



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

PROPOSED INVESTMENT IN AMDON CONSULTING PTE LTD

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”) is pleased to announce that its wholly-owned subsidiary, CES Edutech Pte. Ltd. (the “**Purchaser**”) has today entered into:

- (a) a share subscription agreement (the “**SSA**”) with Amdon Consulting Pte. Ltd (the “**Target**”) and Mr. Lam Yew Khuen Eric, as the covenantor (the “**Covenantor**”), to subscribe for new ordinary shares in the Target, in accordance with the terms of the SSA (the “**Proposed Subscription**”); and
- (b) a sale and purchase agreement (the “**SPA**”) with certain shareholders of the Target (the “**Vendors**”), to acquire all the ordinary shares held by the Vendors in the issued share capital of the Target, in accordance with the terms of the SPA (“the “**Proposed Acquisition**”),

such that the Purchaser will hold in aggregate approximately 38.0% of the issued share capital of the Target immediately after the completion of the Proposed Acquisition and the Proposed Subscription (collectively, the “**Proposed Investment**”).

2. INFORMATION ON THE TARGET

The Target, together with its subsidiaries, including (i) Werkz Asia Pte Ltd, (ii) Werkz Publishing Inc. and (iii) Werkz Technology Co., Ltd (collectively the “**Amdon Group**”), is a provider of interactive content and inquiry-based pedagogical resources, especially in the fields of science and technology.

The Amdon Group focuses on the development of inquiry-based STEM (Science-Technology-Engineering-Mathematics) educational programmes. The Amdon Group is building scalable digital technologies and a proprietary platform with artificial-intelligence capabilities to deliver personalised learning to students internationally.

3. RATIONALE FOR PROPOSED INVESTMENT

The Company believes that the Proposed Investment contributes to its strategic direction for its education business segment to invest into a group of educational technology companies that will provide synergistic opportunities to achieve growth in a key education sector. In addition, the Company believes that the online delivery platform and the digital learning content and resources developed by the Amdon Group will support the recent investments made by the Company's education business segment in elementary schools and pre-schools to offer high-quality education.

4. PRINCIPAL TERMS OF THE PROPOSED INVESTMENT

- (a) **Consideration.** The total consideration for the Proposed Investment is approximately S\$5.4 million (the "**Consideration**"). The Consideration was arrived at on a willing-buyer, willing-seller basis, taking into consideration, among others, the management strength and capabilities of the Amdon Group as well as 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 Amdon Group.

The Consideration will be paid for by the Purchaser in cash and will be funded from internal cash resources.
- (b) **Additional Subscription.** Pursuant to the SSA, the Purchaser may also be allotted and issued with additional new shares (the "**Additional Shares**") in the Target, subject to the performance of the Target over an agreed 12-month period following the completion of the Proposed Subscription. In the event the Additional Shares are allotted and issued, the Purchaser will hold approximately 42.7% of the issued share capital of the Target assuming no other shares in the Target are issued following completion of the Proposed Subscription.
- (c) **Terms.** The SSA and the SPA contain customary provisions, including representations and warranties, pre-completion covenants, indemnities, and other commercial terms.
- (d) **Completion.** Completion is conditional upon the satisfaction of the conditions precedent set out in the SSA and the SPA. In particular, the Proposed Subscription is conditional on the completion of the Proposed Acquisition. Completion is expected to take place in the last quarter of 2019.

5. OTHER MATERIAL DOCUMENTS

In connection with the Proposed Investment, a shareholders' agreement was entered into between the Purchaser and the remaining shareholders of the Target (including the Covenantor) to regulate their relationship *inter se* as shareholders of the Target, and the conduct of the business and affairs of the Target and its subsidiaries.

6. FINANCIAL IMPACT

The Proposed Investment, when completed, 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.

7. 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 Investment, other than through their respective shareholdings and/or directorships, as the case may be, in the Company.

Submitted by Tan Tee How, Executive Director, on 7 October 2019 to SGX