



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

UPDATE ON EDUCATION BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Chip Eng Seng Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the recently announced regulatory measures in the People’s Republic of China (the “**PRC**”) targeting the tuition industry.

In particular, all businesses in the PRC offering tutoring on core school subjects will have to be registered as non-profit organisations. Restrictions will also be imposed on foreign investment in curriculum-based tutoring businesses. Based on the official statement, the implementation of these measures will be immediately piloted at a few major cities in the PRC.

The Company wishes to update that, save for the Group’s investment in Guangzhou Yuanda Information Development Co., Ltd (“**Yuanda**”), the Group’s other education-related ventures in the PRC are not in tuition.

Yuanda will likely be affected by the measures as its current key product offering relates to online and onsite tutoring in primary school mathematics. As at the date of this announcement, the Group has an interest of approximately 34.97% in Yuanda, through a variable interest entity (VIE) arrangement.

As at 30 June 2021:

- The carrying amount of the Group’s investments in its education-related ventures in the PRC is approximately S\$17.6 million, of which approximately S\$11.7 million relates to its investment in Yuanda.
- Revenue generated from the Group’s education business in the PRC accounted for approximately 0.1% of the Group’s total revenue.

As the new measures are currently couched in general terms, the Group is not able to assess the full impact of these measures at this point in time. When there is clarity on the actual impact, the Group will, if required, make the appropriate impairment for its investments in the later part of the year. The Company will make further announcements as and when there is any material development (including any impairment material to the Group) relating to its education-related ventures in the PRC.

The Company further refers to its announcement released on 17 March 2020 relating to a proposed investment in Dongguan Duowei Education Technology Co., Ltd. (“**Duowei**”), and in connection therewith, the entry into an agreement with Duowei for the provision of a S\$4.9 million loan. Duowei’s core business is in tuition. The Company wishes to update that such investment did not take place and the loan was not disbursed as certain conditions precedent were not satisfied.

Shareholders are advised to read this announcement and any further announcements by the Company carefully, and to exercise caution in trading their shares in the Company. The Company will make further announcements as appropriate. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

Submitted by Tan Tee How, Executive Director, on 28 July 2021 to the SGX.