



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

BUILD-TO-SUIT COLLABORATION FOR A K-12 INTERNATIONAL SCHOOL CAMPUS IN HORIZON HILLS, JOHOR BAHRU

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”) wishes to announce that its wholly-owned subsidiary, CES Horizon Sdn Bhd (“**CES Horizon**”), has entered into a collaboration (the “**Collaboration**”) with Horizon Hills Development Sdn Bhd (“**HHDSB**”) and Nusajaya Greens Sdn Bhd (“**NGSB**”).

CES Horizon is wholly-owned by Sing-Ed Global Schoolhouse Pte. Ltd. (“**Sing-Ed**”), the Company’s holding company for its education business segment.

Pursuant to the definitive agreement entered into between CES Horizon and HHDSB (the “**DA**”), HHDSB will develop a built-to-suit campus for a school within its development known as “Horizon Hills” in Iskandar Puteri, Johor Bahru, Malaysia (the “**Development**”). On delivery of vacant possession of the first phase of the premises, CES Horizon will lease the premises and operate a K-12 (kindergarten to year 12) international school (the “**School**”). NGSB is the registered owner of the land on which the Development is located.

Further details on the Collaboration are set out below.

2. INFORMATION ON HHDSB, NGSB AND THE DEVELOPMENT

HHDSB is incorporated in Malaysia and is a 50:50 joint venture company between UEM Land Berhad (“**UEML**”) and Gamuda Berhad.

Gamuda Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad, and is an investment holding and civil engineering construction company based in Malaysia.

UEML is a wholly-owned subsidiary of UEM Sunrise Berhad (“**UEMS**”), which is also listed on the Main Market of Bursa Malaysia Securities Berhad. UEMS is a 69%-owned subsidiary of UEM Group Berhad, a wholly-owned subsidiary of Khazanah Nasional Berhad, the sovereign wealth fund of the Government of Malaysia. UEMS is the flagship company for the townships and property development businesses of the UEM Group Berhad group of companies and the master developer of Iskandar Puteri, one of the five flagship zones of Iskandar Malaysia in Johor.

NGSB is incorporated in Malaysia and is a wholly-owned subsidiary of Bandar Nusajaya Development Sdn Bhd (“**BND**”). BND is wholly-owned by UEMS, through UEML.

HHDSB developed and built the Development which was first launched in 2007. HHDSB also maintains and manages the Development. The 1200-acre gated-and-guarded Development currently comprises 11 high-end residential precincts, an 18-hole par 72 golf course, a 150,000 square feet clubhouse as well as shops and offices. To date, HHDSB has launched nine out of

the 11 residential projects in the Development, of which eight projects have been completed and fully sold.

The Development is easily accessible from the Second Link Crossing in Gelang Patah and from major expressways such as Jalan Ismail Sultan, North-South Expressway, Perling-Pasir Gudang Highway and Skudai Expressway. It is also located close to the main amenities in Iskandar Puteri.

3. PRINCIPAL TERMS OF THE COLLABORATION

- (a) **Roles and Responsibilities.** HHDSB shall obtain the necessary regulatory approvals for the building plans and develop and construct a built-to-suit campus for the School at its own cost. CES Horizon shall bear the renovation and fit-out costs, and obtain the necessary regulatory approvals to lease the premises and to operate the School.
- (b) **Capacity and Size of the School.** The School will have a targeted capacity of up to 1,500 students. The School will be situated on premises with an aggregate gross floor area of up to approximately 203,875 square feet, to be constructed over three phases. HHDSB has granted options to CES Horizon to require HHDSB to construct additional buildings and facilities for the second and third phase of the premises of the School. The option to construct the third phase will automatically lapse if CES Horizon does not exercise the option for the second phase within a stipulated timeframe.
- (c) **Construction Security Deposit.** During the construction of each phase, CES Horizon shall provide HHDSB with an irrevocable banker's guarantee for an amount representing a percentage of the budgeted construction costs for such phase.
- (d) **Delivery of Vacant Possession.** The target date of delivery of vacant possession of the first phase of the premises is on or before 30 September 2022.
- (e) **The Lease.** The DA sets out the key terms for the lease. CES Horizon shall lease the premises for an initial fixed term of 15 years at a rental rate comprising fixed and variable components. CES Horizon has an option to renew the lease for a further term of 15 years at the prevailing market rent. The lease agreement (the form of which is pre-agreed) will be signed upon delivery of vacant possession of the first phase of the premises to CES Horizon.
- (f) **Branding of the School.** The School will be branded as an "Invictus" international school. The brand and related trade-marks will be licensed from Invictus International School Pte. Ltd., for a fee based on the revenue generated by the School. Invictus International School Pte. Ltd. is a subsidiary in which the Company has an effective interest of approximately 92.65% as at the date of this announcement.

4. RATIONALE FOR THE COLLABORATION

The Company believes that the Collaboration presents a viable opportunity to develop and operate a school in an upcoming integrated township, where the School can tap on the surrounding high-end residential developments for its student enrolment. Through such collaboration, the Company is also able to share the risks and costs of establishing the School with HHDSB, since HHDSB will bear the costs of developing and constructing the School.

Furthermore, the Collaboration allows the Company to extend the footprint of the “Invictus” brand to Malaysia.

5. FINANCIAL IMPACT

The Collaboration will be funded from the Company’s internal 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 2021.

6. OTHERS

None of the Directors, and to the best of the Directors’ knowledge, none of the substantial shareholders or controlling shareholders of the Company has any interest, direct or indirect, 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 7 April 2021 to the SGX-ST.