



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

PROVISION OF CONVERTIBLE LOAN TO CYBINT INTERNATIONAL PTE. LTD.

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the "**Company**") wishes to announce that its wholly-owned subsidiary, CES Edutech Pte. Ltd. ("**CESE**"), had today entered into a convertible loan agreement (the "**Convertible Loan Agreement**") with Cybint International Pte. Ltd. ("**CIPL**"), Cybint Solutions Ltd. ("**CSL**") and Mr. Roy Moshe Zur (the "**Founder**"), pursuant to which CESE will lend a sum of US\$4.95 million to CIPL (the "**Convertible Loan**").

As a condition to the disbursement of the Convertible Loan, CIPL, CSL and the Founder are required to undertake the Restructuring Exercise (as defined below).

The Convertible Loan is convertible into ordinary shares of CIPL ("**CIPL Shares**") in accordance with the terms of the Convertible Loan Agreement. Upon full conversion of the Convertible Loan, CESE will hold an interest of 33.33% in CIPL and its subsidiaries (assuming no additional shares in CIPL are issued).

Further details on the Convertible Loan and the Restructuring Exercise (as defined below) (collectively, the "**Proposed Transaction**") are set out below.

2. INFORMATION ON THE CYBINT GROUP

As at the date of this Announcement, the business of the Cybint Group is primarily carried out by CSL and its wholly-owned subsidiaries (collectively, the "**Cybint Group**"). CSL is a company incorporated in Israel and is wholly-owned by the Founder. CSL's subsidiaries are incorporated in Israel and the United States of America.

The Cybint Group is in the business of providing innovative education and training solutions and services in cybersecurity for all levels of expertise. The Cybint Group provides a comprehensive cybersecurity education platform which delivers skills-based training to organisations and educational institutions, with the aim of training users to develop skills against emerging cybersecurity threats.

The training modules developed by the Cybint Group are tailored to a user's skills and specialisation within his/her organisation, and cater to a range of proficiencies, from basic cybersecurity literacy to advanced cybersecurity specialisations. Such training modules are also continually evaluated and refreshed to ensure that users receive cybersecurity knowledge which remains relevant in an evolving cybersecurity landscape, including hands-on simulations based on threats from current, real-life cybersecurity threats.

Since 2018, the Cybint Group has partnered with private industry, academia and government entities to launch cyber centres in countries worldwide. Cyber centres are physical learning centres that offer cybersecurity and cyber intelligence learning solutions catered to the cybersecurity needs of the Cybint Group's partners.

3. INFORMATION ON CIPL AND THE RESTRUCTURING EXERCISE

- 3.1 **CIPL.** As at the date of this Announcement, CIPL is a newly-incorporated company in Singapore with an issued and paid-up share capital of US\$2, comprising two (2) CIPL Shares which are owned by the Founder.
- 3.2 **Restructuring Exercise.** Prior to the disbursement of the Convertible Loan, CIPL is required to acquire all the issued and paid-up shares of CSL from the Founder, such that the Cybint Group will be subsidiaries of CIPL (the "**Restructuring Exercise**").

4. PRINCIPAL TERMS OF THE CONVERTIBLE LOAN AGREEMENT

- 4.1 **Loan Amount.** The principal amount of the Convertible Loan is US\$4.95 million and, subject to paragraph 4.5 below, is provided to CIPL on an interest-free basis. The terms of the Convertible Loan were arrived at on a willing-buyer, willing-seller basis, taking into consideration, among others, the management strength and capability of the Cybint Group, the Company's assessment of the business (including the scalability of the business and the quality of its products and services), earnings, and prospects of the Cybint Group. The Convertible Loan, if disbursed, will be funded from internal cash resources.
- 4.2 **Disbursement.** The Convertible Loan shall only be disbursed to CIPL after the conditions stated in the Convertible Loan Agreement, which include the completion of the Restructuring Exercise, are satisfied or waived by CESE.
- 4.3 **Conversion.** Subject to the fulfilment of certain conditions in the Convertible Loan Agreement, the Convertible Loan will be fully converted into CIPL Shares on the date falling 12 months from the date of disbursement of the Convertible Loan (the "**Disbursement Date**", and such date of conversion, the "**Final Conversion Date**"). CESE also has the option to convert the Convertible Loan in whole (and not in part) at any time prior to the Final Conversion Date.
- 4.4 **Conversion Shares.** The Convertible Loan is convertible into 5,000 issued and fully-paid CIPL Shares representing 33.33% of the enlarged issued and paid-up share capital of CIPL (assuming no additional shares in CIPL are issued).
- 4.5 **Term and Repayment.** The Convertible Loan is for a term of 12 months from the Disbursement Date. Should the conversion not take place by the Final Conversion Date, CIPL shall repay the Convertible Loan in full to CESE within 36 months from the Final Conversion Date, at an interest rate of 8% per annum which shall be charged from the Final Conversion Date until the date the Convertible Loan is repaid, compounded annually.
- 4.6 **Other terms.** The Convertible Loan Agreement contains customary provisions, including representations and warranties, indemnities, and other commercial terms.

5. RATIONALE FOR THE PROPOSED TRANSACTION

The Company believes that the Proposed Transaction contributes to its strategic direction for its education business segment to invest into educational technology companies that will provide opportunities to achieve growth in the education sector. In addition, the Company believes that the need for cybersecurity literacy and specialised cybersecurity professionals would continue to grow with the ongoing digitisation of the global economy, and investing in the education and training solutions and services in cybersecurity developed by the Cybint Group will allow the Company to enter the growing area of cybersecurity within the education business segment.

6. OTHER MATERIAL DOCUMENTS

CESE and the Founder have also executed a shareholders' agreement today to regulate their relationship *inter se* as shareholders of CIPL, and the conduct of the business and affairs of CIPL and its subsidiaries. The shareholders' agreement will take effect on the date CESE becomes a shareholder of CIPL.

7. FINANCIAL IMPACT

The Proposed Transaction 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 2019.

8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, and to the best of the Directors' knowledge, none of the substantial shareholders of the Company, has any interest, direct or indirect, in the Proposed Transaction, 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 23 December 2019 to SGX