



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

FURTHER INVESTMENT IN INVICTUS INTERNATIONAL SCHOOL PTE. LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Chip Eng Seng Corporation Ltd. (the “**Company**”) wishes to announce that the Company is making a further investment in its subsidiary, Invictus International School Pte. Ltd. (“**Invictus**”), further details of which are set out below.

As at the date of this announcement, the Company has an effective interest of approximately 70.06% in Invictus through its wholly-owned subsidiary, CES WL Pte. Ltd. (“**CES WL**”) and its 70%-owned subsidiary, White Lodge Education Group Services Pte. Ltd. (“**WLEGS**”).

2. PRINCIPAL TERMS OF THE FURTHER INVESTMENT

- (a) **Acquisition of Sale Shares.** CES WL has, on 28 September 2020, entered into a sale and purchase agreement (the “**SPA**”) with John Anthony Fearon (“**John**”) to acquire all his shares in Invictus (the “**Sale Shares**”), representing approximately 16.77% of the issued share capital of Invictus.
- (b) **Change in Shareholding of Invictus.** On completion of the acquisition of the Sale Shares (the “**Completion**”), CES WL and WLEGS will own the entire share capital of Invictus. The Company’s effective interest in Invictus will increase from approximately 70.06% to approximately 86.83%.
- (c) **Value of Sale Shares:** Based on the latest unaudited management accounts of Invictus as at 30 June 2020, the net asset value attributable to the Sale Shares was approximately S\$902,589.
- (d) **Consideration.** The total consideration for the Sale Shares is S\$3,000,000, the full amount of which will be payable to John on Completion. The consideration was arrived at on a willing-buyer, willing-seller basis, taking into account amongst other things, the current prospects of Invictus and its subsidiaries (the “**Invictus Group**”).
- (e) **Resignation as Director.** Upon Completion taking place, John will resign from his directorships and executive positions within the Invictus Group.
- (f) **Completion.** Completion will take place on the fifth business day following the satisfaction of the conditions precedent, but in any event no later than thirty calendar days after the date of the SPA.

3. RATIONALE OF THE FURTHER INVESTMENT

Since the Company made its initial investment into the Invictus Group in April 2019, the Invictus Group has embarked on rapid expansion plans by leveraging on the Company's resources and expertise. Expansion of the Invictus Group's business include establishment of schools in new markets such as Hong Kong and Cambodia and extension of its curriculum offering from just the primary school segment to cater to the full scope of a K-12 education. In addition, as recently announced by the Company on 26 August 2020 (*Joint Venture with Dongguan Duowei Education Technology Co., Ltd*), Invictus will enter into licensing arrangements to allow the Company's joint venture vehicle in the People's Republic of China (the "PRC") to use and further license the "Invictus" brand and related trade marks to schools established within certain specified territories in the PRC. This provides the opportunity for the Invictus Group to extend its brand into the PRC as well as provide it with a recurring revenue stream from licensing fees.

By increasing the Company's effective stake in Invictus, the Company will be able to capture a larger share of the future value of the Invictus Group.

4. FINANCIAL IMPACT

The consideration for the acquisition of the Sale Shares will be funded from internal cash resources.

The acquisition of the Sale Shares 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 2020.

5. 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 acquisition of the Sale Shares, 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 September 2020 to the SGX.