



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

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## INTERESTED PERSON TRANSACTIONS

### ENTRY INTO AGREEMENTS RELATING TO THE MAXWELL HOUSE REDEVELOPMENT PROJECT

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#### 1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements on 7 May 2021, 19 May 2021 and 24 August 2021 in relation to the acquisition of Maxwell House (the “**Earlier Announcements**”), including the incorporation of two joint venture companies, Maxwell Residential Pte. Ltd. (“**MRPL**”) and Maxwell Commercial Pte. Ltd. (“**MCPL**”, and together with MRPL, the “**JV Companies**”) on 19 May 2021, to jointly undertake the Project.

MCPL is the joint venture company established for the development of the commercial component of the Property and MRPL is the joint venture company established for the development of the residential component of the Property.

Unless otherwise stated, terms defined in the Earlier Announcements shall have the same meaning in this announcement.

#### 2. ENTRY INTO AGREEMENTS RELATING TO THE JOINT VENTURE TO REDEVELOP MAXWELL HOUSE

The Company wishes to update that the following agreements have been entered into today in connection with the Joint Venture.

(a) Shareholders’ Agreements

CEL has entered into:

- (i) a Shareholders’ Agreement with SHIPL and CIPL as well as MCPL (the “**MCPL SHA**”), to regulate the affairs of MCPL and the respective rights of the JV Partners (as shareholders of MCPL), on the terms and subject to the conditions of the MCPL SHA; and
- (ii) a Shareholders’ Agreement with SHIPL and CIPL as well as MRPL (the “**MRPL SHA**”), to regulate the affairs of MRPL and the respective rights of the JV Partners (as shareholders of MRPL), on the terms and subject to the conditions of the MRPL SHA.

Pursuant to the terms of MCPL SHA and the MRPL SHA, the rights and obligations of the JV Partners in the Joint Venture for the acquisition, development and dealing of the Property are borne by the JV Partners in their respective Participation Proportions.

(b) Developer Management Agreement

The JV Companies (as joint developers) have entered into an agreement with CEL, pursuant to which the JV Companies have appointed CEL as the Project Manager to provide project management consultancy services for the Project, including design management, management

of the construction and construction process of the Project and (after TOP for the Project is obtained) property management services for the Project (the “**Developer Management Agreement**”), on and subject to the terms and conditions of the Developer Management Agreement.

Under the terms of the Developer Management Agreement, the JV Companies have agreed to pay CEL a fee which is based on an agreed percentage of the total construction costs for the Project.

(c) Corporate Services Agreement

Each of MRPL and MCPL has entered into an agreement with CEL, pursuant to which each of MRPL and MCPL has appointed CEL as the Corporate Services Manager to provide certain administrative services, including accounting services, tax-related services and financing services (the “**Corporate Services Agreement**”), on and subject to the terms and conditions of the Corporate Services Agreement. CEL will provide such services until the JV Companies are dissolved.

Under the terms of the CSA, each of MRPL and MCPL has agreed to pay CEL a fixed monthly fee.

(d) Marketing Management Agreement

The JV Companies have entered into an agreement with CEL as the Marketing Manager, pursuant to which the JV Companies have appointed CEL to provide certain marketing services, including services relating to the administering the sale and lease of the residential and commercial units comprised in the Project (the “**Units**”) and marketing of the Project (the “**Marketing Management Agreement**”), on and subject to the terms and conditions of the MMA.

Under the terms of the MMA, the JV Companies have agreed to pay CEL a fee which is based on an agreed percentage of the net sales revenue for the Units.

### 3. **BANK FINANCING**

The Company wishes to further update that the JV Companies have today entered into a facility agreement with United Overseas Bank Limited, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (collectively, the “**Financing Banks**”), pursuant to which the Financing Banks have agreed to provide to the JV Companies a secured loan in the aggregate principal amount of up to S\$387,240,000 (the “**Bank Loan**”). The proceeds from the Bank Loan will be applied towards part financing the acquisition of the Property, the payment of the differential premium and the lease upgrading premium for a fresh 99-year lease, and the construction costs.

In connection with the provision of the Bank Loan, the shareholder(s) of each JV Partner are required to, on a several basis, guarantee the Bank Loan based on the Participation Proportion of the relevant JV Partner (the “**Guarantee**”). Accordingly, the Company has provided a guarantee in favour of the Financing Banks to guarantee up to 40% of the Bank Loan, SingHaiyi Group Ltd (“**SingHaiyi**”) has provided a guarantee in favour of the Financing Banks to guarantee up to 30% of the Bank Loan, and each of the shareholders of CIPL has provided a guarantee in favour of the Financing Banks to collectively guarantee up to 30% of the Bank Loan.

#### 4. INTERESTED PERSON TRANSACTIONS

##### (a) Interested Person Transactions

CEL, a wholly-owned subsidiary of the Company, has a 40 per cent. shareholding in each JV Company. SHIPL, a wholly-owned subsidiary of SingHaiyi, has a 30 per cent. shareholding in each JV Company.

As at the date of this announcement:

- (i) Mr Gordon Tang and Mrs Celine Tang (together, “**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 controlling shareholders of SingHaiyi, through Haiyi Holdings Pte. Ltd. which 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 (as defined in the Listing Manual) of GCT. Therefore, the participation by CEL and SHIPL in the Joint Venture, the provision of the services by CEL under the Developer Management Agreement, the Corporate Services Agreement and the Management Services Agreement (collectively, the “**Management Services Agreements**”), and the provision of the Guarantee by the Company and SingHaiyi are interested person transactions.

##### (b) The Joint Venture and the Shareholders’ Agreements

Based on the terms of the MCPL SHA and the MRPL SHA, the Audit and Risk Committee of the Company is of the view that:

- (i) the risks and rewards of the Joint Venture are in proportion to the equity of each JV Partner in the Joint Venture; and
- (ii) the terms of the Joint Venture are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

As the risks and rewards for each JV Partner pursuant to the terms of each of the MCPL SHA and the MRPL SHA are in proportion to their respective Participation Proportions, and none of Mr Gordon Tang, Mrs Celine Tang or SHIPL had any existing interest in the Joint Venture prior to the participation by the JV Partners in the Joint Venture, the investment in the Joint Venture will fall within the scope of Rule 916(2) of the Listing Manual.

##### (c) Management Services Agreements

The provision of services by CEL to the JV Companies, and the obtaining of services from CEL by the JV Companies, under each of the Management Services Agreements are interested person transactions.

As CEL has an established track record in managing development projects as a property developer, CEL is well-placed amongst the JV Partners to undertake the project management and marketing management aspects of the Project as well as the corporate administration of the JV Companies. CEL has previously undertaken similar roles for joint venture property development projects with other third parties who are not interested persons.

Based on the terms of the Management Services Agreements, the Audit and Risk Committee of the Company is of the view that each of the Management Services Agreements is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

The aggregate of the maximum amount of fees payable to CEL pursuant to the Management Services Agreements for the entire term of these agreements will not exceed one (1) per cent. of the Group's latest audited net tangible assets.

(d) Guarantee

Based on the terms of the Guarantee, the Audit and Risk Committee of the Company is of the view that:

- (i) the Guarantee is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders; and
- (ii) the risks and rewards of the Joint Venture are in proportion to the equity of each JV Partner and the terms of the Joint Venture are not prejudicial to the interests of the Company and its minority shareholders.

As the Guarantee is extended in the respective Participation Proportions of each of the JV Partners and on the same terms, and none of Mr Gordon Tang, Mrs Celine Tang or SHIPL had any existing interest in the Joint Venture prior to the participation by the JV Partners in the Joint Venture, the provision of the Guarantee will fall within the scope of Rule 916(3) of the Listing Manual.

(e) 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\$329,532,110, comprising the following:

- (i) in connection with the Project, interested person transactions (as disclosed in this announcement and in the Earlier Announcements) amounting to approximately S\$328,108,877; and
- (ii) the aggregate accrued interest in respect of GCT's 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\$1,423,233.

As at the date of this announcement, approximately 99.6% of the aggregate value of all interested person transactions with GCT and their associates for FY2021 is attributable to transactions which fall within the scope of Rule 916(2) and Rule 916(3) of the Listing Manual. Such transactions are disclosed in this announcement and in the Earlier Announcements. The remaining value of approximately S\$1,468,721 is less than 5% of the Group's latest audited net tangible assets.

As at the date of this announcement, the current total of all interested person transactions of the Company for FY2021 is approximately S\$330,370,228.

## 5. FINANCIAL IMPACT

The entry by CEL into the MCPL SHA, the MRPL SHA and the Management Services Agreements and the provision of the Guarantee by the Company are not expected to have a material impact on the net tangible assets and earnings per share of the Company for FY2021.

**6. OTHERS**

Save as disclosed in the Earlier Announcements and 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 MCPL SHA, the MRPL SHA, the Management Services Agreements and the Guarantee, 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 8 November 2021 to the SGX.