



DIVERSIFICATION INTO EDUCATION SECTOR - COLLABORATION WITH REPTON INTERNATIONAL

1 INTRODUCTION

The Board of Directors (“**Board**”) of Chip Eng Seng Corporation Ltd (“**Company**”) refers to the announcement released on 5 March 2018 (*Proposed Diversification into Education Sector*), the circular dated 9 April 2018 (the “**Circular**”) in relation to the proposed diversification of the business into the education sector (the “**Proposed Diversification**”) and the announcement released on 25 April 2018 in relation to the results of the extraordinary general meeting on the Proposed Diversification (the “**EGM Results Announcement**”).

As stated in the EGM Results Announcement, the ordinary resolution for the Proposed Diversification was duly passed by the Company’s shareholders. Further to and in line with the Proposed Diversification, the Board is pleased to announce that CES Repton Asia Pte. Ltd. (formerly known as CESK12 Pte. Ltd.) (“**CESR**”), the Company’s wholly owned subsidiary, has today entered into a collaboration with Repton International Schools Ltd (“**Repton International**”) relating to the establishment of international kindergartens in certain countries within the Asia Pacific region pursuant to a collaboration agreement dated 25 April 2018 (“**Collaboration Agreement**”) and to license certain trade marks, including the name “Repton School” and the crest logo associated therewith, pursuant to a trade mark licensing agreement dated 25 April 2018 (“**Trade Mark Licensing Agreement**”).

Pursuant to the Collaboration Agreement and the Trade Mark Licensing Agreement, CESR and Repton International intend to establish a chain of premium international kindergartens in certain countries within the Asia Pacific region under the “Repton School” brand name. CESR and Repton International aim to establish the first Repton-brand kindergarten in Singapore by early 2019.

2. PRINCIPAL TERMS OF THE REPTON COLLABORATION

2.1 Term and Termination. The Collaboration Agreement and the Trade Mark Licensing Agreement will take effect from the date of the agreements and will continue for an initial term up to 31 December 2048, unless terminated by CESR and/or Repton International or further extended by the parties. RISL has the right to terminate the Collaboration Agreement and the Trade Mark Licensing Agreement with immediate effect if, amongst others, CESR has not opened a Repton-brand kindergarten within 18 months of the date of the agreements.

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 “Repton School” brand and trade mark by Repton International to CESR, CESR 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 2017;

- (b) from the commencement of operations of the kindergartens, annual fees calculated based on a percentage of total revenues from the operations of the kindergartens for each year of operations; and
- (c) from the commencement of operations of the kindergartens, annual performance-based fees per country in which a Repton-brand kindergarten is in operation. This third component of the consideration has been agreed to ensure that Repton International is aligned with the interest of CESR in seeking the success of the collaboration.

2.3 Responsibilities of CESR. Pursuant to the Collaboration Agreement, CESR will be responsible for, among other things, obtaining and ensuring compliance with all necessary clearances, permits and authorisations for the establishment and operation of the kindergartens, overseeing the construction, fixtures and fittings and maintenance of the kindergartens, facilitating and assisting in the recruitment of local pupils and employment of all staff, maintaining suitable and adequate insurance policies for the safe and effective operation of the kindergartens 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, providing policy manuals detailing procedures and guidelines for the smooth functioning of the kindergartens, advising on the design, architecture and lay-out of the Kindergartens, assisting in the design of the kindergartens' branding and on marketing and admissions material, designing the various curricula and course outlines based on the British "Early Years Foundation Stage" curriculum, establishing links for pupils and staff with other premium international schools worldwide, providing governance, leadership and quality control visits and ongoing assistance and further developmental assistance.

2.5 Sublicensing. CESR may, with the prior approval of Repton International, sublicense the intellectual property rights as well as the trade marks granted under the Collaboration Agreement and Licence Agreement to the Company or any of its subsidiaries and associated companies.

3. INFORMATION ON REPTON INTERNATIONAL

Repton School was founded in 1557 in the village of Repton, South Derbyshire, England ("**Repton School**"). Repton School, a private day and boarding school in the United Kingdom, has since grown to about 650 pupils aged 13 to 18 years old and it aims to be a school which is large enough to create a "buzz" but small enough for all to flourish and to know one another. Through its associated preparatory school, Foremarke Hall, which has 450 children, Repton School also caters to children aged from 3 to 13 years. Academic work is at the heart of the school, with approximately 10% of pupils being offered places at either Oxford or Cambridge Universities each year. Repton School is also recognised as one of the top sporting schools in the United Kingdom, has strong music and art departments and an outstanding record in drama. Its pedagogy seeks to address the whole person through a rich balance of three primary facets of school life: the educational, the pastoral and the co-curricular.

As the wholly-owned subsidiary of Repton School, Repton International has been responsible for establishing premium international schools in Dubai, Abu Dhabi, Jordan and Bangalore. Repton International aims to ensure that the ethos and standards of Repton School are seamlessly transferred to its premium international schools, and assumes responsibility in maintaining the highest academic standards in these schools with the purpose of producing well-rounded, confident and capable young people who are prepared for today's global economy.

4. RATIONALE FOR COLLABORATING WITH REPTON INTERNATIONAL

The Company recognises that Repton International has deep and rich historical and cultural roots in the United Kingdom. Repton International 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. Its pedagogy is a focus not only on excellence in academics, but to develop well-rounded students who are confident and capable. The established “Repton School” branding and Repton International’s track record as a provider of premium private school education also makes Repton International a suitable partner for the Group’s foray into the high-end market segment 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.

In addition, Repton International has been able to ensure that teaching methods and curricula from the mother school are transferred to various premium international schools that it has established outside of the United Kingdom. It has experience and expertise in establishing its teaching programmes in a new country, which requires it to navigate regulatory and educational environments in a foreign jurisdiction and collaborate with local partners. The Group seeks to leverage on Repton International’s experience, with the assurance that Repton International has successfully collaborated with other local partners in establishing premium international schools.

5. OTHERS

The collaboration with Repton International 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 2018.

None of the Directors and, to the best knowledge of the Directors, none of the controlling and substantial shareholders of the Company, has any direct or indirect interest in the collaboration with Repton International.

Submitted by Tan Tee How, Executive Director, on 25 April 2018 to the SGX.