



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

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## PROPOSED INVESTMENT IN WHITE LODGE EDUCATION GROUP

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### 1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”) is pleased to announce that its wholly-owned subsidiary, CES WL Pte. Ltd. (the “**Purchaser**”) has today entered into a sale and purchase agreement (the “**SPA**”) with WL Holdco Pte. Ltd. (the “**Seller**”), an affiliate of Navis Capital (“**Navis**”), to acquire 70% of the issued share capital of White Lodge Education Group Services Pte. Ltd. (“**White Lodge**”) for an aggregate consideration of SGD13.3 million, in accordance with the terms of the SPA (“the “**White Lodge Investment**”).

### 2. INFORMATION ON THE SELLER

Founded in 1998, Navis manages approximately US\$ 5 billion in public and private equity capital and focuses on investments primarily in and around Asia. Navis contributes both capital and management expertise to a limited number of well-positioned companies with the objective of directing strategic, operational and financial improvements. Navis has one of the largest private equity professional teams in Asia, comprising over 60 individuals, supported by over 30 administrative staff, in six offices across the region. Navis has a long and proven track record in pan-Asian private equity, with over 75 control transactions across the Asian region completed since its establishment.

### 3. INFORMATION ON WHITE LODGE AND RATIONALE FOR THE WHITE LODGE INVESTMENT

Founded by Ms Jayne Nadarajoo and Mr Ganesh Kanapathy (the “**Founders**”) in 1999, White Lodge currently operates a chain of pre-school centres in Singapore and Malaysia. Since its inception, White Lodge has expanded from one pre-school centre in Bukit Timah, Singapore to seven pre-school centres in Singapore and two pre-school centres in Malaysia. White Lodge seeks to differentiate itself with an emphasis on a child’s intellectual and emotional growth instead of purely focusing on academic excellence. The programmes offered by White Lodge include an afternoon drop-off programme for children aged 18 months to 6.5 years, parent and child groups for children aged 18 months to 2.5 years, playgroups for children aged 18 months to 2.5 years, pre-nursery classes for children aged 2.5 years to 3.5 years, nursery classes for children aged 3.5 years to 4.5 years, pre-kindergarten classes for children aged 4.5 to 5.5 years and kindergarten classes for children aged 5.5 years to 6.5 years.

Having been in operation for over 19 years, White Lodge has a proven track record of emphasising on creative learning, including learning through active participatory learning and learning through “symbolic languages” such as painting, sculpting and drama.

The White Lodge Investment presents the Company and its subsidiaries (the “**Group**”) with a ready platform to expand its footprint in the pre-school education segment. Further, the Group’s education business will also benefit from the experience and expertise of the Founders and incumbent management, school personnel and teachers of White Lodge.

#### **4. PRINCIPAL TERMS OF THE WHITE LODGE INVESTMENT**

- 4.1 Consideration.** On the date of the completion of the White Lodge Investment, the Purchaser will pay SGD13.3 million (the “**Purchase Price**”) in cash to the Seller.

The Purchase Price will be further adjusted for any changes in the working capital of White Lodge and its subsidiaries (the “**White Lodge Group**”), in accordance with the SPA.

The consideration was arrived at on a willing-buyer, willing-seller basis, taking into consideration, among others, the management strength and capabilities of the White Lodge Group and the Company’s assessment of its business (including the scalability of the business and the quality of its curriculum), earnings and prospects. The purchase price will be funded and paid out of internal cash resources of the Group.

- 4.2 Terms.** The SPA contains customary provisions, including representations and warranties, pre-completion covenants regarding the operation of the White Lodge business, limitations of the Seller’s liabilities and other commercial terms.

- 4.3 Completion.** Completion is conditional upon, *inter alia*, certain consents being obtained in relation to some properties leased by the White Lodge Group. Completion is expected to take place in the third quarter of 2018.

- 4.4 Other Material Documents.** In connection with the White Lodge Investment, the following agreements were entered into:

- (a) service agreements between White Lodge and each of the Founders respectively, in relation to the terms and conditions of their employment by White Lodge; and
- (b) a shareholders’ agreement among the Purchaser, the Founders and White Lodge, to regulate their relationship *inter se* as shareholders of White Lodge, and the conduct of the business and affairs of White Lodge.

#### **5. FINANCIAL IMPACT**

The White Lodge Investment 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 2018.

#### **6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the White Lodge Investment, other than through their respective shareholdings in the Company.

Submitted by Tan Tee How, Executive Director, on 20 July 2018 to the SGX.