



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

INVICTUS INTERNATIONAL PROGRAMME COLLABORATION WITH SATHITPATHUM DEMONSTRATION SCHOOL

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that its subsidiary, Invictus International School Pte. Ltd. (“**Invictus International**”), has today entered into a collaboration (the “**Collaboration**”) with Sathitpathum Demonstration School (“**SPS**”). Pursuant to the Collaboration, SPS will offer the international curriculum programme developed by Invictus International (the “**IIP**”) to its students.

SPS is a private school located in the Pathum Thani province in Thailand. Pathum Thani province is located at the north of Bangkok and is part of the Bangkok metropolitan area. Please refer to paragraph 3 below for further information on SPS.

2. PRINCIPAL TERMS OF THE COLLABORATION

2.1 Agreements. In connection with the Collaboration, Invictus International, SPS, and the sole owner of SPS, Dr. Prachumporn Suwantra (the “**Covenantor**”) have entered into the following documents:

- (a) a collaboration agreement to govern the terms and conditions of the Collaboration (the “**Collaboration Agreement**”); and
- (b) a trademark license agreement in relation to the grant of a license by Invictus International to SPS to use the trademarks and intellectual property rights associated with the “Invictus” brand and the IIP (the “**Trademark License Agreement**”).

2.2 Invictus International Programme. SPS will replace its current international curriculum programme with the IIP, which will be branded as ‘Invictus International Programme @ Sathitpathum’. Subject to advice from Invictus International, the IIP will offer classes for kindergarten up to lower secondary education.

2.3 Invictus International Programme Department. SPS will set up an Invictus International Programme Department (“**IIPD**”) to manage and operate the IIP.

2.4 Term. The Collaboration Agreement will take effect from the date of its execution (being 20 August 2021) and will continue for an initial term up to 31 December 2024, unless earlier terminated or further extended in accordance with its terms. Invictus International has an option to renew the initial term for a further term of three (3) years. The Trademark License Agreement will also take effect from the date of its execution (being 20 August 2021). The Trademark License Agreement will automatically terminate on the termination of the Collaboration Agreement.

2.5 Consideration. The IIPD will pay to Invictus International the following:

- (a) royalty and service fees calculated based on a percentage of total revenue generated from the operations of the IIPD for each financial year ending 31 December;
- (b) an annual performance-based fee; and

(c) an annual profit-based amount.

2.6 Responsibilities of SPS. SPS will be responsible for the following activities (among other things): ensure that the IIP, at all times, comply with all applicable laws, and procure that all necessary registrations, permits and approvals required by applicable laws for the operation of the IIP are obtained and maintained; procure all required ownership rights, licences or planning permissions, and comply with all applicable laws in respect of its business and its obligations; maintain separate bank account(s) solely for the IIPD; promptly inform Invictus International if SPS or the IIPD has breached, or is likely to be in breach of, any applicable law; ensure that certain buildings in its premises will be used only by the IIPD exclusively; and provide access to various facilities in its premises.

2.7 Responsibilities of Invictus International. Invictus International will be responsible for the following activities (among other things): provide consultation to the IIPD for its set-up, organisation, human resources, marketing plans and strategies, staff training; and carry out internal quality control inspection(s), as well as arrange for external quality control inspection(s) to be carried out, on the operation of the IIP.

2.8 Responsibilities of the Covenantor. The Covenantor, who is the sole legal and beneficial owner as well as the principal of SPS, is also a party to the Collaboration Agreement and the Trademark License Agreement to support the performance by SPS of its obligations thereunder.

3. INFORMATION ON SPS

SPS was founded by the Covenantor in 2005. SPS has the licence to operate a local curriculum programme to offer classes for nursery education up to upper secondary education (the “**Local Curriculum Programme**”), and an international curriculum programme to offer classes for pre-primary education up to lower secondary education.

4. RATIONALE FOR THE COLLABORATION

SPS is interested to leverage on the Invictus brand and Invictus International’s experience and expertise in the operation of international schools to revamp its current international curriculum programme.

The students enrolled with SPS’ international curriculum programme will be automatically transferred to the IIP.

The Company believes that the Collaboration will allow the Group to leverage on SPS’ student population, networks, resources, existing premises and familiarity with the education sector in Thailand, which will result in cost-savings while also maximising revenue streams. The Collaboration is also an asset-light strategy which allows Invictus International to cut down on capital expenditure associated with the acquisition or rental of property to operate a school.

The entry into the education sector in Thailand is in line with the Group’s strategic plans to optimise usage of its proprietary brands to harness operational efficiency and synergy across, and to create a stronger identity for, its brands. In particular, the Collaboration allows the Group to leverage on its Invictus brand for the expansion of its international school offerings. The Invictus brand is positioned to reflect its ethos in offering high quality education at competitive fees. Schools bearing the Invictus brand currently have presence in Singapore, Hong Kong SAR, Phnom Penh (Cambodia) and Shenzhen, and the extension of the geographical reach of Invictus-branded schools to Thailand is in line with the Group’s expansion plans.

5. FINANCIAL IMPACT

The Collaboration 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 2021.

6. OTHERS

None of the Directors, and to the best of the Directors' knowledge, none of the substantial shareholders of the Company, has any direct or indirect interest in the Collaboration, 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 20 August 2021 to the SGX.