



CHIP ENG SENG CORPORATION LTD
Co. Reg. No. 199805196H

COLLABORATION WITH THE PERSE SCHOOL CAMBRIDGE INTERNATIONAL TO SET UP AN ELEMENTARY SCHOOL IN SINGAPORE

1. INTRODUCTION

The Board of Directors ("**Board**") of Chip Eng Seng Corporation Ltd ("**Company**") is pleased to announce that CES Cambridge Pte Ltd ("**CESC**"), the Company's wholly owned subsidiary, has today entered into an agreement (the "**Agreement**") with The Perse School Cambridge International Limited ("**TPSCI**").

The Agreement relates to the establishment of an elementary school in Singapore (the "**Elementary School**"), the ethos of which will reflect that of The Perse School. TPSCI is a wholly owned subsidiary of The Perse School, an independent school in Cambridge, United Kingdom.

The Elementary School will cater to students aged 6 to 11, and may also extend to a secondary school. CESC aims to set up the Elementary School by early 2020.

2. PRINCIPAL TERMS OF THE AGREEMENT

2.1 Term and Termination. The Agreement will take effect from 3 July 2019, and will continue for an initial term up to the end of the 50th academic year, unless terminated or further extended by the parties.

2.2 Exclusivity. Subject to the terms of the Agreement, CESC and TPSCI have granted to each other a mutual exclusivity for 30 years not to establish and operate elementary schools in Singapore using a British brand. In the event the Elementary School is extended to a secondary school, the exclusivity shall apply to the secondary school.

2.3 Intellectual Property. Subject to the terms of the Agreement, TPSCI has granted to CESC the right to use certain trademarks, including the name "Perse School", its crest logo and certain intellectual property rights of TPSCI and The Perse School.

2.4 Consideration. As consideration for the provision of services by TPSCI under the Agreement and the license and use of the trademarks and intellectual property rights granted under the Agreement, CESC will pay:

- (a) certain fixed fees which, in aggregate, amount to less than 1% of the total comprehensive income of the Company and its subsidiaries (collectively, the "**Group**") and less than 1% of the Group's profit attributable to the Company's shareholders, in each case, for the financial year ended 31 December 2018; and
- (b) annual fees calculated based on a percentage of total revenue from the operations of Elementary School for each academic year.

2.5 Role and Responsibilities of CESC. CESC will be responsible for, among other things, obtaining and ensuring compliance with all necessary permits, approvals and registrations for the establishment and operation of the Elementary School, overseeing the construction, fixtures and fittings and maintenance of the Elementary School, recruitment of students and

employment of all staff, maintaining suitable and adequate insurance policies for the safe and effective operation of the Elementary School and being responsible for the collection of financial and student records and other management information.

2.6 Role and Responsibilities of TPSCI. TPSCI will be responsible for, among other things, providing policy manuals detailing procedures and guidelines for the smooth functioning of the Elementary School, advising on the design, architecture and lay-out of the Elementary School, assisting in the design of the Elementary School's branding and on marketing and admissions material, advising on the various curricula and course outlines, facilitating in the appointment of key staff for the Elementary School, participating in the Advisory Council of the Elementary School and providing quality control visits and ongoing assistance and further developmental assistance.

3. INFORMATION ON THE PERSE SCHOOL

The Perse School was founded in Cambridge, United Kingdom, in 1615 by Stephen Perse, M.D., a Fellow of Gonville and Caius College, Cambridge University. Today, The Perse School's campuses remain located in Cambridge and comprise a pre-school (for children aged 3-7 years), a prep school (for students aged 7-11 years) and an upper school and sixth form (for students aged 11-18). The Perse School has an experienced Governing Board comprising Governors from diverse backgrounds. Three out of the 20 Governors of The Perse School are Fellows of colleges of Cambridge University.

The Perse School is well-known for producing students with excellent academic results. In the last five years, 185 pupils from The Perse School have gained admission to Cambridge University and Oxford University, which are prestigious universities in the United Kingdom. Its distinguished alumni include Nobel Prize Winners Sir George Thomson and Ronald Norrish, literary critics F.R. Leavis and E.M.W. Tillyard, actors Marius Goring and Josef Behrmann, cartoonist Mel Calman, theatre director Sir Peter Hall, film-maker Humphrey Jennings, scientist and theologian The Revd Dr John Polkinghorne and aviation pioneer Sir Arthur Marshall.

Beyond the classroom, The Perse School also offers a wealth of opportunity in music, drama, sport and outdoor pursuits, along with a vibrant programme of over 100 clubs and societies. The Perse School believes that it is through these extra-curricular opportunities that students take on responsibilities and become responsible whilst developing important life skills such as organisation, resilience and creativity.

4. RATIONALE FOR COLLABORATING WITH TPSCI

The Company recognises that The Perse School has rich historical and cultural roots, while being innovative at the same time. The Perse School's emphasis on quality education both inside and outside the classroom and providing a nurturing pastoral care environment also resonates with the Company's vision for the Elementary School.

In addition, the Company intends for the Elementary School to be a relatively affordable international school, which is in line with The Perse School's longstanding commitment to delivering an outstanding education whilst keeping a downward pressure on fee increases. The student body of The Perse School in the United Kingdom is a diverse one where The Perse School's significant bursary programme makes it accessible to students from diverse backgrounds.

5. OTHERS

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

None of the Directors and, to the best knowledge of the Directors, none of the controlling and substantial shareholders of the Company, has any direct or indirect interest in the collaboration with TPSCI.

Submitted by Tan Tee How, Executive Director, on 3 July 2019 to the SGX.