



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

FURTHER COLLABORATION WITH REPTON INTERNATIONAL – REBRANDING OF EXCELSIOR INTERNATIONAL SCHOOL

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Chip Eng Seng Corporation Ltd. (the “**Company**”) refers to the announcement released on 12 December 2019 (*Acquisition of Raffles Campus (Malaysia) Pte. Ltd.*) (the “**Acquisition Announcement**”) in relation to the acquisition by the Company’s wholly-owned subsidiary, CES Education Pte. Ltd. (“**CES Education**”), of 100% of the issued and paid-up share capital of Raffles Campus (Malaysia) Pte. Ltd..

Raffles Campus (Malaysia) Pte. Ltd. has since been renamed as CES Education (Malaysia) Pte. Ltd. (“**CES Education (Malaysia)**”).

CES Education (Malaysia)’s wholly-owned subsidiary, CES Repmal Sdn. Bhd. (“**CES Repmal**”), owns and operates Excelsior International School (the “**Existing School**”) in Johor Bahru, Malaysia. As stated in the Acquisition Announcement, CES Education had entered into a non-binding memorandum of understanding with Repton International Schools Limited (“**Repton International**”) to collaborate on rebranding the Existing School.

The Board is pleased to announce that CES Repmal has on 12 August 2020 entered into the following agreements with Repton International:

- (i) a collaboration agreement relating to the rebranding of the Existing School into an international school under the brand name of “Repton” (the “**Rebranded School**”) and operation of the Rebranded School as a school for students aged 3 to 18 (K1 to Year 12) (the “**Collaboration Agreement**”); and
- (ii) a trademark licence agreement to obtain a licence from Repton International to use certain trademarks, including the names “Repton Malaysia” and “Repton School Malaysia”, and the crest logo associated therewith (the “**Trademark Licence Agreement**”).

Subject to regulatory approval, CES Repmal aims to commence operations of the Rebranded School under the “Repton” brand name from the next academic year commencing September 2020.

2. PRINCIPAL TERMS OF THE COLLABORATION

2.1 Term and Termination. The Collaboration Agreement and the Trademark Licence Agreement will take effect from the date of such agreements (being 12 August 2020) and will continue for an initial term up to 31 December 2050, unless terminated by CES Repmal and/or Repton International or further extended by the parties. Repton International has the right to terminate the Collaboration Agreement and the Trademark Licence Agreement with immediate effect if, amongst other things, the Rebranded School is not operational by September 2020.

2.2 Consideration. In consideration for the provision of services by Repton International under the Collaboration Agreement (as set out below) and the license and use of the trademarks, names and crest logo pursuant to the Trademark Licence Agreement, CES Repmal will pay:

- (a) certain fixed fees which, in aggregate, amount to less than 1% of the total comprehensive income of the Company and its subsidiaries (collectively, the “**Group**”) and less than 1% of the Group’s profit attributable to the Company’s shareholders, in each case, for the financial year ended 31 December 2019;
- (b) from the commencement of operations of the Rebranded School, annual fees calculated based on a percentage of total revenues from the operations of the Rebranded School for each year of operations; and
- (c) from the commencement of operations of the Rebranded School, annual performance-based fees. This third component of the consideration has been agreed to ensure that Repton International is aligned with the interest of CES Repmal in seeking the success of the collaboration.

2.3 Responsibilities of CES Repmal. Pursuant to the Collaboration Agreement, CES Repmal will be responsible for, among other things, obtaining and ensuring compliance with all necessary clearances, permits and authorisations for the rebranding of the Existing School and the operation of the Rebranded School, overseeing the refurbishment, fixtures and fittings and maintenance of the Rebranded School, facilitating and assisting in the recruitment of local pupils and the employment of all staff, maintaining suitable and adequate insurance policies for the safe and effective operation of the Rebranded School and being responsible for the collection of financial and student records and other management information.

2.4 Responsibilities of Repton International. Repton International will be responsible for, among other things, advising and monitoring the implementation of the academic and pastoral objectives and policies, advising on recruitment of key staff, providing child safeguarding structures and policies for pupils, establishing links for pupils and staff with other Repton international schools worldwide, assisting in and providing a framework for the transition of the Existing School into the Rebranded School, advising on the design and facilities of the Rebranded School, providing policy manuals detailing procedures and guidelines for the smooth functioning of the Rebranded School, planning and resourcing of curriculum for the Rebranded School, providing governance, leadership and quality control visits and ongoing assistance and further developmental assistance.

3. RATIONALE FOR THE COLLABORATION

As stated in the Acquisition Announcement, the Company had in April 2018 entered into a collaboration with Repton International to establish a chain of premium international kindergartens under the “Repton” brand name, and the Company has since established two Repton-brand kindergartens in Singapore. Building on this relationship with Repton, the Company is of the view that Repton International is a suitable partner to collaborate with to rebrand the Existing School as a premium international school.

Repton School has a long-standing reputation as a private day and boarding school in the United Kingdom, recognised for both its academic and sporting excellence. As the wholly-owned subsidiary of Repton School, Repton International has been responsible for establishing premium international schools in Dubai and Abu Dhabi, with further signed contracts for schools in China, Egypt and Bulgaria. Repton International therefore has expertise and experience in creating teaching methods and curricula which its students have used, and the success of its students is a testament to the quality and effectiveness of such teaching methods and curricula. In addition, Repton International has been able to ensure that teaching methods and curricula from Repton School in the United

Kingdom are transferred to the various premium international schools that it has established outside of the United Kingdom.

The Company's intention to rebrand the Existing School as a premium international school is aligned with Repton International's experience and expertise as a provider of premium private school education. As this is the Company's first foray in operating an international school in Malaysia, the Company seeks to leverage on Repton International's experience and expertise in establishing its teaching programmes in a new country as well as its track record in navigating regulatory and educational environments in a foreign jurisdiction.

4. OTHERS

The collaboration with Repton International on the Rebranded School 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 2020.

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 collaboration with Repton International, 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 August 2020 to the SGX.