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## **PROPOSED INVESTMENT IN INVICTUS INTERNATIONAL SCHOOL PTE. LTD.**

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### **1. INTRODUCTION**

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”) is pleased to announce that its subsidiary, White Lodge Education Group Services Pte. Ltd. (the “**Purchaser**”) has today entered into:

- (a) a sale and purchase agreement (the “**SPA**”) with Invictus International School Pte. Ltd. (the “**Target**”) and certain shareholders of the Target (the “**Sellers**”), to acquire all the ordinary shares held by the Sellers in the issued share capital of the Target for the aggregate fixed consideration of approximately S\$4.5 million (the “**Sale Shares Consideration**”), in accordance with the terms of the SPA (the “**Proposed Acquisition**”); and
- (b) a share subscription agreement (the “**SSA**”) with the Target and Mr. John Anthony Fearon, as the management shareholder (“**Management Shareholder**”), to subscribe for new ordinary shares in the Target for the subscription price of S\$5 million (the “**Subscription Shares Consideration**”), in accordance with the terms of the SSA (the “**Proposed Subscription**”),

such that the Purchaser will hold 64.64% of the issued share capital of the Target immediately after the completion of the Proposed Acquisition and the Proposed Subscription (collectively, the “**Proposed Investment**”). The Company's effective interest in the Proposed Investment will be 45.25%.

### **2. INFORMATION ON THE TARGET**

Founded in 2015, the Target operates an independent co-educational international primary school at Dempsey Hill in Singapore, known as "Invictus International School". The school currently offers classes catering to students from Grades one to six, with the objective of providing premium education at an affordable cost. To this end, the school's curriculum combines the thematic approach of the International Primary Curriculum with Singapore Mathematics as well as English and Mandarin courses.

In addition to the above, the Target's wholly owned subsidiary, Swallows and Amazons Pte. Ltd. operates a pre-school centre known as "Swallows and Amazons" in the Turf Club complex in Singapore. The pre-school centre offers pre-nursery classes for children aged 18 months to two years, nursery classes for children aged three to four years, and kindergarten classes for children aged five to six years. The programmes offered by the pre-school centre seek to develop, in every child, confidence and a thirst for knowledge, while at the same time subscribing to the view that play is also essential to a child's intellectual and emotional development.

### **3. RATIONALE FOR THE PROPOSED INVESTMENT**

The Purchaser has been operating in the pre-school segment for over 19 years and currently operates a chain of pre-school centres in Singapore and Malaysia.

The Company believes that the Proposed Investment will bring synergy to the Purchaser's operations and expansion plans. In particular, the Proposed Investment presents a ready opportunity for expansion into the international primary school education segment.

The Purchaser's proven track record of emphasising on creative learning as well as a child's intellectual and emotional growth is also aligned with the teaching pedagogy of Invictus International School and Swallows and Amazons.

#### 4. PRINCIPAL TERMS OF THE SPA

- (a) **Consideration.** On the date of the completion of the SPA, the Purchaser will pay the Sale Shares Consideration in cash to the Sellers. The Sale Shares Consideration may be further adjusted based on subsequent events, including the performance of the Target for its financial year ending 31 December 2019 and the outcome of the renewal of certain leases.
- (b) **Terms.** The SPA contains customary provisions, including representations and warranties, pre-completion covenants regarding the operation of the Target's business, indemnities, limitations of the Seller's liabilities, and other commercial terms.
- (c) **Completion.** Completion is conditional upon the satisfaction of the conditions precedent set out in the SPA, including the completion of the Proposed Subscription. Completion is expected to take place within 60 days from the date of this announcement.

#### 5. PRINCIPAL TERMS OF THE SSA

- (a) **Consideration.** On the date of completion of the SSA, the Purchaser will pay the Subscription Shares Consideration in cash to the Target. The Purchaser will be entitled to receive additional new shares from the Target based on subsequent events, including the performance of the Target for its financial year ended 31 December 2019 and the outcome of the renewal of certain leases.
- (b) **Terms.** The SSA contains customary provisions, including representations and warranties, pre-completion covenants regarding the operation of the Target's business, indemnities, limitations of the liabilities of the Target and the Management Shareholder, and other commercial terms.
- (c) **Completion.** Completion is conditional upon the satisfaction of the conditions precedent set out in the SSA. Completion is expected to take place within 60 days from the date of this announcement.

#### 6. OTHER MATERIAL DOCUMENTS

In connection with the Proposed Investment, a shareholders' agreement was entered into between the Purchaser and the remaining shareholders of the Target (including the Management Shareholder) to regulate their relationship *inter se* as shareholders of the Target, and the conduct of the business and affairs of the Target and its subsidiaries.

#### 7. FINANCIAL IMPACT

The Sale Shares Consideration and the Subscription Shares Consideration were arrived at on a willing-buyer, willing-seller basis, taking into consideration, among others, the management strength and capabilities of the Target as well as the Company's assessment of the Target's business (including the scalability of the business and the quality of its curriculum), earnings, and prospects. The Sale Shares Consideration and the Subscription

Shares Consideration will be funded from bank borrowings and, if required, internal cash resources.

The Proposed Investment is not expected to have a significant impact on the net tangible assets and earnings per share of the Company for the current financial year ending 31 December 2019.

#### **8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors, and to the best of the Directors' knowledge, none of the substantial shareholders of the Company, has any interest, direct or indirect, in the Proposed Investment, other than through their respective shareholdings and/or directorships, as the case may be, in the Company.

Submitted by Tan Tee How, Executive Director, on 28 February 2019 to SGX