



CHIP ENG SENG CORPORATION LTD

Co. Reg. No. 199805196H

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**PROPOSED ACQUISITION OF CHILDCARE CENTRE BUSINESS  
IN TARNEIT, VICTORIA, AUSTRALIA**

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**1. INTRODUCTION**

The Board of Directors of Chip Eng Seng Corporation Ltd (the "**Company**") is pleased to announce that on 1 August 2019, its wholly-owned subsidiary, CES Tarneit West (Vic) Pty Ltd ("**CESTW**"), has entered into a contract of sale of business (the "**Contract of Sale**") with Tarneit West Childcare Pty Ltd (as trustee of the Tarneit West Childcare Unit Trust) (the "**Vendor**") for the acquisition (the "**Proposed Acquisition**") of the childcare centre business of the Vendor in Tarneit, Victoria, Australia (the "**Business**").

**2. INCORPORATION OF SUBSIDIARIES**

The following wholly-owned subsidiaries were incorporated in connection with the Proposed Acquisition, and the details of the respective entities are set out below:

Name of Entity	Issued and paid up capital	Shareholder
CES Preschools (Aus) Pty Ltd	A\$2	CES WL Pte. Ltd.
CES Tarneit West (Vic) Pty Ltd	A\$2	CES Preschools (Aus) Pty Ltd

**3. INFORMATION RELATING TO THE BUSINESS AND RATIONALE FOR THE PROPOSED ACQUISITION**

The Business is a childcare centre with a maximum enrolment number of 130, and is located within Tarneit, which is a suburb of Melbourne, Australia, approximately 30km from Melbourne's Central Business District Area.

The Business is currently operating under the "Kool Kidz" franchise (the "**Kool Kidz Franchise Arrangement**"), which will be terminated with effect from the date of completion of the Proposed Acquisition (the "**Completion Date**"). The Company intends to engage the services of its 70%-owned subsidiary, White Lodge Education Group Services Pte. Ltd. and/or its subsidiaries ("**White Lodge**"), to manage and operate the Business with effect from the Completion Date.

The Proposed Acquisition presents the Company with the opportunity to extend its footprint in the childcare business into Australia. The Company has existing presence in Australia with respect to its other business segments such as property development and hospitality, and the Company believes that Australia is also a choice location to expand its education business given the country's stable economy and sound legal system.

In addition, the Company also believes that the Business would benefit from the extensive experience and expertise of the incumbent management of White Lodge, accumulated from over two decades of operating pre-school centres in Singapore and Malaysia. The Company has a

long-term objective to own more pre-school facilities in Australia and views the Business as an ideal starting point to build up its reputation and track record in Australia.

#### **4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

##### **4.1 Purchase Price**

The purchase price is A\$3,500,000, which was arrived at following internal evaluation and on a willing-buyer, willing-seller basis.

##### **4.2 Conditions Precedent**

Completion of the Proposed Acquisition is subject to certain conditions, including CESTW obtaining the relevant licenses, approvals and permits required to operate the Business, and the termination of the Kool Kidz Franchise Arrangement with effect from the Completion Date.

##### **4.3 The Contract of Sale contains other customary provisions, including representations and warranties regarding the Business.**

#### **5. GENERAL**

The Proposed Acquisition will be funded from internal cash resources, and 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 Proposed Acquisition.

Submitted by Tan Tee How, Executive Director, on 1 August 2019 to the SGX.