



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

PROPOSED INVESTMENT IN AMERICAN SCHOLAR GROUP, INC. MODIFICATIONS TO INVESTMENT

The Board of Directors of Chip Eng Seng Corporation Ltd (the "**Company**") refers to the announcement released on 21 May 2018 (*Proposed Investment in American Scholar Group, Inc.*). Unless otherwise defined, all capitalised terms in this announcement shall have the same definition ascribed to it in the aforementioned announcement dated 21 May 2018.

MODIFICATIONS TO ASG INVESTMENT

CESA, ASG and the founders of ASG (being David HO Voon Way and NG Ching Ching, the "**ASG Founders**") have agreed to make certain modifications to the ASG Investment (the "**Modified ASG Investment**") and have entered into an amended and restated agreement dated 22 June 2018 to amend and restate the ASG Agreement.

The key modifications include the following:

- (a) in addition to the convertible loan of US\$500,000, which was disbursed by CESA to ASG in full on 21 May 2018 (the "**Initial Loan**"), CESA will extend to ASG a further convertible loan of up to US\$1.0 million (the "**Further Loan**"), which can be drawn down in whole or in part. The Further Loan will also be guaranteed by the ASG Founders;
- (b) the Further Loan will bear interest at the rate of 7% per annum, and unless converted into New Common Stock, the principal amount outstanding and all accrued interest thereto shall be repaid in full on the Due Date (ie. 21 May 2021);
- (c) the Initial Loan and the Further Loan (collectively, the "**Convertible Loans**") will be convertible (the "**Conversion Right**"), in whole or in part, into an aggregate of 30,210 shares of New Common Stock, representing 75% of the issued and outstanding capital stock of ASG (on a fully diluted basis). With respect to any exercise of the Conversion Right, the first 3,357 of New Common Stock to be issued will be at a conversion price of US\$148.94251 per New Common Stock, while the remaining 26,853 of New Common Stock to be issued will be at a conversion price of US\$37.23979 per New Common Stock; and
- (d) the Convertible Loans will be secured by a mortgage over nine properties held by ASG.

The modifications to the ASG Agreement do not change the original investment amount by CESA, being an aggregate of US\$1.5 million or the original intention to acquire only up to 75% of the issued and outstanding capital stock of ASG (on a fully diluted basis). ASG shall not effect any exercise of the Conversion Right or the Subscription Option (as the case may be), to the extent that after giving effect to such conversion or subscription (as the case may be), CESA would beneficially own in excess of 75% of the issued and outstanding capital stock of ASG (on a fully diluted basis).

As at the date of this announcement, CESA has not exercised the Conversion Right or the Subscription Option and therefore does not yet hold any Common Stock in ASG.

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The Further Loan will be funded from the Company's internal resources. The Modified ASG Investment 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 Modified ASG Investment.

Submitted by Tan Tee How, Executive Director, on 22 June 2018 to the SGX.