



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

COMPLETION OF THE ACQUISITION OF SEMBCORP DESIGN AND CONSTRUCTION PTE. LTD.

1. COMPLETION OF ACQUISITION

The Board of Directors (the “**Board**”) of Chip Eng Seng Corporation Ltd. (the “**Company**”) refers to the announcement dated 2 October 2019 in relation to the sale and purchase agreement entered into between Chip Eng Seng Construction Pte. Ltd., a wholly-owned subsidiary of the Company, with Sembawang Corporation Limited (the “**Seller**”), a wholly-owned subsidiary of Sembcorp Industries Ltd. (“**SCI**”), to acquire 100% of the issued and paid-up share capital of Sembcorp Design and Construction Pte. Ltd. (“**SDC**”) (the “**Acquisition**”).

Unless otherwise defined, all capitalised terms in this Announcement shall have the same definition ascribed in the aforementioned announcement dated 2 October 2019.

The Board is pleased to announce that the Company has completed the Acquisition on 12 December 2019 (the “**Completion Date**”). Following the completion, SDC has become a wholly-owned subsidiary of the Company.

Based on a locked-box formula agreed with the Seller for deriving the consideration, the Company had attributed an enterprise value of S\$26.0 million to the Commercial Business as at the Locked Box Date, taking into consideration factors such as the average EBITDA of the Commercial Business for certain trailing financial periods, third party financial debt and the net working capital of SDC as at the Locked Box Date. After adjustments, the final consideration paid to the Seller on the Completion Date is approximately S\$50.1 million.

2. CONTRACT OF SERVICES

Pursuant to a contract for services entered into between Mr Yam Ah Mee (“**Mr Yam**”) and SDC (the “**Contract for Services**”), Mr Yam will provide certain management and supervisory services to SDC, including continuing as a director of SDC. Mr Yam remains employed by SCI.

3. APPOINTMENT OF MR YAM AH MEE AS DIRECTOR OF THE COMPANY

Following the completion of the Acquisition, the Company has appointed Mr Yam as a non-executive and non-independent director of the Company with effect from the Completion Date.

The Board has considered the recommendation of the Nominating Committee and Mr. Yam's qualifications and experience, including his extensive experience and outstanding track record while serving in the Singapore Armed Forces and in the civil service as well as his relevant work experience in the construction sector during the course of his employment with SCI since 2013. The Board is thus of the view that Mr. Yam has the requisite track record, experience and capabilities to assume the responsibilities as a non-executive and non-independent director of the Company, provide the Board with insight and guidance given his vast experience locally and overseas, and assist the Group to strengthen its existing operations and create synergies among different construction segments. In addition, Mr Yam's

experience in public service will be relevant to the Group in upholding and enhancing the Group's corporate governance standards.

The details relating to Mr Yam's appointment as required under Rule 704(7) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") are set out in a separate announcement.

4. INTERESTED PERSON TRANSACTION

Following the completion of the Acquisition, SDC is a wholly-owned subsidiary of the Company and is considered an "entity at risk" for the purposes of Chapter 9 of the Listing Manual. Following Mr Yam's appointment as a director of the Company, he is considered an "interested person" for the purposes of Chapter 9 of the Listing Manual. Accordingly, the Contract for Services constitutes an interested person transaction of the Company for the purposes of Chapter 9 of the Listing Manual.

The Contract for Services will be for a fixed term of three (3) years commencing from the Completion Date and its aggregate value for such term is less than 0.5 per cent. of the Company's latest audited consolidated net tangible assets for the financial year ended 2018. Upon the expiry of the three-year term, the parties may renew the contract subject to mutual agreement on the terms and conditions of the renewal.

5. FINANCIAL IMPACT

The Acquisition is not expected to have a significant impact on the net tangible assets and earnings per share of the Company for the current financial year ending 31 December 2019.

6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Announcement, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Acquisition, other than through their respective shareholdings in the Company.

Submitted by Chia Lee Meng Raymond, Executive Director and Group Chief Executive Officer, on 12 December 2019 to the SGX.