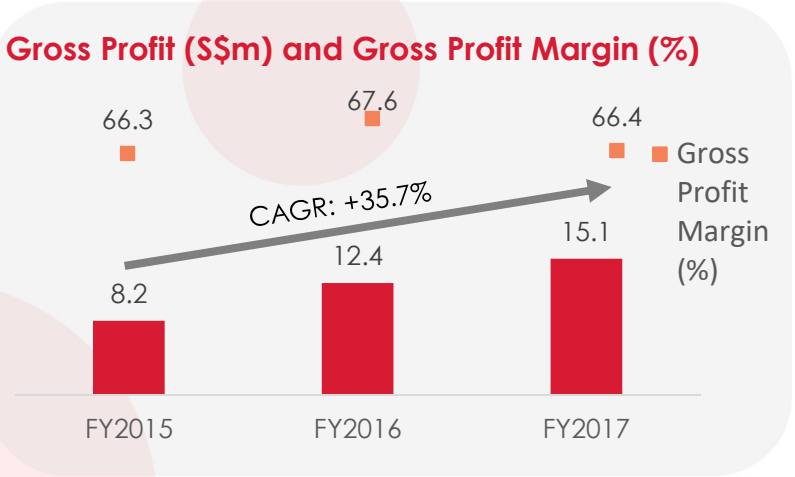
MindChamps® preschool

Strong Growth in Revenue, Gross Profit and Operating Profit

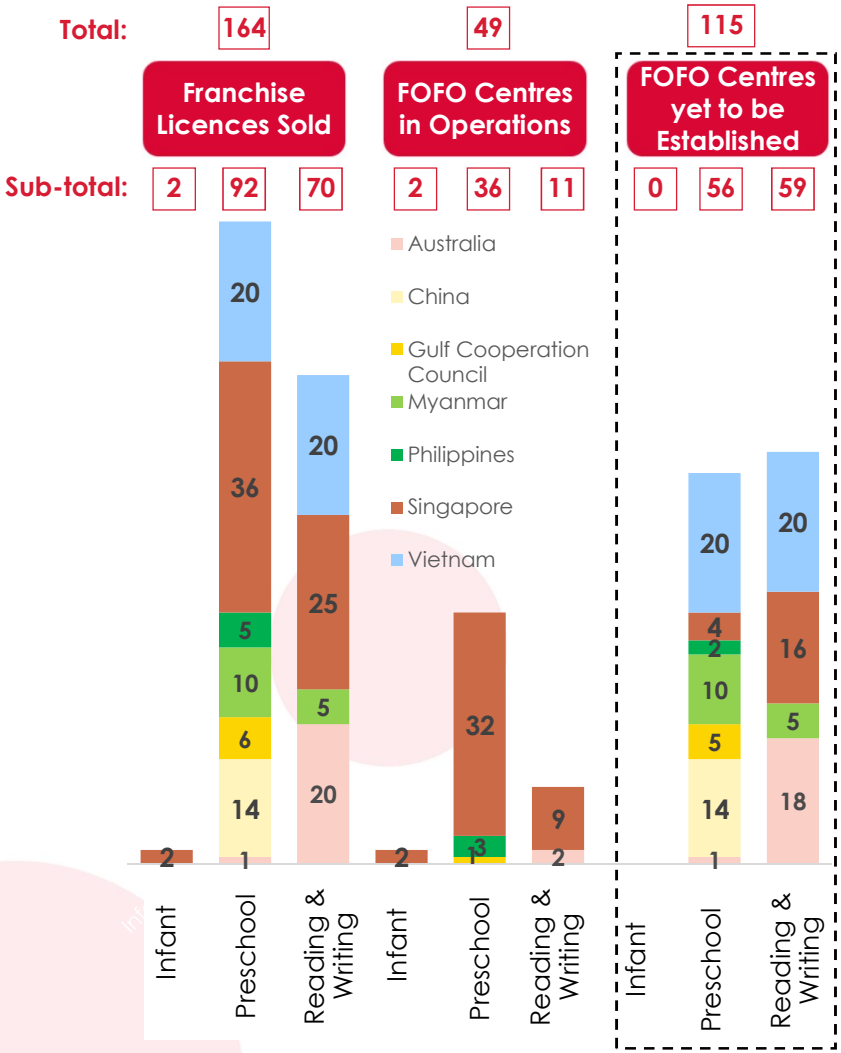


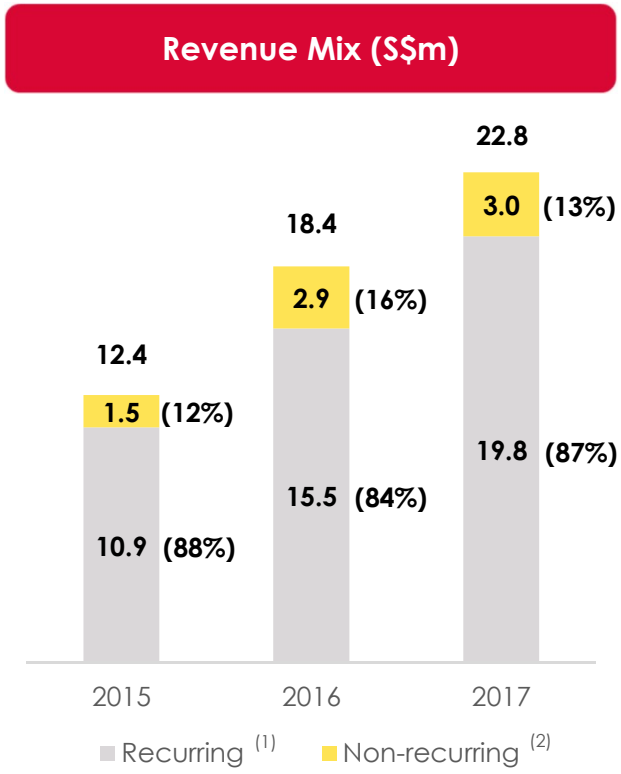


*Excluding IPO and Mergers and Acquisitions Expenses



Strong Earnings Through Franchise Business Model and High Proportion of Recurring Revenue



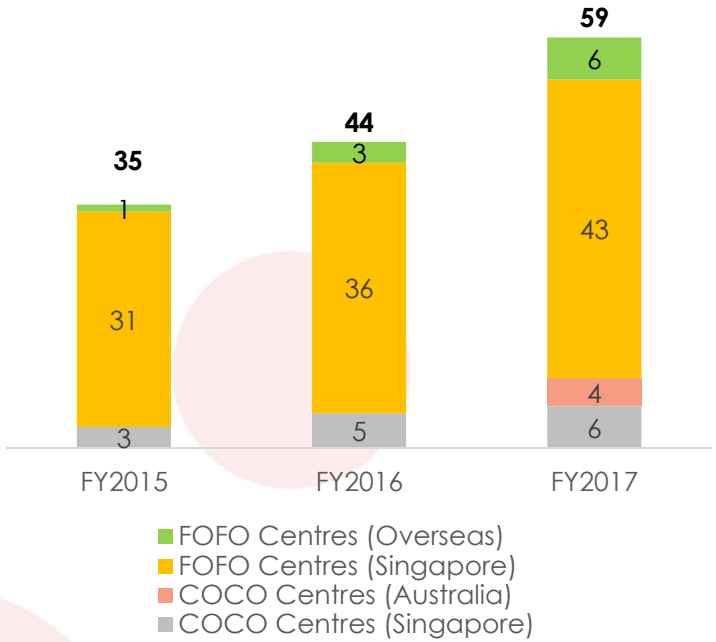


Notes:
1. Comprises school fees, royalty fees, sales of merchandise, school event income and other income that recur periodically
2. Comprises franchise income resulting from franchise sales

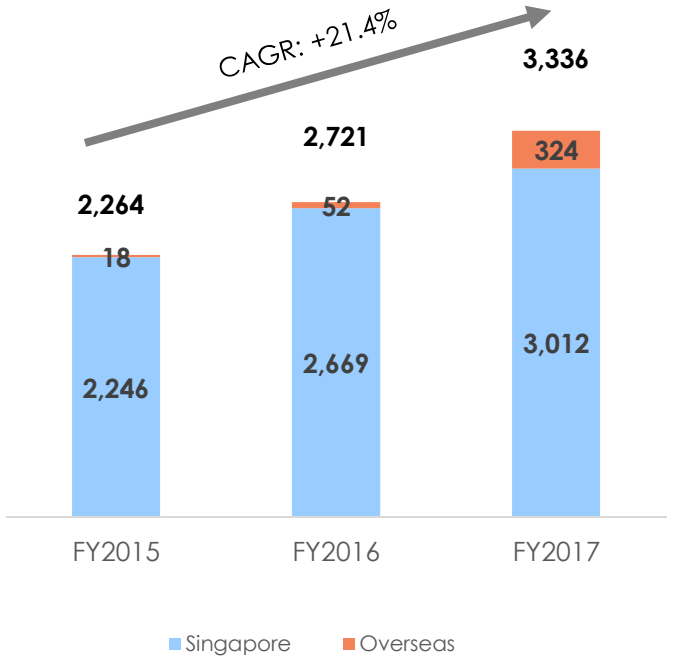
Scalability and Rapid Growth Through Our Robust Franchise and Education Businesses

Total Number of Centres

- **CAGR in Singapore: 54.1%[1]**
- **CAGR in Singapore and overseas: 57.3%[2]**



Total Number of Students



Notes:
1. From 1 to 49 centres (from inception in 2008 to 2017)
2. From 1 to 59 centres (from inception in 2008 to 2017)

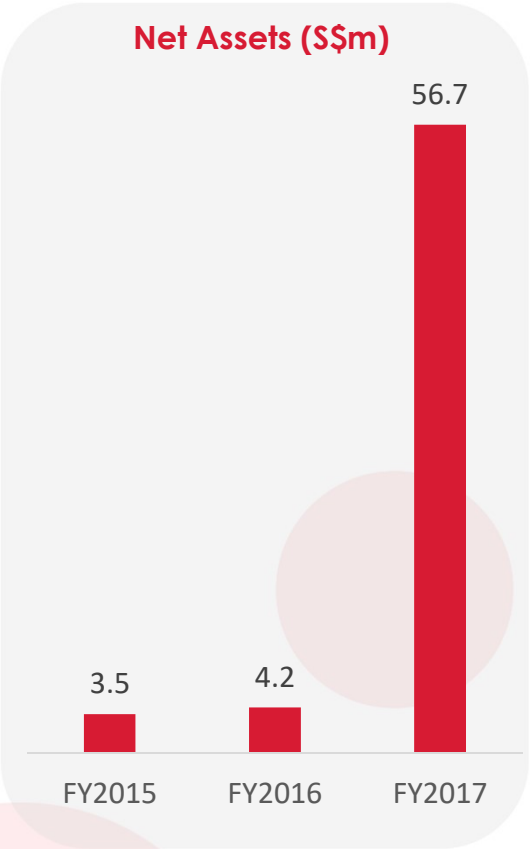
MindChamps® preschool

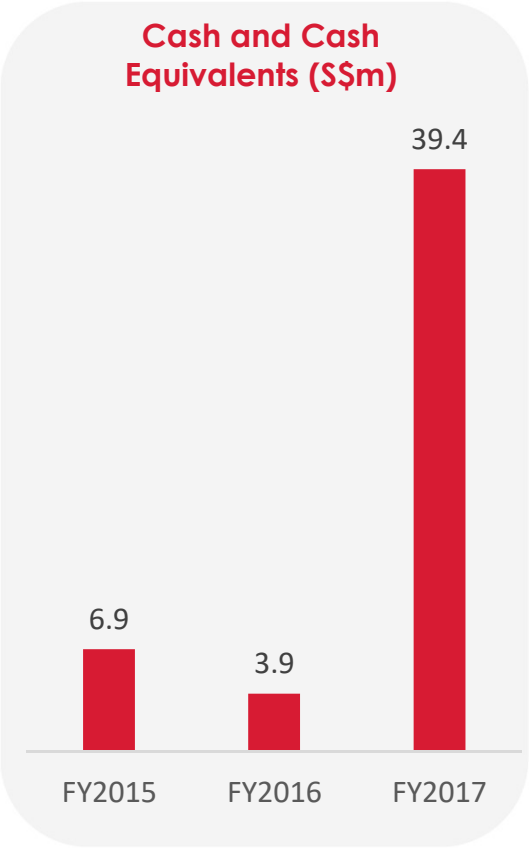
Consolidated Balance Sheet

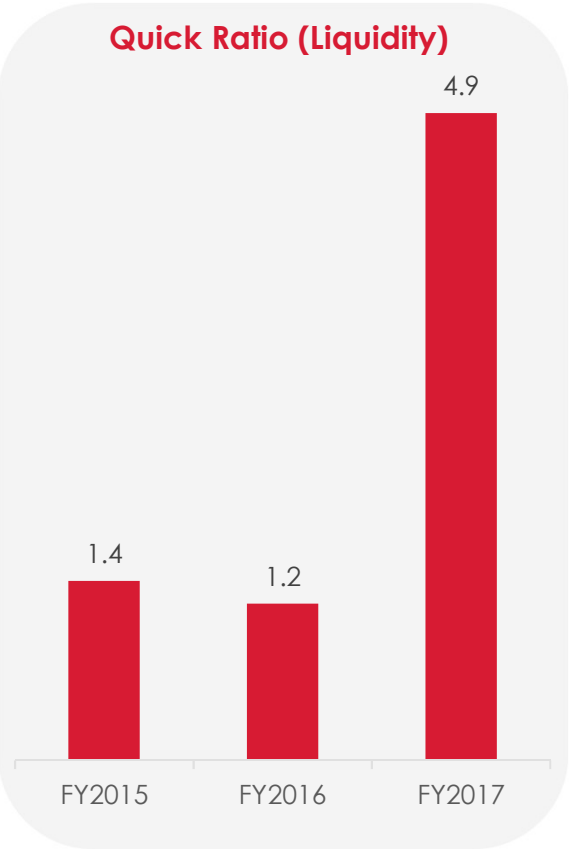
	Group 2017 $'000	Group 2016 $'000
ASSETS		
Current assets		
Cash and cash equivalents	39,377	3,874
Trade and other receivables	7,944	5,404
Inventories	90	80
	47,411	9,358
Non-current assets		
Property, plant and equipment	1,725	1,147
Intangible assets	21,679	5,429
Deferred income tax assets	388	-
Investments in subsidiary corporations	-	-
	23,792	6,576
Total assets	71,203	15,934
LIABILITIES		
Current liabilities		
Trade and other payables	5,046	5,218
Deferred income	1,635	2,089
Borrowings	2,315	40
Current income tax liabilities	722	484
	9,718	7,831
Non-current liabilities		
Other payables	-	3,737
Borrowings	4,636	56
Deferred income tax liabilities	17	-
Provision for reinstatement costs	164	145
	4,817	3,938
Total liabilities	14,535	11,769
NET ASSETS	56,668	4,165
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	49,301	500
Currency translation reserve	(175)	37
Retained profits	7,574	3,187
	56,700	3,724
Non-controlling interests	(32)	441
TOTAL EQUITY	56,668	4,165

MindChamps® preschool

Underpinned by Strong Financial Position







MindChamps® preschool

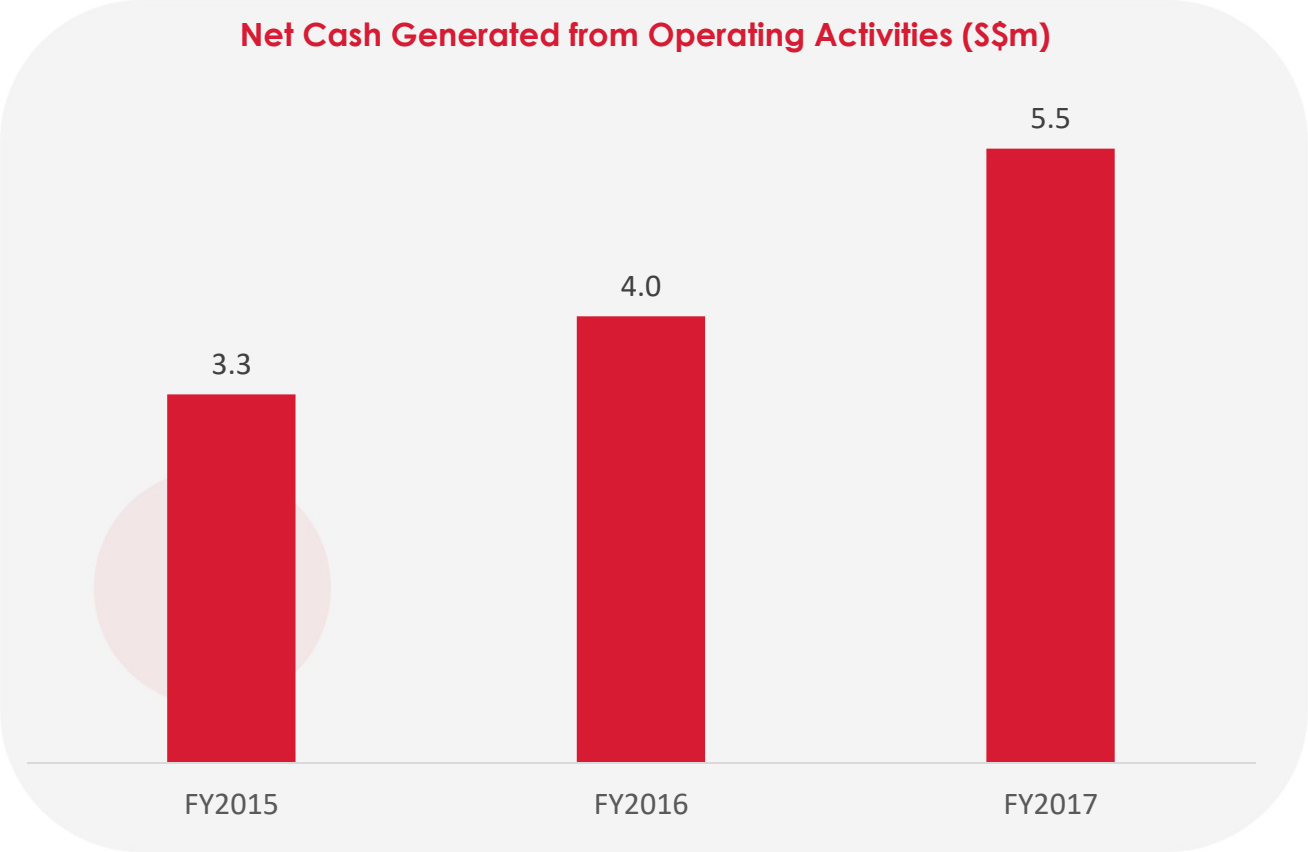
Consolidated Statement of Cash Flow

	Group	
	2017 $'000	2016 $'000
Cash flows from operating activities		
Net profit	4,890	5,833
Adjustments for:		
- Amortisation of intangible assets	509	305
- Depreciation of property, plant and equipment	421	240
- Write-down of property, plant and equipment	-*	-
- Interest expense	58	5
- Interest income	(40)	(24)
- Income tax expense	312	447
- Initial public offering expenses	507	-
- Mergers and acquisitions expenses	495	-
- Unrealised currency translation losses	17	1
	7,169	6,807
Change in working capital:		
- Trade and other receivables	(2,387)	(2,161)
- Inventories	(9)	(25)
- Trade and other payables	2,042	(205)
- Deferred income	(876)	(92)
Cash generated from operations	5,939	4,324
Income tax refund	39	36
Income tax paid	(484)	(385)
Net cash provided by operating activities	5,494	3,975
Cash flows from investing activities		
Additions to property, plant and equipment	(419)	(585)
Additions to intangible assets	(723)	(458)
Acquisitions of subsidiary corporations, net of cash acquired	-	(611)
Acquisitions of preschool businesses	(16,629)	-
Acquisitions of non-controlling interests	(680)	-
Interest received	40	24
Acquisitions related expenses paid	(495)	-
Net cash used in investing activities	(18,906)	(1,630)
Cash flows from financing activities		
Dividend paid to equity holders of the Company	(2,500)	(5,100)
Dividend paid to non-controlling interests	(110)	(237)
Interest paid	(33)	(5)
Repayments of finance lease liabilities	(40)	(38)
Repayments of bank borrowings	(6,298)	-
Proceeds from bank borrowings	13,168	-
Proceeds from initial public offering	47,566	-
Initial public offering expenses	(2,834)	-
Net cash provided by/(used in) financing activities	48,919	(5,380)
Net increase/(decrease) in cash and cash equivalents	35,507	(3,035)
Cash and cash equivalents		
Beginning of financial year	3,874	6,912
Effects of currency translation on cash and cash equivalents	(4)	(3)
End of financial year	39,377	3,874

** Less than $1,000*

MindChamps® preschool

Underpinned by Strong Operating Cashflows



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Thank You

