

**CHIP ENG SENG CORPORATION LTD**  
(Company Registration Number: 199805196H)

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**EXECUTION OF LETTER OF INTENT IN RELATION TO THE PROPOSED SUBSCRIPTION OF UP TO  
621,619,605 NEW ORDINARY SHARES OF P99 HOLDINGS LIMITED**

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The Board of Directors (the "**Board**") of **CHIP ENG SENG CORPORATION LTD.** (the "**Company**") is pleased to announce that the Company has today entered into a letter of intent ("**LOI**") with **P99 HOLDINGS LIMITED** ("**P99**") in respect of the proposed issuance by P99 of 504,952,938 new ordinary shares (comprising up to 70% of the enlarged issued share capital of P99) (the "**Initial Subscription Shares**") to the Company or its nominee(s) (the "**Proposed Subscription**").

The Company also has an option in the Proposed Subscription to subscribe for an additional up to 116,666,667 shares in the event certain existing shareholders of P99 subscribe for up to 50,000,000 shares in P99 (the "**Additional Subscription Shares**"). This is to allow the Company to maintain its shareholding of up to 70% of the enlarged issued share capital of P99.

The Initial Subscription Shares and Additional Subscription Shares are collectively referred to as the "**Subscription Shares**".

**(1) Information on P99**

P99 is incorporated in Singapore and with effect from 1 December 2014, the company has ceased to have an operating business and is subject to the requirements of a "cash company" under Rule 1017 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B; Rules of Catalyst (the "**Catalist Rules** ").

**(2) Consideration**

The LOI sets out the key understanding amongst the parties in relation to the Proposed Subscription, which is subject to the signing of the definitive subscription agreement pursuant to which P99 will issue the Subscription Shares to the Company (the "**Subscription Agreement**").

The aggregate subscription consideration for the Proposed Subscription is S\$49,729,568.40 (assuming the Company acquires the Additional Subscription Shares) which will be satisfied in full by the allotment and issuance to the Company of the requisite number of new shares in P99 at the issue price of S\$0.08 per Subscription Share.

The Proposed Subscription, if undertaken and completed, is expected to result in a discloseable transaction pursuant to Rule 1010 of the SGX-ST Listing Manual.

**(3) Additional Subscription Shares**

P99 may, concurrent with the Proposed Subscription, permit subscription by certain existing shareholders of P99 of not more than 50,000,000 ordinary shares in P99, at a price of S\$0.08 per ordinary share ("**Existing Shareholder Subscription**"). In the event that P99 proceeds with the

Existing Shareholder Subscription, then the Company has the right to subscribe for the Additional Subscription Shares at a price of S\$0.08 per ordinary share, such that taking into account the Existing Shareholder Subscription, the Company will hold up to 70% of the enlarged issued share capital of P99.

**(4) Rule 14 of the Singapore Code on Take-Overs and Mergers**

In connection with the Proposed Subscription, it is expected that upon completion of the allotment and issuance of the Subscription Shares, the Company will be required to make a mandatory general offer for all the remaining issued shares in P99 not already owned, controlled or agreed to be acquired by it pursuant to Rule 14 of the Singapore Code on Take-Overs and Mergers (the "**Code**"). As such, the Company will be seeking a waiver of its obligation to make a mandatory general offer under Rule 14 of the Code from the Securities Industry Council ("**SIC**").

**(5) Conditions Precedent**

The Proposed Subscription is conditional on (*inter alia*) the following:

- (a) the Company conducting, and being satisfied with the results of, comprehensive financial, tax, legal and commercial due diligence on P99 and its subsidiaries (collectively, "**P99's Group Companies**");
- (b) the SGX-ST granting to P99, in its capacity as a "cash company", a six-month extension of time to lift the "cash company" status of P99, i.e. by 30 November 2016 (the "**Extension**") and that such Extension is not revoked or withdrawn prior to completion of the Proposed Subscription;
- (c) P99:
  - (i) allowing the Company's officers, employees and professional advisers full access to such records, key employees, advisers and operations of P99's Group Companies as will allow them to complete the due diligence exercise; and
  - (ii) providing, or procuring the provision of, all information required by the Company to complete the due diligence exercise and all information provided being true, complete, accurate and not misleading;
- (d) the board of directors and shareholders (if necessary) of the Company approving the Proposed Subscription;
- (e) the board of directors and shareholders of P99 approving:
  - (i) the Proposed Subscription (including without limitation under Rules 803 and 805(1) of the Catalist Rules and section 161 of the Companies Act (Chapter 50) of Singapore);

- (ii) the whitewash resolutions for the shareholders of P99 to unconditionally and irrevocably waive their rights to receive a mandatory general offer from the CES Concert Party Group (as defined below) in accordance with Rule 14 of the Code;
  - (iii) the proposed appointment of nominee(s) of the Company as director(s) of P99;
  - (iv) the proposed diversification of P99's business to include property development, investment and management and manufacture of construction materials;
  - (v) the proposed acquisition by P99 of up to 75% of the issued share capital of Fujian Hubang Building Materials Technology Co., Ltd. (福建省沪邦建材科技有限公司) and Quanzhou Yongbang Investment and Management Co., Ltd. (泉州市永邦投资管理有限公司), companies incorporated in the People's Republic of China engaged in the business of manufacturing lightweight partitions (the "**Proposed Acquisition Shares**"), comprising of up to 51% of the Proposed Acquisition Shares from Mr. Chan Tuck Cheong and up to 24% of the Proposed Acquisition Shares from Mr. Yang Yongbo (the "**Proposed Acquisition**"); and
  - (vi) the proposed change of P99's name;
- (f) the granting by the SIC of a waiver for the Company and its concert parties (the "**CES Concert Party Group**") to make a mandatory general offer for P99 under Rule 14 of the Code (the "**SIC Waiver**"), such waiver not having been withdrawn or revoked on the completion date of the Proposed Subscription, and if such approval is subject to any condition or restriction imposed by the SIC, such condition and restriction being reasonably acceptable to the Company. This condition precedent of the SIC Waiver may be waived by the Company at any time at its sole discretion;
- (g) any third party, regulatory or tax consents or approvals required for the Proposed Subscription, including without limitation the approval granted by the SGX-ST for the listing and quotation of the Subscription Shares on the SGX-ST pursuant to the additional listing application to be made by P99 to the SGX-ST for the listing and quotation of the Subscription Shares on the SGX-ST, being received on terms satisfactory to the Company, and such consents and approvals remaining in full force and effect;
- (h) the provision of an irrevocable deed of undertaking by each of Cheong Choong Kong, Tan Chong Huat, Tan Kim Seng and Lim Tze Jong, in favour of the Company, pursuant to which each of them will undertake to (*inter alia*) vote in favour of the resolutions set out in paragraph 5(e) above and (in the event that no SIC Waiver is granted and the Company waives the condition in paragraph 5(f) above) not to accept any offer of purchase of shares by the Company under any general offer required under the Code;
- (i) the parties signing a detailed and legally binding Subscription Agreement for the Proposed Subscription, which will incorporate full representations and warranties given by P99 relating to P99's Group Companies and other terms as are customary for transactions of this nature as well as specific to the business of P99's Group Companies;
- (j) there being no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of P99's Group Companies between the date of the LOI and completion of the Proposed Subscription;

- (k) P99 signing a legally binding agreement for the Proposed Acquisition, which will incorporate terms as are customary for transactions of this nature as well as specific to the businesses of Fujian Hubang Building Materials Technology Co., Ltd. (福建省沪邦建材科技有限公司) and Quanzhou Yongbang Investment and Management Co., Ltd. (泉州市永邦投资管理有限公司); and
- (l) the SGX-ST issuing a written confirmation that upon completion of the Proposed Subscription and Proposed Acquisition, the 'cash company' status of the Company will be lifted.

**(6) Simultaneous Completion**

The parties are not obliged to complete the Proposed Subscription unless (*inter alia*) the Proposed Acquisition is completed simultaneously.

**(7) Additional Information on P99**

For additional information on P99 and the transactions set out in this announcement, please also see P99's announcement released today.

**(8) Actions Subsequent to the LOI**

The LOI sets out the framework upon which P99 and the Company will proceed to negotiate the terms and conditions of the Subscription Agreement. Subsequent to the signing of the LOI, the Company will take the necessary steps to:

- (a) conduct the necessary due diligence investigations in connection with the Proposed Subscription; and
- (b) negotiate the terms and conditions of the Proposed Subscription.

**(9) Termination**

The LOI will terminate upon P99 and the Company entering into the Subscription Agreement, and will expire automatically if P99 and the Company fail to enter into the Subscription Agreement within six (6) months after the date of the LOI (unless extended in writing by mutual agreement of the Company and P99).

**(10) Exclusivity**

Prior to the termination or expiry date of the LOI, P99 and any P99 Group Company (or any of their respective officers, agents, employees, advisers or other representatives) will not engage in any discussions or negotiations with any third party (other than the Company) relating to a corporate activity, being:

- (a) any investment in or acquisition of shares in any P99 Group Company;
- (b) the disposal (whether by way of sale, offer, transfer or otherwise) of the whole or any part of the issued share capital (or any interest in such share capital) of any P99 Group Company; or

- (c) the disposal (whether by way of sale, offer, transfer or otherwise) of all, or any part of, the business or (other than in the ordinary course of trading) the assets of any P99 Group Company.

**(11) Interests of Directors and Controlling Shareholders**

None of the Directors or (as far as the Company is aware) controlling shareholders of the Company have any interest, direct or indirect in the Proposed Subscription save through his shareholding in the Company, if any.

**(12) Further Announcements**

Further announcements on the Proposed Subscription will be made in due course as and when appropriate.

**(13) Caution**

The Board wishes to highlight that there is no certainty or assurance that (i) the Subscription Agreement will be entered into; (ii) the final terms of the Proposed Subscription will not change from that in the LOI; and (iii) the Proposed Subscription will be proceeded with. As such, Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

**BY ORDER OF THE BOARD**

**Chia Lee Meng Raymond**  
**Executive Chairman**  
**24 May 2016**