



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

INTERESTED PERSON TRANSACTION 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 7 May 2021 (*Enbloc Acquisition of Maxwell House Through Joint Tender*) (the "**7 May 2021 Announcement**").

Unless otherwise stated, terms defined in the 7 May 2021 Announcement shall have the same meaning in this announcement.

2. PROVISION OF LOAN FACILITY BY JOINT VENTURE PARTNERS

On 24 August 2021, CEL, SHIPL and CIPL (collectively, the "**JV Partners**") entered into a shareholders' loan agreement (the "**Loan Agreement**") with the two joint venture companies which are jointly undertaking the Project, being Maxwell Residential Pte. Ltd. and Maxwell Commercial Pte. Ltd. (collectively, the "**JV Companies**", and each, a "**JV Company**").

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\$120 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, SHIPL and CIPL 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 partially fund the remaining purchase price for the Acquisition and to fund the ongoing working capital requirements of the JV Companies in connection with the Project.

As at the date of this announcement, no Shareholders' Loan has been drawn down under the Loan Facility.

3. INTERESTED PERSON TRANSACTIONS

(a) Rule 916(3) of the Listing Manual – Provision of Loan Facility by JV Partners

As mentioned in the 7 May 2021 Announcement, SHIPL is an associate (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**")) of the Controlling Shareholders.

As SHIPL has an interest of 30% in each of the JV Companies, the JV Companies are also associates of the Controlling Shareholders. Therefore, the provision by the Company of any Shareholders' Loan under the Loan Facility to the JV Companies is an interested person transaction.

As mentioned above, each Shareholders' Loan under the Loan Facility will be extended by each of the JV Partners according to their respective shareholding percentages in the JV Companies. In addition, under the terms of the Loan Agreement, each Shareholders' Loan shall be extended by each of the JV Partners on the same terms and conditions, including the interest rate to be accrued on the loan.

None of the Controlling Shareholders 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 each Shareholders' Loan 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.

(b) Value of Interested Person Transactions

As at the date of this announcement, the current total of all interested person transactions with the Controlling Shareholders and their associates for the financial year ending 31 December 2021 ("FY2021") is approximately S\$57,993,676, comprising the following:

- (i) in connection with the Project, transactions with the Controlling Shareholders and their associates for FY2021 pursuant to Rule 916(2) and Rule 916(3) of the Listing Manual amounting to approximately S\$56,917,128; and
- (ii) the aggregate accrued interest in respect of the Controlling Shareholders' jointly-held 6% notes due 2022 issued by CES Treasury Pte. Ltd. (a wholly-owned subsidiary of the Company) on 15 March 2019 amounting to approximately S\$1,076,548.

As at the date of this announcement, the current total of all interested person transactions of the Company for FY2021 is approximately S\$58,632,535.

4. FINANCIAL IMPACT

The provision by CEL of its proportionate share of each Shareholders' Loan under the Loan Facility will be funded from internal cash resources.

The Company's investment in the Project is not expected to have a material impact on the net tangible assets and earnings per share of the Company for FY2021.

5. OTHERS

Save as disclosed in the 7 May 2021 Announcement and in this 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 Project, 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 24 August 2021 to the SGX.