



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

ACQUISITION OF PEACE CENTRE / PEACE MANSION

INTERESTED PERSON TRANSACTIONS - INCORPORATION OF JOINT VENTURE COMPANIES AND PROVISION OF SHAREHOLDERS' LOANS TO JOINT VENTURE COMPANIES

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the "**Company**") refers to the Company's announcement released on 3 December 2021 (*Enbloc Acquisition of Peace Centre / Peace Mansion through Private Treaty*) (the "**3 December 2021 Announcement**").

Unless otherwise stated, terms defined in the 3 December 2021 Announcement shall have the same meaning in this announcement.

2. UPDATES ON INVESTMENT IN THE JOINT VENTURE

The Company wishes to provide the following updates in connection with its investment in the Joint Venture:

(a) Incorporation of Joint Venture Companies

On 14 December 2021, CEL, SHCPL and UIPL (collectively, the "**JV Partners**") incorporated two joint venture companies, Sophia Residential Pte. Ltd. and Sophia Commercial Pte. Ltd. (collectively, the "**JV Companies**", and each, a "**JV Company**"), to jointly undertake the Project.

As at the date of this announcement, each JV Company has an initial issued and paid-up share capital of S\$10.00. In accordance with their respective Participation Proportions, CEL, SHCPL and UIPL contributed and hold 40%, 30% and 30% respectively in the share capital of each JV Company.

(b) Provision of Loan Facility by JV Partners

On 15 December 2021, the JV Partners entered into a shareholders' loan agreement (the "**Loan Agreement**") with the JV Companies.

Under the terms of the Loan Agreement, the JV Partners have agreed to provide to the JV Companies collectively a loan facility up to an aggregate principal amount of S\$350 million (the "**Loan Facility**"). Each shareholders' loan to be drawn down under the Loan Facility (each, a "**Shareholders' Loan**") shall be provided by the JV Partners according to their respective shareholding percentages in the JV Companies. As at the date of this announcement, CEL, SHCPL and UIPL hold 40%, 30% and 30% respectively in the share capital of each JV Company.

The JV Companies are entitled to request to draw down from the Loan Facility during the period commencing from the date of the Loan Agreement and ending on the date falling three months after the temporary occupation permit for the Project is granted.

The rationale for the provision of the Loan Facility is to provide funding to the JV Companies in connection with the Project, including funding the purchase price and stamp duty payable for the Property and the ongoing working capital requirements of the JV Companies in connection with the Project.

3. INTERESTED PERSON TRANSACTIONS

(a) Interested Persons

CEL, a wholly-owned subsidiary of the Company, has a 40 per cent. shareholding in each JV Company.

SHCPL, an associate (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”)) of Mr Gordon Tang and Mrs Celine Tang (together, “**GCT**”), has a 30 per cent. shareholding in each JV Company. Each of SingHaiyi Group Ltd (“**SingHaiyi**”) and Haiyi Holdings Pte. Ltd. (“**Haiyi Holdings**”), through their respective intermediate holding companies, has a 50 per cent. shareholding in SHCPL.

As at the date of this announcement:

- (i) GCT are controlling shareholders (as defined in the Listing Manual) of the Company. Mrs Celine Tang is also the Non-Independent and Non-Executive Director and Non-Executive Chairman of the Company; and
- (ii) GCT are the controlling shareholders of SingHaiyi through Haiyi Holdings. Haiyi Holdings is wholly-owned by GCT.

Accordingly, each JV Company is both an “entity at risk” of the Company for the purposes of Chapter 9 of the Listing Manual and an associate of GCT. Therefore, the participation by CEL and SHCPL in the Joint Venture and the provision of the Shareholders’ Loans by CEL and SHCPL are interested person transactions.

(b) Rule 916(2) of the Listing Manual – Investment in Joint Venture

In relation to the incorporation of the JV Companies, the participation by CEL and SHCPL in the Joint Venture constitutes an interested person transaction of the Company for purposes of Chapter 9 of the Listing Manual. As disclosed in the 3 December 2021 Announcement, the Audit and Risk Committee of the Company had reviewed the terms of the MOU and was satisfied that the Company’s investment in the Joint Venture will be within the scope of Rule 916(2) of the Listing Manual.

(c) Rule 916(3) of the Listing Manual – Provision of Shareholders’ Loans by JV Partners

The provision of the Shareholders’ Loans by CEL and SHCPL constitute interested person transactions of the Company for purposes of Chapter 9 of the Listing Manual.

The Shareholders’ Loans will be extended by the JV Partners in proportion to their respective shareholding percentages in the JV Companies. The Shareholders’ Loans will also be extended by each JV Partner on the same terms and conditions, including the interest rate and repayment terms.

None of GCT or their associates had any existing equity interest in the Joint Venture prior to the participation of CEL in the Joint Venture.

Based on the terms and conditions relating to the Loan Facility, the Audit and Risk Committee of the Company is of the view that:

- (i) the provision by CEL of its proportionate share of the Shareholders’ Loans under the Loan Facility is not prejudicial to the interests of the Company and its minority shareholders; and
- (ii) the risks and rewards for each JV Partner are in proportion to the equity of each JV Partner in the Joint Venture and the terms and conditions relating to the Loan Facility are not prejudicial to the interests of the Company and its minority shareholders.

As mentioned in the 3 December 2021 Announcement, the Company will make a further announcement when the JV Agreement(s) are entered into, which announcement will include the Audit and Risk Committee's views on the terms of the JV Agreement(s) pursuant to Rule 916(2) of the Listing Manual.

(d) Value of Interested Person Transactions

As at the date of this announcement, the current total of all interested person transactions with GCT and their associates for the financial year ending 31 December 2021 (“FY2021”) is approximately S\$475,226,826. Approximately 98.5% of the aggregate value of the interested person transactions with GCT and their associates is attributable to transactions which fall within the scope of Rule 916(2) and Rule 916(3) of the Listing Manual. Such transactions are as disclosed in this announcement, the 3 December 2021 Announcement and in the Company's announcements released on 7 May 2021, 19 May 2021, 24 August 2021 and 8 November 2021. The remaining value of approximately S\$7,082,248 is less than 5% of the latest audited net tangible assets of the Company and its subsidiaries.

As at the date of this announcement, the current total of all interested person transactions of the Company for FY2021 is approximately S\$477,963,603.

4. FINANCIAL IMPACT

The Company's contribution to the JV Companies and the provision by CEL of its proportionate share of each Shareholders' Loan under the Loan Facility are, and will be, funded from internal cash resources.

The Company's investment in the Joint Venture is not expected to have a material impact on the net tangible assets and earnings per share of the Company for FY2021, and barring unforeseen circumstances, is also not expected to have a material impact on the net tangible assets and earnings per share of the Company for the next financial year ending 31 December 2022.

5. OTHERS

Save as disclosed in this announcement and in the 3 December 2021 Announcement, 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 Joint Venture, other than through their respective shareholdings and/or directorships, as the case may be, in the Company.

Submitted by Chia Lee Meng Raymond, Executive Director and Group Chief Executive Officer, on 15 December 2021 to the SGX.