



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

ENBLOC ACQUISITION OF PARK VIEW MANSIONS

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

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the "**Company**") refers to the Company's announcement released on 28 July 2022 (*Enbloc Acquisition of Park View Mansions through Joint Tender*) (the "**28 July 2022 Announcement**").

Unless otherwise stated, terms defined in the 28 July 2022 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 Company

On 4 August 2022, CEL, SHPPL and TK189 (collectively, the "**JV Partners**") incorporated a joint venture company, Lakeside Residential Pte. Ltd. (the "**JV Company**"), to undertake the Project.

As at the date of this announcement, the JV Company has an initial issued and paid-up share capital of S\$10.00. In accordance with their respective Participation Proportions, CEL, SHPPL and TK189 contributed and hold 40%, 30% and 30% respectively in the share capital of the JV Company.

(b) Provision of Loan Facility by JV Partners

On 5 August 2022, the JV Partners entered into a shareholders' loan agreement (the "**Loan Agreement**") with the JV Company.

Under the terms of the Loan Agreement, the JV Partners have agreed to make available to the JV Company a loan facility in an aggregate principal amount of up to S\$230 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 Company. As at the date of this announcement, CEL, SHPPL and TK189 hold 40%, 30% and 30% respectively in the share capital of the JV Company.

The JV Company is 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 earlier of the date on which the Loan Facility is fully drawn down or 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 Company 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 Company in connection with the Project.

3. INTERESTED PERSON TRANSACTIONS

(a) “Entity at risk” and Interested Persons

- (i) *“Entity at risk”*: CEL is an “entity at risk” of the Company for the purposes of Chapter 9 of the Listing Manual.
- (ii) *Interested persons*: As set out in the 28 July 2022 Announcement:
 - (A) GCT are controlling shareholders of the Company. Mrs Celine Tang is also the Non-Independent and Non-Executive Director and Non-Executive Chairman of the Company; and
 - (B) GCT are the ultimate shareholders of SHPPL, through their shareholdings in SingHaiyi and Haiyi Holdings.

SHPPL is thus GCT's associate and an interested person.

In view of the foregoing, the participation by CEL and SHPPL in the Joint Venture and the provision of the Shareholders' Loans by CEL and SHPPL under the Loan Agreement constitute interested person transactions of the Company for the purposes of Chapter 9 of the Listing Manual.

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

In relation to the incorporation of the JV Company, the contribution by CEL and SHPPL to the issued and paid-up share capital of the JV Company constitutes an interested person transaction of the Company for the purposes of Chapter 9 of the Listing Manual. As disclosed in the 28 July 2022 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.

As mentioned in the 28 July 2022 Announcement, the Company will make a further announcement when the JV Agreement is entered into, which announcement will include the Audit and Risk Committee's views on the terms of the JV Agreement pursuant to 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 SHPPL under the Loan Agreement constitute interested person transactions of the Company for the 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 Company. 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 of each 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.

(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 2022 (“FY2022”) is approximately S\$288.8 million. Approximately 99.9% 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. The remaining value of approximately S\$188,000 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 FY2022 is approximately S\$289.2 million.

4. FINANCIAL IMPACT

The Company’s contribution to the JV Company 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 FY2022.

5. OTHERS

Save as disclosed in this announcement and in the 28 July 2022 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 5 August 2022 to the SGX.