



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

**ENTRY INTO SALE AND PURCHASE AGREEMENT IN RELATION TO
THE PROPOSED DISPOSAL OF SHARES IN 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**"), and Mr. Roy Moshe Zur (the "**CIPL Founder**") had today entered into a sale and purchase agreement ("**SPA**") with HackerU Global Ltd. (the "**Purchaser**") to sell all of their shares held in Cybint International Pte. Ltd. ("**CIPL**") to the Purchaser (the "**Proposed Transaction**").

The Purchaser is a company registered under the laws of the State of Israel, and is not related to the Company.

Upon completion of the Proposed Transaction ("**Completion**"), the Purchaser will own 100% of the issued ordinary shares in CIPL (the "**CIPL Shares**") and CIPL shall cease to be an associated company of the Company.

Further details relating to the proposed sale by CESE of its shares in CIPL (the "**CESE Sale Shares**") are set out below.

2. INFORMATION ON CYBINT INTERNATIONAL PTE. LTD.

CIPL is a private company limited by shares incorporated under the laws of Singapore. The registered share capital of CIPL is US\$7,267,246.38, comprising 16,990,000 CIPL Shares. As at the date of this Announcement, the shareholders of CIPL are the CIPL Founder (58.86% of the total number of CIPL Shares) and CESE (41.14% of the total number of CIPL Shares).

CIPL's business model is to create learning, training and simulation platforms for cyber education.

3. SALIENT INFORMATION ON THE PROPOSED TRANSACTION

3.1 Consideration. The consideration to be paid by the Purchaser for the purchase of the CESE Sale Shares is US\$8.2 million in cash, which will be paid on Completion.

In addition to the above, in the event the Purchaser shall, during a period of twenty-four (24) months after Completion (the "**Earnout Period**"), consummate either (a) a single private fund raising or a series of private fund raising in which the Purchaser actually raises and is paid upon consummation of such transactions an aggregate amount of at least US\$150 million, or (b) an initial public offering of the Purchaser's shares at any stock exchange, including without limitation, through a merger into a Special Purpose Acquisition Company merger (SPAC) (each, an "**Earnout Event**"), then within 14 days as of the consummation of such transaction(s) and receipt of the applicable funds by the Purchaser, the Purchaser shall pay CESE an additional amount of US\$1.35 million (the "**Earnout Payment**"). To the extent that no Earnout Event has occurred during the Earnout Period, CESE shall not be entitled to any additional payment from the Purchaser and no Earnout Payment shall be paid whatsoever.

The consideration for the CESE Sale Shares was arrived at on a willing-seller willing-buyer basis, taking into account factors such as the valuation placed by the Purchaser on CIPL and the recurring revenue generated from CIPL's business.

Based on the latest consolidated unaudited management accounts of CIPL as at 31 May 2021, the net asset value per CIPL Share is approximately US\$0.044 and the net asset value represented by the CESE Sale Shares is approximately US\$304,560.

3.2 **Completion.** Subject to the terms and conditions of the SPA and the satisfaction of customary conditions precedent (including the obtaining of corporate and other approvals, there being no material adverse effect pertaining to CIPL and the continued employment of the CIPL Founder and certain other employees of CIPL), Completion shall take place no later than the date falling 45 days from the date of the SPA.

3.3 **Other terms.** The SPA contains other customary provisions, including representations and warranties, undertakings and other commercial terms.

4. **RATIONALE FOR THE SALE OF THE CESE SALE SHARES**

While sourcing for funding opportunities for CIPL, the CIPL Founder received an offer from the Purchaser to acquire 100% of the CIPL Shares.

The Company made the investment in CIPL to tap on opportunities in the growing cybersecurity education sector. Following the acquisition, the Purchaser will have a different vision and growth strategy for CIPL. Rather than remain as a minority shareholder in CIPL, the Company decided to capitalise on the opportunity to make a gain on its investment and completely exit from CIPL.

The Company intends to deploy the proceeds from the sale of the CESE Sale Shares towards new growth areas in the education sector.

5. **FINANCIAL IMPACT**

The sale of the CESE Sale Shares is expected to contribute positively to the net tangible assets and earnings per share of the Company for the current financial year ending 31 December 2021.

6. **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 direct or indirect interest 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 on 7 July 2021 to SGX