

## **CIRCULAR DATED 9 APRIL 2018**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately. If you have sold or transferred all your shares in Chip Eng Seng Corporation Ltd, you should immediately forward this Circular and the enclosed Notice of Extraordinary General Meeting and Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.



### **CHIP ENG SENG CORPORATION LTD**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199805196H)

#### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO THE**

#### **PROPOSED DIVERSIFICATION OF THE BUSINESS INTO THE EDUCATION SECTOR**

##### **IMPORTANT DATES AND TIMES:**

- Last date and time for lodgement of Proxy Form : Monday, 23 April 2018 at 11.30 a.m.
- Date and time of Extraordinary General Meeting : Wednesday, 25 April 2018 at 11.30 a.m. or as soon as practicable after the conclusion of the Annual General Meeting of the Company held on the same date and at the same place
- Place of Extraordinary General Meeting : Emerald Suite, Golf Clubhouse  
Level II, Orchid Country Club  
No. 1 Orchid Club Road  
Singapore 769162

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## **NOTICE TO SHAREHOLDERS**

**Forward-looking Statements.** This Circular may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of known and unknown risks, uncertainties and assumptions. Examples of these include, without limitation, changes in the Singapore education sector and changes in the Singapore economy generally.

These forward-looking statements are based on the Company's current view of future events and should be considered in totality with the other information provided in this Circular. No reliance should be placed on these forward-looking statements and Shareholders should make their own assessment on the future performance and outcomes of the matters set out herein.

**Disclaimers.** Nothing in this Circular constitutes, or shall be construed, as business, commercial, financial, legal or tax advice. Shareholders should consult their own professional advisers as to the business, financial, legal, tax and related aspects of an investment in the Shares. Shareholders should consult their stockbroker, bank manager, solicitor or other professional adviser immediately if they are in any doubt as to the action they should take.

## **DEFINITIONS**

In this Circular, the following definitions apply throughout unless otherwise stated (for convenience, capitalised terms are also defined where they first appear – however, the meanings given in this “**Definitions**” section shall prevail in the event of any inconsistency):

“ <b>BCA</b> ”	:	Building and Construction Authority.
“ <b>Board</b> ”	:	The board of Directors.
“ <b>Company</b> ”	:	Chip Eng Seng Corporation Ltd.
“ <b>Directors</b> ”	:	The directors of the Company.
“ <b>EBITDA</b> ”	:	Earnings before interest, taxes, depreciation and amortisation.
“ <b>Education Sector</b> ”	:	The construction, development, establishment, ownership, management and operations of educational programmes, products and services, including childcare centres, nurseries, pre-schools, kindergartens, primary, secondary, elementary, middle and high schools, Kindergarten to Grade 12 main schools, junior colleges, pre-university courses, tertiary foundation programmes, universities, degree transfer programmes, enrichment centres and programmes, vocational courses, preparatory courses, higher-level learning programmes, certification programmes and corporate training and other training and skills upgrading courses, relating in each case to academics, music, the arts, religion and sports, and the licensing and franchising, as licensee, franchisee, licensor or franchisor, of intellectual property with respect to trade marks, pedagogy and curricula for the provision of such educational programmes, products and services.
“ <b>EGM</b> ”	:	The extraordinary general meeting of Shareholders to be held on 25 April 2018, notice of which is set out on page 18 of this Circular, and any adjournment thereof.
“ <b>EPS</b> ”	:	Earnings per share.
“ <b>Existing Business</b> ”	:	The business of the Group as at the date hereof, being: (a) the construction segment, which is the business of general building contractors, (b) the property developments segment, which is the business of acquiring properties for development and management of development projects, (c) the property investments segment, which is the business of leasing and management of investment properties, (d) the hospitality segment, which is the business of hotel operations and (e) the corporate segment, which conducts the Group’s corporate services, treasury functions and investments in marketable securities.
“ <b>Group</b> ”	:	The Company and its subsidiaries.
“ <b>HDB</b> ”	:	The Singapore Housing and Development Board.
“ <b>Instrument of Proxy</b> ”	:	The instrument appointing a proxy or proxies.
“ <b>Latest Practicable Date</b> ”	:	15 March 2018.
“ <b>Lim Family</b> ”	:	Lim Tiam Seng, Lim Tiang Chuan, Lim Ling Kwee, Lim Sock Joo, Kwek Lee Keow, Dawn Lim Sock Kiang and Chia Lee Meng Raymond.
“ <b>Listing Manual</b> ”	:	The listing manual of the SGX-ST.

<b>“Proposed Diversification”</b>	:	The proposed diversification of the business of the Group into the Education Sector.
<b>“Proposed New Business”</b>	:	The proposed business in the Education Sector.
<b>“SGX-ST”</b>	:	The Singapore Exchange Securities Trading Limited.
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company.
<b>“Shareholders”</b>	:	The shareholders of the Company.
<b>“Singapore Dollar” or “SGD”</b>	:	The lawful currency for the time being of Singapore.
<b>“Voting Undertakings”</b>	:	Irrevocable undertakings provided by each member of the Lim Family to the Company to vote their respective Shares in favour of the Proposed Diversification.

**Depositors, etc.** The expressions **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in the Securities and Futures Act, Chapter 289 of Singapore.

**Genders, etc.** Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

**Headings.** The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

**Rounding.** Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

**Shareholders.** References to **“you”**, **“your”** and **“yours”** in this Circular are, as the context so determines, to Shareholders.

**Statutes.** Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under any statute or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to that word under that statute or that statutory modification, as the case may be.

**Time and Date.** Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise specified.

## LETTER TO SHAREHOLDERS



### **CHIP ENG SENG CORPORATION LTD**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199805196H)

9 April 2018

#### **Directors**

Chia Lee Meng Raymond (Executive Chairman and Group Chief Executive Officer)  
Lim Tiang Chuan (Executive Deputy Chairman)  
Hoon Tai Meng (Executive Director)  
Dawn Lim Sock Kiang (Executive Director)  
Tan Tee How (Executive Director)  
Ang Mong Seng (Lead Independent Director)  
Cheng Heng Tan (Independent Director)  
Ung Gim Sei (Independent Director)  
Lui Tuck Yew (Independent Director)  
Abdul Jabbar Bin Karam Din (Independent Director)

#### **Registered Office**

171 Chin Swee Road  
#12-01 CES Centre  
Singapore 169877

To: Shareholders of Chip Eng Seng Corporation Ltd

Dear Sir/Madam

#### **Proposed Diversification of the Business into the Education Sector**

##### **1 INTRODUCTION**

Chip Eng Seng Corporation Ltd ("**Company**") announced on 5 March 2018 that it proposes to diversify the business of the Group into the Education Sector ("**Proposed Diversification**").

The directors ("**Directors**") of the Company are proposing to convene an Extraordinary General Meeting ("**EGM**") of shareholders ("**Shareholders**") of the Company to be held on 25 April 2018 to seek Shareholders' approval for the Proposed Diversification.

The purpose of this Circular is to provide Shareholders with relevant information pertaining to, and to explain the rationale for, the Proposed Diversification, and to seek Shareholders' approval for the Proposed Diversification by way of an Ordinary Resolution at the EGM to be convened. The Notice of EGM is set out on Page 18 of this Circular.

##### **2 PROPOSED DIVERSIFICATION**

###### **2.1 Existing Business**

The Company, together with its subsidiaries ("**Group**"), is one of the leading homegrown property development and construction groups in Singapore. The Company's founder, Lim Tiam Seng, started the business as a building sub-contractor for conventional landed properties in the 1960s. With competitive pricing and quality work, the business of the Group grew and the Group began to take on the role of a main contractor. In 1982, the Group won its first Singapore Housing and Development Board ("**HDB**") project as a main contractor. Since then, the Group has continued to dedicate efforts to establish its brand and reputation in the HDB public housing construction, and has been recognised for its strong track record such as by being awarded with one of Singapore's most coveted and iconic public housing projects – the Pinnacle@Duxton. Over the years, the business of the Group has grown to include property investment and development of residential, commercial and industrial properties, including a hotel at Alexandra Road – Park Hotel Alexandra. The Group has since established a strong reputation as a property developer which is able to deliver quality projects. The Group has also extended its presence beyond Singapore into Australia, Malaysia, Maldives, New Zealand and Vietnam.

As at 15 March 2018 ("**Latest Practicable Date**"), the market capitalisation of the Company is SGD583.8 million. A summary of the financial information of the Group, on a consolidated basis, is as follows:

	As at, or for the financial year ended, 31 December 2016 (Audited)	As at, or for the financial year ended, 31 December 2017 (Audited)
	SGD (million)	
Total revenues	748.0	859.7
Profits attributable to Shareholders	35.7	35.5
Net asset value	776.6	808.6

The Group organises its business units into reportable segments based on its products and services and currently has five reportable operating segments (together, the "**Existing Business**"):

- the construction segment, which is the business of general building contractors;
- the property developments segment, which is the business of acquiring properties for development and management of development projects;
- the property investments segment, which is the business of leasing and management of investment properties;
- the hospitality segment, which is the business of hotel operations; and
- the corporate segment, which conducts the Group's corporate services, treasury functions and investments in marketable securities.

A summary of the financial information of each reportable segment of the Group, on a consolidated basis, is as follows:

	Property developments	Construction	Property investments	Hospitality	Corporate and others
	SGD (million)				
	As at, or for the financial year ended, 31 December 2016 (Audited)				
Total revenues	411.7	298.2	10.6	27.4	0.1
Profits attributable to Shareholders	18.1	16.5	7.1	(2.2)	(3.8)
Net asset value	439.0	57.5	174.6	94.7	10.8
	As at, or for the financial year ended, 31 December 2017 (Audited)				
Total revenues	571.7	239.3	10.0	38.6	0.1
Profits attributable to Shareholders	30.8	(0.8)	10.2	(4.7)	-
Net asset value	535.9	34.6	142.9	111.0	(15.8)

## 2.2 Proposed Diversification

The Group seeks to diversify the business of the Group into the education sector, which comprises the construction, development, establishment, ownership, management and operations of educational programmes, products and services, including childcare centres, nurseries, pre-schools, kindergartens, primary, secondary, elementary, middle and high schools, Kindergarten to Grade 12 main schools, junior colleges, pre-university courses, tertiary foundation programmes, universities, degree transfer programmes, enrichment centres and programmes, vocational courses, preparatory courses, higher-level learning programmes, certification programmes and corporate training and other training and skills upgrading courses, relating in each case to academics, music, the arts, religion and sports, and the licensing and franchising, as licensee, franchisee, licensor or franchisor, of intellectual property with respect to trade marks, pedagogy and curricula for the provision of such educational programmes, products and services (together, the "**Education Sector**").

The Group intends to initially focus on the growth and expansion of the proposed business in the Education Sector ("**Proposed New Business**") in the Asia Pacific region, but will consider its strategic options and business opportunities from time to time and may, if the opportunity so arises, expand the Proposed New Business in the broader region and worldwide. It is likely that the Group's maiden venture into the Proposed New Business will be in the early childhood education sector and in or primarily based in Singapore where the Group has an established track record and a recognised brand name within the real estate and construction industry, as opposed to outside Singapore.

The Proposed New Business will be reportable as a new segment of the Group's business – the education segment. The education segment will cover all business of the Group which arises from or is in connection with the Education Sector.

Concurrently, the Group will continue to seek the growth of the Existing Business, which will remain as a core business of the Group. As described further below in **Paragraph 2.3**, the Proposed Diversification is a means for the Group to explore and achieve additional revenue streams through a diversified sector which complements its Existing Business, with the aim of strengthening the financial position of the Group as a whole through the combined strength of both the Existing Business and the Proposed New Business.

### **2.3 Rationale for Proposed Diversification**

#### ***Proposed Diversification will provide a diversified business and income base, thereby reducing reliance on the Existing Business***

In light of the Group's successful growth of its Existing Business, the Company recognises that this is an opportune time (when it can diversify from a position of strength and not from a failing business) to ride on its track record and established brand name and consider its strategic options to strengthen its financial position by diversifying its business and creating new revenue streams. As highlighted below, the Board believes that the Education Sector is more resilient against changing economic conditions as compared to the Group's Existing Business, so the revenue stream from the Education Sector is expected to be more stable and recurring in nature than that from the Existing Business. Given the uncertainties prevailing in the current global economic outlook, the Company believes that, while it is in a strong financial position, it is prudent to explore new industries to enter into and to take active steps to reduce reliance on any one particular segment in the market. However, naturally there is no guarantee that the Proposed Diversification will lead to a strengthening of its financial position.

#### ***Proposed New Business will provide additional and recurrent revenue streams and have potential to achieve long-term growth for the Group***

The board of Directors ("**Board**") recognises that the construction, (property and hospitality businesses are cyclical and are vulnerable to changing economic conditions. On the other hand, as the Education Sector remains relevant and necessary as a societal and aspirational need regardless of market conditions, the Board believes that the sector will be more resilient compared to the existing businesses of the Group. In addition, as the Education Sector can cater to different market segments, the Group would have the flexibility to explore a range of services, catering to the high, mid and affordable segments. While the Board subscribes to the philosophy that education should be accessible and therefore, the Group intends to explore opportunities to provide good quality education services which are affordable to the mass market, the Group can also explore the provision of premium and branded education services to cater to consumers with strong spending power and who are willing and able to pay for premium and branded education services with accredited pedagogies and curricula. The Board therefore believes that the Proposed New Business has the potential to provide the Group with an additional revenue stream.

#### ***Proposed New Business complements the Existing Business***

The Proposed New Business is complementary to the Existing Business. The Group intends to establish reputable schools by acquiring or tying up with education businesses which have established brands and track records. The establishment of reputable schools in and around properties owned or developed by the Group is likely to result in the increase in prices of such properties – in the case of residential properties, this would be due to strong demand by home-owners to purchase homes which are within the vicinity of prestigious and reputable schools and, in the case of commercial properties, this would be due to increased traffic from parents and families whose children attend such schools.

The Group would also be able to harness its construction capabilities to build safe and good quality education facilities. Several of its residential projects have a requirement for a childcare facility to be built within (for example the Fajar Hills HDB Estate and the Acacia Breeze), and the Group's residential projects have regularly received awards relating to safety and good quality, such as the HDB Construction Award. The Group also obtained ISO9001/SS ISO 9001 certification in 1996. The Company is registered with the Building and Construction Authority ("**BCA**") under the "A1 Classification", the highest classification which permits it to tender for public sector projects of unlimited value, for both general building construction and civil engineering. Various subsidiaries within the Group have also consistently been the recipient of awards, including the BCA Green and Gracious Builder Award awarded to CES



Engineering & Construction Pte Ltd and Chip Eng Seng Contractors (1988) Pte Ltd. The Group's extensive experience and proven track record in the construction sector would be advantageous to it each time it seeks to build and construct education facilities.

### ***Proposed New Business will provide growth through a non-capital intensive market***

The Education Sector, unlike the construction and property sectors, is not capital intensive. The diversification of the Group's business into a non-capital intensive market would allow the Group to have access to alternative revenue streams without requiring a heavy investment in capital. On an ongoing basis, the Group would be able to grow both its Existing Business and the Proposed New Business, with existing and new capital being channelled primarily to the growth of the Existing Business.

## **2.4 Management of Proposed New Business**

### ***Executive Director***

Mr Tan Tee How, who was appointed as Executive Director of the Company with effect from 2 February 2018, will have primary oversight of the Proposed New Business. He will provide the strategic vision and policy on the Proposed New Business, and together with the Board, manage the Proposed New Business.

Mr Tan Tee How graduated from the Harvard University on a Fullbright Scholarship with a Masters in Public Administration in 1990 and the National University of Singapore with a Bachelor of Business Administration with Honours in 1983. He has held various key appointments in the public sector, including Controller of Immigration at the Ministry of Home Affairs, Deputy Secretary at the then Ministry of Information and the Arts, Principal Private Secretary to the then Prime Minister Goh Chok Tong, Chief Executive Officer at the National Healthcare Group, Permanent Secretary of the Ministry of National Development and of the Ministry of Home Affairs and the Commissioner and Chief Executive Officer of the Inland Revenue Authority of Singapore.

Mr Tan Tee How has been active in both the formal and informal education sectors for a number of years. He has served as board member of St Joseph's Institution International and St Joseph's Institution International Elementary since May 2006 and February 2013 respectively. He had played an instrumental role in setting up these two international schools. He is also Board Member of the Christian Brothers' Schools in Singapore and Council Chairman of St Anthony's Primary School (both since January 2018). He also served previously as Deputy Chairman of St Joseph's Institution and Member of the Catholic Junior College Management Committee. He is also President of the Singapore Scout Association (since June 2010) and a Non-Resident fellow of Kent Ridge Hall, National University of Singapore (since January 2004).

### ***Other Qualified School Personnel***

From time to time to the extent the Board deems necessary or desirable, the Group will recruit qualified personnel with suitable expertise and experience to support the growth of the Proposed New Business. The Board will receive updates directly from the management team of the Proposed New Business on the health of the Proposed New Business and, where necessary or appropriate, direct the appointment of in-house or external consultants or professional advisers to assist with the management of the Proposed New Business.

The Company has currently appointed two experienced education leaders, Associate Professor Koh Thiam Seng and Ms Kathryn Lui, as consultants for a one-year term to advise on matters relating to strategy, branding and operations in connection with the Proposed New Business as well as to support the development of different education offerings.

Associate Professor Koh Thiam Seng is an Associate Dean at the National Institute of Education, NTU. He spearheaded the implementation of the second "information technology in education" masterplan for schools when he served as a Director in the Ministry of Education. He also served previously for seven years as principal of St Joseph's Institution and for three years as CEO of St Joseph's Institution International.

Ms Kathryn Lui is a former principal of Anglo-Chinese School (Junior) (for eight years) and vice principal of Anglo-Chinese School (Barker Road) (for three years). She received the Best All-Round Student and Outstanding Performance Awards for Teaching Practice in her graduating Diploma in Education programme at the National Institute of Education. She has also received various teaching and service awards throughout her career with the Ministry of Education.

## **2.5 Funding for Proposed Diversification**

The Group may fund the entry into and growth of the Proposed New Business through a combination of internal resources of funds and borrowings from financial institutions. The Board will determine the optimal mix of internal funding and external funding, taking into account the cash flow of the Group and prevailing bank borrowing costs.

In addition, the Company may consider tapping the capital markets in various ways, including the issuance of securities for cash by way of rights issues and placements and issuance of debt instruments as and when it deems necessary and appropriate.

## 2.6 Requirements under Listing Manual

Chapter 10 of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") regulates transactions which are not in the ordinary course of business of a company and which are material, as determined based on certain relative figures computed with respect to the transaction and the company, including net asset value, net profits, the aggregate value of the consideration vis-à-vis market capitalisation of the company and equity securities. Specifically, a material transaction which is not in the ordinary course of business of a company is required to be approved by shareholders of a company. In addition, a material transaction which is in the ordinary course of business of a company and which changes the risk profile of the company is, notwithstanding that it is in the ordinary course of business of such company, required to be approved by shareholders of a company.

As the Proposed Diversification involves a new business area which is materially different from the Existing Business, it is envisaged that the Proposed Diversification will change the existing risk profile of the Group materially. Accordingly, the EGM will be convened by the Company to seek Shareholders' approval to approve the Proposed Diversification.

Upon approval by Shareholders of the Proposed Diversification, any acquisition which is in, or is in connection with, the Proposed New Business, would be in the Group's ordinary course of business and therefore not fall under the definition of a "**transaction**" under Chapter 10 of the Listing Manual. This will reduce substantially the administrative time and expenses in convening Shareholder meetings for any transactions in the Proposed New Business, as well as provide the Group with greater flexibility to pursue business opportunities in the Proposed New Business which may be time-sensitive in nature.

Nevertheless, as the Proposed New Business is a new business area for the Group, the Company will still seek Shareholders' approval for the first transaction that it enters into relating to the Proposed New Business which crosses the 20% threshold for a "**major transaction**" under any of the bases set out in Rule 1006 of the Listing Manual. The Company may apply for a waiver of the aforesaid requirement based on the relevant facts and circumstances at the relevant time, including the revenue and earnings contribution of the education segment relative to the consolidated revenue and earnings of the Group taken as a whole, the track record of the Group in managing and growing the Proposed New Business up to such time as well as whether the relevant transaction would or could reasonably be expected materially to change the risk profile of the Group taken as a whole. However, there is no certainty that such a waiver will be granted.

For the avoidance of doubt, notwithstanding the Proposed Diversification, in respect of transactions:

- (a) where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 100% or results in a change in control of the Company, Rule 1015 of the Listing Manual will still apply to such transactions and such transactions will be made conditional upon approval by Shareholders at a general meeting; and
- (b) which constitute "**interested person transactions**" as defined under the Listing Manual, Chapter 9 of the Listing Manual will apply to such transactions and the Company will comply with the provisions of Chapter 9 of the Listing Manual.

## 2.7 Opportunities in Education Sector

In the meantime, while there can be no assurance that any such opportunities will materialise into a definitive transaction, the Group is actively exploring and considering opportunities to develop the Proposed New Business and will make an appropriate announcement if and when there are definitive developments.

## 2.8 Risk Factors

Having explained the Board's rationale for the Proposed Diversification, the Board acknowledges that there may be risks for the entry into the Proposed New Business. This **Paragraph 2.8** sets out the risk factors which, to the best of the Directors' knowledge and belief, are material to Shareholders in making an informed judgment on the Proposed Diversification. The Proposed New Business involves a number of risks, including risks associated with the Education Sector, risks associated with the entry into new businesses and general competition and macro-economic risks. Some risks are not yet known to the Group and there may be risks which the Group currently believes are not material at present but may subsequently turn out to be. The risk factors set out in this **Paragraph 2.8** should not be construed as a comprehensive list of all risk factors relating to the Proposed New Business. Shareholders should carefully consider and evaluate the risk factors and all other information contained in this Circular before deciding whether to vote in favour of the Proposed Diversification.

## 2.8.1 RISKS ASSOCIATED WITH THE EDUCATION SECTOR

(a) ***Profitability of the Proposed New Business is dependent on the ability of the Group to price its fees competitively for the educational programmes, products and services***

The profitability of the Proposed New Business is dependent on fees for the educational programmes, products and services that we intend to provide. Fee rates are, in turn, based on factors such as the demand for educational programmes, products and services, costs of our operations including fees paid to our teachers and school personnel and marketing and advertising fees, fees charged by our competitors, our pricing strategy to gain market share and general economic conditions in Singapore and in the geographical markets in which we operate. If the Group is unable to price its fees competitively to attract prospective students and at the same time cover its operational costs and salary inflation, our business, financial position and results of operations may be materially and adversely affected.

(b) ***Proposed New Business is dependent on market recognition of our brand and reputation***

Our ability to maintain our reputation depends on a number of factors, some of which are beyond our control. As the Proposed New Business grows in size and we expand our programmes, products and services, it may become difficult to maintain the quality and consistency of the programmes, products and services we offer, which may lead to diminishing confidence in our brand. Such factors include levels of student and parent satisfaction with our pedagogy and curricula, teachers and teaching quality, grades achieved by and overall development of our students, employee misconduct, marketing and advertising, disruptions to our educational services, failure by our schools to pass inspections by the relevant government authorities and loss of certifications, approvals and accreditations. In the event our reputation is damaged, students' and parents' confidence and interest in our programmes, products and services may decrease and our business could be materially and adversely affected. Further, in the event we licence or franchise a brand from a third party, an isolated incident occurring with respect to such third party or other licensee or franchisee of such third party which is beyond our control or which may not be related to us may impact the reputation of our programmes, products and services.

(c) ***Our pedagogy and curricula may be licensed or franchised from third parties and if so, the continued growth of our programmes would be dependent on such third parties***

In certain instances, we may license or franchise our pedagogy and curricula from third parties. If so, our business may develop a dependency on such third parties, including for the provision and updating of such pedagogy and curricula. There is no assurance that these third parties would adequately improve their pedagogy and curricula from time to time or, even if these third parties endeavour to do so, whether such pedagogy and curricula would complement the education system in Singapore or in the geographical markets in which we provide our programmes, products and services. Further, such third parties may, for various reasons including reasons which may be beyond our control, terminate such license or franchise agreements or increase the license or franchise fees payable for the license or franchise of such pedagogy or curricula, which may materially and adversely affect our profitability and financial position. The brand and reputation of our licensed or franchised pedagogy and curricula may also be affected by the brand and reputation associated with such third parties.

(d) ***Our students' development may not meet parents' expectations and satisfaction with our educational services may otherwise decline***

The success of the Proposed New Business depends on our ability to maintain the quality of education we provide. A key performance indicator of such quality is the development of our students, both academically and holistically. However, there is no guarantee that our students will experience expected academic improvement or exhibit the skills and aspects of character which we strive to nurture. There is therefore no assurance that we can provide school learning experiences that are satisfactory to all of our students and their parents, and student and parent satisfaction with our core and enrichment programmes may not be met. Any negative developments in our students could result in students' withdrawal from or unwillingness to apply for our schools, and therefore have an adverse impact on our reputation. We may also experience negative publicity as a result. If our targeted student retention rates are not met or if we otherwise fail to attract and enroll students of a suitable standard or at all, our business, financial condition and results of operations may be materially and adversely affected.

(e) ***Proposed New Business relies on our ability to recruit and retain dedicated and qualified teachers and school personnel***

The Proposed New Business would rely substantially on the quality of the teachers and school personnel hired for the provision of educational programmes, products and services. There is, however, no assurance that we will be able to hire teachers and school personnel with the necessary expertise, experience and proficiency to conduct our courses. This is because the pool of qualified teachers and school personnel, such as principals, vice-principals and other school administrators, may be limited in Singapore and in the geographical markets in which we seek to operate. Further, we face stiff competition from other educational centres which seek to provide similar educational programmes, products and services. There is therefore no guarantee that we will be able to recruit and retain quality teachers and school personnel. If we are unable to recruit and retain an appropriate number of teachers and school personnel, the quality of our educational programmes, products and services may decline or be perceived to decline, which may have a material and adverse effect on our brand and reputation. In the case of highly qualified teachers and school personnel, such persons may demand higher compensation packages, which may materially and adversely affect our profitability and financial position.

(f) ***Proposed New Business may be affected by changes in government policies affecting expatriates and immigration***

Our educational programmes, such as kindergartens may be catered to both locals as well as expatriates in the geographical markets we seek to operate. Changes in government strategies, policies or regulations concerning the influx of expatriates and immigration may reduce the inflow of expatriates. For example, while Singapore has a relatively open immigration policy towards expatriates, due to the increased inflow of foreigners working in Singapore over the past few years, the Government of Singapore has tightened the immigration framework, which aims to raise the quality of the workforce and to calibrate the influx of expatriates. Initiatives by the Government of Singapore such as these may reduce the number of expatriate parents looking to enroll their children in our kindergartens. Further, such initiatives may impose additional compliance and operational costs, which would have a material and adverse effect on our revenues and profitability.

(g) ***Proposed New Business may be subject to seasonal fluctuations, which may cause our operation results to fluctuate from quarter to quarter***

In the event the Proposed New Business offers educational programmes which are structured to have school terms with periodic school holidays (as opposed to childcare services, which may be offered throughout the year without providing for holidays), we may experience seasonal fluctuations in our results of operations. For example, if our educational programme is modelled after the British school system, it may be the case that we do not have revenues for the months of June and December when our schools are closed for the school holidays. Further, it may be the case that the number of students in our schools is lower in the start of each calendar year, due to the graduation of students at the end of the preceding school year, before gradually being replaced over the course of the year by new enrollments. Given that our revenues will be directly affected by the headcount of students, such seasonal fluctuations would give rise to a corresponding seasonal fluctuation on our revenues over the course of a year.

(h) ***Proposed New Business may be dependent on our ability to identify suitable property for the operations of our programmes***

We require suitable property for the operation of our programmes. Given the Group's track record in the Existing Business, we are confident in our ability to source for the most suitable and competitively-priced property for the operation of our programmes. However, there are certain factors in this process which are beyond our control, such as the general availability of property in Singapore and the geographical markets in which we seek to operate, market conditions including property and rental prices which are, in turn, dependent on the general supply and demand of properties, government policies on the ownership and rental of property and prevailing tax rates on the purchase and rental of property. In the event there is a lack of suitable property, or if property or rental prices are high, our profitability may be materially and adversely affected.

(i) ***Proposed New Business may be dependent on our ability to obtain regulatory licences under the regulatory framework governing the education industry***

The Proposed New Business is in the education industry which, in Singapore, is regulated by the Ministry of Education. The Ministry of Education provides for certain requisite certifications, approvals and accreditation to be obtained or complied with in order for a school to be established and registered with the Ministry of Education, including the requirement to register the business with the Accounting and Corporate Regulatory Authority, register the school with the Ministry of Education or the Committee on Private Education (as the case may be) and register the school curriculum and teachers. The school would also be required to obtain

licences if it seeks to provide canteens or food stalls on its premises, place television sets on its premises, publish educational or school magazines, import educational material or advertise the establishment. The Ministry of Education also imposes minimum education requirements for teachers and schools are required to achieve certain accreditations if they require funding, such as the EduTrust Certification and the Singapore Quality Class Certification. Kindergartens and childcare centres come under the oversight of the Early Childcare and Development Agency, which is jointly overseen by the Ministry of Education and the Ministry of Social and Family Development. Accordingly, our ability to operate schools in Singapore may be affected by our ability to obtain and comply with such certifications, approvals and accreditation. Given that the Group is new to the education industry, there is no assurance that we will be able to obtain and comply with such certifications, approvals and accreditation. In addition, in the event the standards and conditions imposed by the Ministry of Education from time to time become more stringent, the Group may have to increase its compliance standards and procedures, which may result in increased costs and management having to devote time and resources to ensure compliance with such standards and procedures.

**(j) *Accidents, injuries or illnesses suffered by our students, employees or other personnel may adversely affect our reputation and subject us to liabilities***

We may be held liable for the accidents, injuries or illnesses or other harm to students, employees or school personnel at our schools, learning centres and enrichment centres, notwithstanding that these may have been beyond our control. We may also face claims alleging that we were negligent, provided inadequate maintenance to our facilities or failed to adequately supervise of our employees and school personnel, and may therefore be held liable for such accidents, injuries or illnesses or other harm sustained on our premises. In addition, if any of our teachers or school personnel commits acts of violence or indecent acts, we may face allegations that we failed to provide adequate security or were otherwise responsible for his or her actions.

Although we will maintain insurance for the Proposed New Business, our insurance coverage may not be adequate to cover all claims such as those described in the foregoing paragraph. In addition, in the event accidents, injuries or illnesses or other harm are suffered on our premises, we may not be able to obtain liability insurance in the future at reasonable prices, or at all. If claims are made against us, whether successfully or not, we may suffer reputational harm and may incur increased costs, and management may have to devote time and resources to defend such claims.

**(k) *We may be exposed to potential liabilities if we cannot maintain food quality standards***

In the course of conducting the Proposed New Business, we may require the outsourcing of food and meal catering services to third parties. We will emphasise the importance of student safety and the quality of food that we provide in our premises, but there is no assurance that we will be able to ensure the quality of food, monitor the meal preparation process to ensure its quality or require the caterers to adhere to our food quality standards. In the event poor food quality results in any serious health violations or medical emergencies, such as mass food poisoning, and consequently leads to complaints from students and parents, our business and reputation may be materially and adversely affected.

## **2.8.2 RISKS ASSOCIATED WITH NEW BUSINESSES**

**(a) *Initial gestation period***

As the Group is new to the Proposed New Business, there may be costs for the initial start-up and establishment of the Proposed New Business which would have to be expended before revenues from the Proposed New Business are received. Accordingly, there may be an initial gestation period before the Group recovers its initial start-up costs and the Proposed New Business becomes profitable. The length of the initial gestation period depends on various factors, including the initial start-up costs, fees paid to our teachers and school personnel, marketing and advertising fees and fees that the Group initially charges for the first batch of students. There is no assurance as to how long the initial gestation period would be and whether and when the Proposed New Business will become profitable.

**(b) *We may not have the ability or sufficient expertise to execute the Proposed Diversification***

The Group's ability to successfully diversify into the Proposed New Business is dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the Proposed New Business. As set out in **Paragraph 2.4**, the Group has appointed Mr Tan Tee How to oversee the Proposed New Business and is confident that he has the requisite expertise and experience to head the Proposed New Business. That said, there is no assurance that we will be able to recruit other qualified personnel with suitable expertise and experience to support the growth of the Proposed New Business. Without the support of strong management team to manage the Proposed New Business, the Group may not be able to successfully implement the Proposed New Business, and this may adversely affect the Group's financial performance and stability.



(c) ***We have no prior experience in the Proposed New Business***

As the Group is new to the Proposed New Business, there is no assurance that the Proposed New Business embarked upon by the Group will achieve the expected level of revenues and margins. If the Group fails to manage costs effectively, the overall financial position and profitability of the Group may be adversely affected.

Further, as the Group does not have a proven track record in carrying out the Proposed New Business, there is no assurance that the Proposed New Business will be commercially successful or that the Group will be able to derive sufficient revenue to offset the initial start-up costs as well as ongoing operating costs arising from the Proposed New Business. The Proposed New Business may expose the Group to unforeseen liabilities or risks associated with the entry into a new market and new business. If the Group does not derive sufficient revenues from or does not manage the ongoing costs of the Proposed New Business effectively, the overall financial position and profitability of the Group may be materially and adversely affected.

(d) ***We may not be able to find partners to work with for future collaborations or joint ventures or be successful in working with such partners***

From time to time, depending on available opportunities, feasibility and market conditions, we may consider that the Group would benefit from the entry into collaborations or joint ventures with third parties in Singapore or overseas in connection with the Proposed New Business. There is, however, no guarantee as to whether we would be able to find partners to work with at such time or, even if we are able to find partners to work with, whether we would be successful in working with such partners. Accordingly, even if we identify strategic business opportunities with potential for growth that, in our view, would complement our business, there is no assurance that these opportunities would be successfully executed and we may from time to time have to forego potential business opportunities.

(e) ***We may not be able to successfully integrate future collaborations or acquisitions with the Existing Business or the Proposed New Business***

Further to the Proposed Diversification, the Board and management may consider it to be in the best interests of the Company and the Group to enter into collaborations or make acquisitions. The success and profitability of such collaborations and acquisitions may depend on our ability to successfully integrate such collaborations or acquisitions with the Existing Business or the Proposed New Business, including to employ cost-cutting measures and to derive synergies. There is, however, no assurance that we would be able to successfully integrate such collaborations or acquisitions with the Existing Business or the Proposed New Business. In the event we are not able to successfully integrate such collaborations or acquisitions effectively, the overall financial position and profitability of the Group may be materially and adversely affected.

### 2.8.3 GENERAL RISKS

(a) ***We may face competition from existing competitors and new market entrants in the Proposed New Business***

The Proposed New Business may be highly competitive, with strong competition from established industry participants who may have larger financial resources or a stronger track record in the Education Sector. The Group may therefore not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors. Further, new competitors may enter the industry, resulting in increased competition or saturation. There is no assurance that the Group can compete successfully against its existing or potential competitors now or in the future. To compete effectively, the Group will have to offer more competitive pricing or differentiate itself by adopting creative marketing strategies. In the event that the Group is unable to do so, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

(b) ***We may be exposed to a range of economic risks relating to the Proposed New Business in the countries in which we may operate***

The performance of the Proposed New Business depends largely on the economic situation in Singapore and in the geographical markets in which the Group proposes to enter into. There is no assurance that the Education Sector in Singapore or such other geographical markets will continue to grow. This may adversely affect the demand for the Group's educational programmes, products and services. Singapore and the other geographical markets in which we seek to operate may be adversely affected by political, economic, regulatory, social or diplomatic developments. Changes in inflation, interest rates, taxation or other regulatory, economic, social or political factors affecting Singapore or such other geographical markets, or adverse developments in the supply, demand and prices of resources in such countries, may have an adverse effect on the Group's business. This may also materially and adversely affect the Group's business operations, financial condition, results of operations and prospects.

(c) ***Our operations may be subject to disruptions caused by uncontrollable and unforeseen events and influences***

The Group may face severe disruption in operations from events or circumstances not within its control which, sustained over time, may negatively impact the Group's financial condition and performance. Examples of these events or circumstances include conflicts, wars, terrorism and other social disruptions, adverse weather and natural disasters including floods, earthquakes, increased costs, unexpected delays from the engagement of third party contractors and service providers, accidents or fires which may result in injuries, damages to critical equipment, power supply or infrastructure and disruptions caused by members of the local community. Any of these events or conditions could materially and adversely affect the Group's business, financial condition, financial performance, results of operations and prospects.

## 2.9 Risk Management Measures and Safeguards

The Board recognises the importance of internal control and risk assessment for the smooth running of the Group's business, including the Proposed New Business. To address the risks presented by the Proposed New Business to the Group, the Group currently has in place a system of risk management and internal controls as required by the Singapore Code of Corporate Governance 2012. If and when the Proposed Diversification is approved, the risks presented by the Proposed New Business to the Group will be managed under the existing system of risk management and internal controls, which will determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group will involve external parties, including its external and internal auditors, after it has gained more experience in the Proposed New Business. Where necessary, the Audit Committee will:

- (a) review with management, external and internal auditors the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance and informational technology risks relating to the Proposed New Business; and
- (b) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and financial position.

## 3 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the direct and deemed interests of the Directors and the Substantial Shareholders in the Shares are as follows:

Name	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>						
Chia Lee Meng Raymond <sup>(1)</sup>	6,125,000	0.99	19,702,000	3.17	25,827,000	4.16
Lim Tiang Chuan	44,177,000	7.11	0	0	44,177,000	7.11
Hoon Tai Meng	1,625,500	0.26	0	0	1,625,500	0.26
Dawn Lim Sock Kiang	15,377,000	2.48	0	0	15,377,000	2.48
Tan Tee How	0	0	0	0	0	0
Ang Mong Seng	146,000	0.02	0	0	146,000	0.02
Ung Gim Sei <sup>(2)</sup>	0	0	153,000	0.02	153,000	0.02
Lui Tuck Yew	0	0	0	0	0	0
Cheng Heng Tan	0	0	0	0	0	0
Abdul Jabbar Bin Karam Din	0	0	0	0	0	0
<b>Substantial Shareholders</b>						
Lim Tiam Seng <sup>(3)</sup>	60,499,000	9.74	17,198,000	2.77	77,697,000	12.51
Kwek Lee Keow <sup>(4)</sup>	17,198,000	2.77	60,499,000	9.74	77,697,000	12.51
Lim Tiang Chuan	44,177,000	7.11	0	0	44,177,000	7.11

**Notes:**

- (1) Mr Chia Lee Meng Raymond's deemed interest comprises 19,702,000 Shares held by his wife, Mdm Lim Sock Joo. Mr Chia Lee Meng Raymond also holds 40,000,000 options under the Chip Eng Seng Employee Share Option Scheme to acquire up to 40,000,000 Shares.
- (2) Mr Ung Gim Sei's deemed interest comprises 153,000 Shares held by his wife, Mdm Mok Sock Tai.
- (3) Mr Lim Tiam Seng's deemed interest comprises 17,198,000 Shares held by his wife, Mdm Kwek Lee Keow.
- (4) Mdm Kwek Lee Keow's deemed interest comprises 60,499,000 Shares held by her husband, Mr Lim Tiam Seng.

Certain Directors are, in their personal capacity, involved in committees or community outreach programmes with respect to the Education Sector. For example, Mr Chia Lee Meng Raymond, Executive Chairman and Group Chief Executive Officer, is a board member of Raffles Girls' Primary School and, as described in **Paragraph 2.4**, Mr Tan Tee How is a board member of St Joseph's Institution International Elementary School Ltd., St Joseph's Institution International Ltd. and the Christian Brothers' Schools in Singapore, as well as Council Chairman of St Anthony's Primary School. Mr Ung Gim Sei, an Independent Director of the Company, is also an independent director of Informatics Education Ltd. In addition, Mr Abdul Jabbar Bin Karam Din, also an Independent Director of the Company, is a member of the Raffles Girls' Primary School Advisory Committee. It is not expected that the interests of these Directors in their personal capacity as described will present any conflict of interests with the Proposed Diversification.

Save as disclosed above, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Diversification, other than through their respective shareholdings in the Company.

#### **4 DIRECTORS' RECOMMENDATION**

The Directors, having considered the rationale for the Proposed Diversification as set out in **Paragraph 2.3**, are of the opinion that the Proposed Diversification is in the best interest of the Group and is not prejudicial to the interests of the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Proposed Diversification at the EGM.

As at the date hereof, the Lim Family hold, in aggregate, a direct interest in approximately 29.6% of all the issued and outstanding Shares. Each member of the Lim Family has irrevocably undertaken with the Company to vote their respective Shares in favour of the Proposed Diversification.

#### **5 EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on Page 18 of this Circular, will be held on 25 April 2018 at 11.30 a.m. for the purpose of considering and if, thought fit, passing, with or without modifications, the Ordinary Resolution as set out in the Notice of EGM.

#### **6 ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the instrument appointing a proxy or proxies ("**Proxy Form**") attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's registered office at 171 Chin Swee Road, #12-01, CES Centre, Singapore 169877, not less than 48 hours before the time fixed for the holding of the EGM. The completion and return of the Proxy Form by such Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy should he subsequently wish to do so.

Pursuant to the amended Section 81SJ(4) of the Securities and Futures Act, Chapter 289 of Singapore, a Depositor will not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears of the Depository Register at least 72 hours before the EGM.

#### **7 DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification, the Proposed New Business and the Group and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and reproduced in this Circular in its proper form and context.



## 8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 171 Chin Swee Road, #12-01, CES Centre, Singapore 169877, during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the Annual Report of the Company for the financial year ended 31 December 2017; and
- (c) the Voting Undertakings.

Yours faithfully

For and on behalf of  
The Board of Directors of  
**CHIP ENG SENG CORPORATION LTD**

Chia Lee Meng Raymond  
Executive Chairman and Group Chief Executive Officer



## CHIP ENG SENG CORPORATION LTD

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199805196H)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of shareholders (“**Shareholders**”) of Chip Eng Seng Corporation Ltd (“**Company**”) will be held at Emerald Suite, Golf Clubhouse, Level II, Orchid Country Club, No. 1 Orchid Club Road, Singapore 769162 on 25 April 2018 at 11.30 a.m. (or as soon as practicable after the conclusion of the Annual General Meeting of the Company held on the same date and at the same place) for the purpose of considering and, if thought fit, passing, with or without amendment, the following resolution, which will be proposed as an ordinary resolution:

#### Ordinary Resolution – Proposed Diversification of the Business into the Education Sector

That:

- (a) approval be and is hereby granted for the diversification of the business activities of the Company and its subsidiaries into the education sector, being the construction, development, establishment, ownership, management and operations of educational programmes, products and services, including childcare centres, nurseries, pre-schools, kindergartens, primary, secondary, elementary, middle and high schools, Kindergarten to Grade 12 main schools, junior colleges, pre-university courses, tertiary foundation programmes, universities, degree transfer programmes, enrichment centres and programmes, vocational courses, preparatory courses, higher-level learning programmes, certification programmes and corporate training and other training and skills upgrading courses, relating in each case to academics, music, the arts, religion and sports, and the licensing and franchising, as licensee, franchisee, licensor or franchisor, of intellectual property with respect to trade marks, pedagogy and curricula for the provision of such educational programmes, products and services; and
- (b) the directors of the Company be authorised to do all such things and execute all such documents as they may consider necessary, appropriate or expedient to give effect to this ordinary resolution as they may deem fit.

By Order of the Board of  
**Chip Eng Seng Corporation Ltd**

Chia Lee Meng Raymond  
Executive Chairman and Group Chief Executive Officer

Singapore  
9 April 2018

#### Notes:

1. A Shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. A Shareholder who is not a relevant intermediary (as defined in section 181(6) of the Companies Act (Cap. 50) of Singapore (“**Companies Act**”)) is entitled to appoint one or two proxies to attend and vote on his/her behalf. Where a Shareholder appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy or proxies (“**Proxy Form**”).
3. A Shareholder who is a relevant intermediary (as defined in section 181(6) of the Companies Act) is entitled to appoint more than two proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share in the Company (“**Share**”) or Shares held by such Shareholder. Where such Shareholder’s Proxy Form appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
4. The Proxy Form must be lodged at the registered office of the Company at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877, not less than 48 hours before the time appointed for the EGM (i.e., by 23 April 2018 at 11.30 a.m.). The lodging of a Proxy Form by a Shareholder does not preclude him/her from attending and voting in person at the EGM if he/she finds that he/she is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

#### Personal data privacy:

By lodging the Proxy Form, the Shareholder (i) consents to the collection, use and disclosure of the Shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) and/or representative(s) appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to such meeting, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder’s breach of warranty.

**IMPORTANT:**

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.



**CHIP ENG SENG CORPORATION LTD**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199805196H)

**Personal data privacy**

By submitting an instrument appointing a proxy(ies) and or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM.

**PROXY FORM  
EXTRAORDINARY GENERAL MEETING**

I/We \_\_\_\_\_ (Name(s) and NRIC/Passport Number(s))

of \_\_\_\_\_ (Address)

being a Shareholder/Shareholders of Chip Eng Seng Corporation Ltd, hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or, both of whom failing, the Chairman of the EGM as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the EGM of the Company to be held at Emerald Suite, Golf Clubhouse, Level II, Orchid Country Club, No. 1 Orchid Club Road, Singapore 769162 on Wednesday, 25 April 2018 at 11.30 a.m. (or as soon as practicable after the conclusion of the Annual General Meeting of the Company held on the same date and at the same place) and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM.

Ordinary Resolution	No. of Shares For*	No. of Shares Against*
Proposed Diversification of the Business into the Education Sector		

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of Shares in respect of which votes are to be cast "For" and "Against" as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

**Total number of  
Shares held**

\_\_\_\_\_  
Signature(s) of Shareholder(s) or Common Seal

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**EXTRAORDINARY GENERAL MEETING  
PROXY FORM**

**Affix  
Stamp  
Here**

The Company Secretary

**CHIP ENG SENG CORPORATION LTD**  
171 Chin Swee Road  
#12-01 CES Centre  
Singapore 169877

Fold along this line.

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes:**

1. A Shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. A Shareholder who is not a relevant intermediary (as defined in section 181(6) of the Companies Act) is entitled to appoint one or two proxies to attend and vote on his/her behalf. Where a Shareholder appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.
3. A Shareholder who is a relevant intermediary (as defined in section 181(6) of the Companies Act) is entitled to appoint more than two proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder's Proxy Form appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
4. A Shareholder should insert the total number of Shares held. If a Shareholder has Shares entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Shares. If a Shareholder has Shares registered in his/her name in the Register of Shareholders of the Company, he/her should insert that number of Shares. If a Shareholder has Shares entered against his/her name in the said Depository Register and registered in his/her name in the said Register of Shareholders, he/she should insert the aggregate number of Shares. If no number is inserted, this Proxy Form will be deemed to relate to all the Shares held by the Shareholder.
5. The Proxy Form must be lodged at the registered office of the Company at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877 not less than 48 hours before the time appointed for the EGM (i.e., by 23 April 2018 at 11.30 a.m.). The lodging of a Proxy Form by a Shareholder does not preclude him/her from attending and voting in person at the EGM if he/she finds that he/she is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.
6. The Proxy Form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its duly authorised attorney or a duly authorised officer.

Fold along this line.

7. Where an Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of such power or authority must (unless previously registered with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. A corporation which is a Shareholder may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at the EGM. The person so authorised shall, upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. All Shareholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.

**General:**

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by the CDP to the Company.