



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

ANNUAL GENERAL MEETING TO BE HELD ON 22 APRIL 2022
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”) refers to the announcement released by the Company on 1 April 2022 relating to the details of the Company’s annual general meeting to be held by electronic means on 22 April 2022 at 10.00 a.m.

As mentioned in the said announcement, the Company will endeavor to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the annual general meeting or the Company’s businesses and operations, which are submitted no later than 9.00 a.m. on 11 April 2022.

The Company would like to thank all shareholders who have submitted their questions by the submission deadline. The responses to the substantial and relevant questions received by the Company are set out in the Appendix to this announcement.

Submitted by Chia Lee Meng Raymond, Executive Director and Group Chief Executive Officer, on 14 April 2022 to the SGX.

In the responses set out below:

“**Company**” means Chip Eng Seng Corporation Ltd.

“**FY2021**” means the financial year ended 31 December 2021.

“**FY2021 AR**” means the annual report of the Company for FY2021.

“**Group**” means the Company and its subsidiaries collectively.

Note: Questions from shareholders are reproduced below “as-is”.

A. Questions relating to the Property Development Business

A.1 “Based on the latest available data, what are the average selling prices (in psf) achieved for Parc Komo and Kopar At Newton respectively?”

Response:

As stated on the website of the Urban Redevelopment Authority (link: <https://www.ura.gov.sg/realEstateIIWeb/price/search.action>), the highest and lowest price of a unit sold in the month of February 2022 in the following developments are as follows:

Development	Highest price (per square feet)	Lowest price (per square feet)
Parc Komo	S\$1,600	S\$1,478
Kopar At Newton	S\$2,526	S\$2,266

For more details, please visit the above link.

A.2 “After taking into account lease top-up, bonus GFA and other relevant factors, what are the land acquisition costs (in psf ppr) for Maxwell House and Peace Centre respectively?”

Response:

Based on the tender price offered to sellers of the units in Maxwell House and Peace Centre/Peace Mansion, the price per plot ratio is as set out below:

Development	Tender Price	Price per plot ratio
Maxwell House	S\$276.8 million	S\$1,183
Peace Centre/Peace Mansion	S\$650.0 million	S\$1,075

The Company will only be able to determine the total acquisition costs by taking into account other costs such as the differential premium and the lease upgrading premium after such amounts have been determined by the Singapore Land Authority.

A.3 “Did the URA’s recent ruling that prohibits strata subdivision for commercial properties in central area affect the company’s original development plans for Maxwell House and Peace Centre? Specifically, were the commercial units originally intended for sale after strata subdivision?”

Response:

These sites do not fall within the locations where the guidelines of the Urban Redevelopment Authority on the “Restrictions on the Strata Subdivision of Commercial Properties” (published and effective on 15 March 2022) apply.

B. Question relating to Construction of Development and HDB Projects

B.1 “For the company’s development and HDB projects, is it possible to acquire and lock-in the costs of construction materials upfront or are they typically acquired on an ongoing basis and thus subjected to price fluctuations?”

Response:

For the development or redevelopment of private sector projects undertaken by the Company’s property development division, the Group generally enters into a lump-sum contract with the main contractor. Accordingly, the costs of the construction materials will be locked-in.

For the construction of HDB projects undertaken by the Company’s construction division, the costs of the construction materials are locked-in with the suppliers for a limited period only. The fluctuation in prices for certain materials can be claimed against HDB (as the project owner) for an agreed period under the contract.

C. Questions relating to the Education Business

C.1 “Please explain the hefty depreciation and amortisation charges that have been incurred by, and resulted in the significant loss of the Education Segment in the last two financial years.”

Response:

The Company’s education division adopts an asset light strategy pursuant to which it mostly leases premises for its schools rather than acquire land/properties to house these schools. With effect from 1 January 2019, as a result of changes in accounting standards, certain operating leases are capitalised and depreciated over their lease tenure. The cost of operating leases is therefore accounted for as depreciation expense instead of rental expense. The increase in depreciation and amortisation charges since 2019 is thus largely attributable to the operating leases of the education division.

C.2 “Can the Board update on the status of China projects/JVs and any impact on the income contribution?” and “How has the China clamp-down on education sector affect our operations in China?”

Response:

Only the Company’s education division has business ventures in the People’s Republic of China (“**PRC**”).

As disclosed in the FY2021 AR, the Company has closed down its two enrichment centres in Shanghai. The remaining education ventures in the PRC relate to: (i) the Group operating an Invictus-branded pre-school centre in Shenzhen pursuant to a school management and licensing business

model, and (ii) the Group's investment in an education technology company, Guangzhou Yuanda Information Development Co., Ltd. ("**Yuanda**").

Please refer to pages 14 to 15 and pages 24 and 25 of the FY2021 AR for more information on Yuanda as well as the impact of the regulatory measures in the PRC targeting the private education industry on the Company's education business.

Please also refer to Note 14 to the financial statements for FY2021 enclosed in the FY2021 AR (pages 190 to 192) for financial information on the Group's investments in joint ventures.

C.3 "Can the Board update on the education business - how is this business doing so far - in Singapore and overseas?"

Response:

For details on the Company's education business, please refer to page 6, pages 12 to 15 and pages 24 to 25 of the FY2021 AR.

For segment financial information on the Company's education division, please refer to Note 33 to the financial statements for FY2021 enclosed in the FY2021 AR (page 223).

C.4 "What the future plan for this business?"

Response:

As stated in page 25 of the FY2021 AR, the Company's education division will channel its focus towards (a) expanding its network of K-12 international schools in the region, with a particular focus on its proprietary Invictus-brand of school, and (b) developing and marketing its proprietary Invictus Global Schoolhouse programme. For information on the Invictus Global Schoolhouse programme, please refer to page 14 and page 25 of the FY2021 AR.