



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

JOINT VENTURE WITH DONGGUAN DUOWEI EDUCATION TECHNOLOGY CO., LTD

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Chip Eng Seng Corporation Ltd. (the “**Company**”) wishes to announce that its wholly-owned subsidiary, CES Education (China) Pte. Ltd. (“**CES Edu (China)**”), has today entered into a joint venture agreement (the “**Joint Venture Agreement**”) with Dongguan Duowei Education Technology Co., Ltd. (东莞多维教育科技有限公司) (“**Dongguan Duowei**”, and collectively with CES Edu (China), the “**Joint Venture Partners**”).

2. JOINT VENTURE WITH DONGGUAN DUOWEI

2.1 Incorporation of JVCo

Pursuant to the Joint Venture Agreement, the Joint Venture Partners will be incorporating a joint venture company, Jiduohao Education Technology (Shenzhen) Co., Ltd. (集多好教育科技(深圳)有限公司) (the “**JVCo**”), in the People’s Republic of China (“**PRC**”). Upon incorporation, the JVCo will have a registered capital of RMB10,000,000.

CES Edu (China) will hold 60% of the equity interest in the JVCo, while Dongguan Duowei will hold the remaining 40%. The JVCo will thus be a subsidiary of the Company upon incorporation.

2.2 Scope of Joint Venture

The primary business of the JVCo will be to provide management and consultancy services to schools which will operate under the “Invictus” brand (the “**Joint Venture**”). Such schools may be established and owned by third parties or subsidiaries of the Company.

The Company’s subsidiary, Invictus International School Pte. Ltd. (“**Invictus International**”) is the owner of the “Invictus” brand and related trademarks.

2.3 License and Management Agreements, and the Joint Venture Agreement

In order to give effect to the above:

- (a) Invictus International, CES Education Pte. Ltd. (as licensee), the JVCo (as sub-licensee), and the relevant schools will enter into a series of licensing agreements, such that the JVCo will have exclusive rights, within certain specified territories in the PRC, to use and further license the “Invictus” brand and related trade marks to the relevant schools for a fee based on the revenue generated by such schools; and
- (b) the JVCo will also enter into an exclusive management and consultancy agreement with the relevant schools in relation to the appointment of the JVCo as the manager and operator of such school, for a management fee,

(collectively, the “**Licence and Management Agreements**”).

2.4 Joint Venture Agreement

The Joint Venture Agreement contains customary provisions to regulate the relationship of the Joint Venture Partners as shareholders of the JVCo, and in the conduct of the business and affairs of the JVCo, including board composition, voting rights and reserved matters.

3. **RATIONALE FOR THE PROPOSED JOINT VENTURE**

The Board refers to the announcement dated 17 March 2020 (*Provision of Loan to Dongguan Duowei Education Technology Co., Ltd.*) (the “**17 March 2020 Announcement**”) in relation to the provision of a SGD 4.9 million loan (the “**Loan**”) by CES Edu (China) to Dongguan Duowei and the potential investment (the “**Potential Investment**”) into Dongguan Duowei and its subsidiaries (the “**Duowei Group**”).

As mentioned in the 17 March 2020 Announcement, the core business of the Duowei Group is that of owning and operating tuition centres which provide extracurricular tutoring for elementary, junior and high school students, and elementary preparatory programmes.

The Company believes that the Joint Venture provides it with an opportunity to work with a local partner experienced in the education industry in the PRC to provide management services to schools, and extend the footprint of the “Invictus” brand to the PRC. At the same time, the Joint Venture will provide the Company with a recurring revenue stream from the fees payable under the Licence and Management Agreements.

For the avoidance of doubt, the Joint Venture and the transactions contemplated thereunder are separate from the Loan and the Potential Investment referred to in the 17 March 2020 Announcement. As at the date of this announcement, the Loan has not been disbursed to Dongguan Duowei, which is subject to satisfaction (or waiver by CES Edu (China)) of the conditions stated in the loan agreement. With respect to the Potential Investment, discussions between the Company and Dongguan Duowei are still ongoing and the Company will make an announcement as and when there are material developments. Meanwhile, shareholders should take note that there is no assurance that CES Edu (China) or its nominee will enter into any definitive agreements in respect of the Potential Investment or that parties will proceed with the Potential Investment.

4. **FINANCIAL IMPACT**

The entry into the Joint Venture 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 2020.

5. **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 Joint Venture, other than through their respective shareholdings and/or directorships, as the case may be, in the Company.