



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

---

## ACQUISITION OF RAFFLES CAMPUS (MALAYSIA) PTE. LTD.

---

### 1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”) is pleased to announce that its wholly-owned subsidiary, CES Education Pte. Ltd. (the “**Purchaser**”) has today entered into a sale and purchase agreement (the “**SPA**”) to acquire (the “**Acquisition**”) 100% of the issued and paid-up share capital of Raffles Campus (Malaysia) Pte. Ltd. (“**RCM**”). Completion of the Acquisition has also taken place on the same day.

The Purchaser acquired the shares in RCM from Excelsior International Education Pte. Ltd. (“**EIEPL**”) and Lonsdale Capital Pte. Ltd. (“**LCPL**”) and together with EIEPL, the “**Vendors**”) which held shares representing 72% and 28% respectively of the issued and paid-up share capital of RCM.

### 2. INFORMATION ON RCM AND ITS SUBSIDIARIES

RCM is the holding company of two wholly-owned entities in Malaysia (RCM together with such subsidiaries, the “**RCM Group**”), one of which owns a freehold site in Bandar Seri Alam, Johor Bahru, Malaysia (the “**Land**”), while the other owns and operates an international school, known as Excelsior International School (the “**School**”) which is situated on the Land.

The Land has an area of approximately 79,760 square metres and a gross floor area of approximately 28,715 square meters.

The School, which has been in operation since September 2013, offers classes from kindergarten to grade 12 (high school). The campus houses learning, sporting and recreational facilities, including science and multimedia laboratories, a library, a dance studio, an auditorium, a football field, a running track, a tennis court, two swimming pools, playgrounds, a cafeteria and car park facilities.

### 3. RATIONALE FOR THE ACQUISITION

The Acquisition will add to the stable of international schools owned by the Company and its subsidiaries (the “**Group**”). The Acquisition presents an opportunity for the Company to acquire an operating campus with an existing student population and ready facilities and amenities, which the Company can leverage on to rebrand the School in an expedient manner into a premium international school. The rebranding of the School is subject to the grant of regulatory approval.

In connection with the proposed rebranding, the Purchaser has also entered into a non-binding memorandum of understanding with Repton International Schools Ltd (“**Repton International**”) to work towards rebranding the School under the “Repton School” name. The Company has entered into an earlier collaboration with Repton International in April 2018 to establish a chain of premium international kindergartens under the “Repton School” brand name, and the Company has since established two Repton-brand kindergartens in Singapore.

Subject to the grant of regulatory approval, the Company intends to operate the rebranded School from the next academic year commencing September 2020.

#### 4. PRINCIPAL TERMS OF THE SPA

- (a) **Consideration.** The total consideration for the Acquisition is approximately S\$24.4 million (the “**Consideration**”). As of the date of completion of the Acquisition (the “**Completion Date**”), an amount representing 95% of the Consideration (approximately S\$23.2 million) has been paid to the Vendors, with LCPL receiving its full entitlement of the Consideration. The remaining amount representing 5% of the Consideration (approximately S\$1.2 million) will be paid to EIEPL on the date falling one year from the Completion Date.

The Consideration was arrived at on a willing-buyer, willing-seller basis, taking into consideration, among others, the valuation of the Land and the buildings comprising the School, the outstanding indebtedness of the RCM Group and the intangible assets of the RCM Group (such as student enrolment).

The amount of approximately S\$23.2 million paid to the Vendors on the Completion Date was paid out of the internal cash resources of the Group. It is intended that the remaining amount of approximately S\$1.2 million will also be funded from the internal cash resources of the Group.

- (b) **Other Terms.** The SPA contains customary provisions, including representations and warranties, indemnities, and other commercial terms.

#### 5. FINANCIAL IMPACT

The Acquisition 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.

#### 6. INTEREST 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, 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 12 December 2019 to the SGX