



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

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**ANNOUNCEMENT**

**IN RELATION TO:**

- (1) **THE PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE OF 156,503,515 RIGHTS SHARES AT AN ISSUE PRICE OF S\$0.63 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING SHARES HELD BY ENTITLED SHAREHOLDERS AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED;**
  - (2) **THE PROPOSED PAYMENT OF THE SUB-UNDERWRITING COMMISSION BY THE MANAGER AND UNDERWRITER TO THE CONTROLLING SHAREHOLDERS FOR THE SUB-UNDERWRITING COMMITMENT IN CONNECTION WITH THE RIGHTS ISSUE; AND**
  - (3) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT PARTY GROUP FOR THE REMAINING SHARES NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP.**
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**1. INTRODUCTION**

- 1.1 **Proposed Rights Issue.** The Board of Directors (the “**Directors**”) of Chip Eng Seng Corporation Ltd. (the “**Company**”) wishes to announce that the Company is intending to undertake a renounceable underwritten rights issue (the “**Rights Issue**”) of 156,503,515 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.63 for each Rights Share (the “**Issue Price**”), on the basis of one (1) Rights Share for every four (4) existing ordinary shares in the capital of the Company (the “**Shares**”) held by Entitled Shareholders (as defined below), as at a time and date to be determined by the Directors at and on which the register of members and share transfer books of the Company will be closed for the purpose of determining the provisional allotments of Rights Shares of the Entitled Shareholders under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded.
- 1.2 **Irrevocable Undertakings.** In support of the Rights Issue, Celine Tang @ Chen Huaidan @ Celine Tang (“**Celine Tang**”), Gordon Tang @ Tang Yigang @ Gordon Tang (“**Gordon Tang**”) and together with Celine Tang, the “**Controlling Shareholders**”) and Chia Lee Meng Raymond (“**Raymond Chia**”) (together with the Controlling Shareholders, the “**Undertaking Shareholders**”) have given irrevocable undertakings to the Company (the “**Irrevocable Undertakings**”) to, *inter alia*, subscribe and pay in full and/or procure the subscription and

payment in full for their entire *pro-rata* entitlements to the Rights Shares under the Rights Issue (the “**Undertaken Rights Shares**”). Accordingly, the Undertaking Shareholders collectively will subscribe and pay in full and/or procure the subscription and payment in full for an aggregate of 49,307,500 Rights Shares, which constitutes approximately 31.51 per cent. of the total number of Rights Shares. Please refer to **paragraph 3** below for further details.

- 1.3 **Underwriting and Sub-underwriting.** United Overseas Bank Limited has been appointed as the manager and underwriter for the Rights Issue (the “**Manager and Underwriter**”) pursuant to the terms of a management and underwriting agreement entered into between the Company and the Manager and Underwriter on 22 August 2019 (the “**Management and Underwriting Agreement**”). The Rights Shares (other than the Undertaken Rights Shares) (the “**Underwritten Rights Shares**”) have been underwritten by the Manager and Underwriter at the Issue Price on the terms and subject to the conditions of the Management and Underwriting Agreement. The Controlling Shareholders have agreed to subscribe for the Underwritten Rights Shares to the extent that such Rights Shares are not successfully subscribed for under the Rights Issue pursuant to the terms of the sub-underwriting agreement dated 22 August 2019 entered into by the Controlling Shareholders with the Manager and Underwriter in relation to the Rights Issue (the “**Sub-underwriting Agreement**”). Please refer to **paragraph 4** below for further details.
- 1.4 **Whitewash Waiver.** The fulfilment by the Controlling Shareholders of their obligations under the Sub-underwriting Agreement may result in the Controlling Shareholders acquiring Rights Shares resulting in them increasing their shareholding in the Company above 30 per cent.. Accordingly, an application was made to the Securities Industry Council of Singapore (“**SIC**”), and the SIC has granted its approval on 26 July 2019, for, *inter alia*, a waiver of the obligations of the Controlling Shareholders and parties acting or deemed to be acting in concert with them in respect of the Shares (the “**Concert Party Group**”) to make a mandatory general offer pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) for the remaining Shares not already owned or controlled by the Concert Party Group (the “**Whitewash Waiver**”). Please refer to **paragraph 8** below for further details.
- 1.5 **EGM.** The Company will be seeking approval from the shareholders of the Company (the “**Shareholders**”) by way of an extraordinary general meeting (“**EGM**”) to be convened for the Rights Issue Resolution, the Sub-underwriting Resolution and the Whitewash Resolution (each as defined below). A circular setting out, amongst other things, the details of, and other relevant information pertaining to, the Rights Issue, the Sub-underwriting Commitment (as defined below) and the Whitewash Waiver (the “**Circular**”), together with the notice of the EGM, will be despatched to the Shareholders in due course.

## 2. **PROPOSED PRINCIPAL TERMS OF RIGHTS ISSUE**

- 2.1 **Basis of Provisional Allotment.** The Company is proposing the Rights Issue be offered on a renounceable underwritten basis to all Shareholders who are eligible to participate in the Rights Issue (the “**Entitled Shareholders**”) on the basis of one (1) Rights Share for every four (4) existing Shares standing to the credit of the Securities Accounts (as defined in the

**Appendix**) of the Entitled Depositors (as defined in the **Appendix**) or held by the Entitled Scripholders (as defined in the **Appendix**), as the case may be, as at the Books Closure Date, fractional entitlements to be disregarded.

2.2 **Number of Rights Shares.** Based on the issued share capital of the Company as at the date of this Announcement of 626,014,061 Shares (excluding treasury shares), 156,503,515 Rights Shares will be offered.

2.3 **Issue Price.** The Issue Price represents:

- (i) a discount of approximately 7.35 per cent. to the closing price of S\$0.68 per Share on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 22 August 2019, being the date of this Announcement; and
- (ii) a discount of approximately 5.97 per cent. to the theoretical ex-rights price of S\$0.67 (being the theoretical market price of each Share assuming the completion of the Rights Issue, and which is calculated based on the closing price of S\$0.68 per Share on the SGX-ST on 22 August 2019, being the date of this Announcement).

2.4 **Status of Rights Shares.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.

2.5 **Eligibility to Participate.** The Company proposes to provisionally allot the Rights Shares to the Entitled Shareholders, comprising Entitled Depositors and Entitled Scripholders, on the basis of their shareholdings as at the Books Closure Date. Please refer to the **Appendix** for further details.

2.6 **Offer Information Statement.** The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with the Manager and Underwriter, may deem appropriate. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement (as defined in the **Appendix**) to be lodged with the Monetary Authority of Singapore (the “**Authority**”) and despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the approval of the Shareholders for the Rights Issue Resolution, the Sub-underwriting Resolution and the Whitewash Resolution at the EGM.

### 3. IRREVOCABLE UNDERTAKINGS

3.1 **Shareholdings.** As at the date of the Controlling Shareholders’ Irrevocable Undertaking (as defined below) and the Raymond Chia’s Irrevocable Undertaking (as defined below) respectively:

- (i) Celine Tang and Gordon Tang have a joint direct interest in 168,907,000 Shares, representing approximately 26.98 per cent. of the total number of issued Shares (the “**Controlling Shareholders Relevant Shares**”). Celine Tang also has a

deemed interest in an additional 17,198,000 Shares through Senz Holdings Limited (“**Senz**”), representing approximately 2.75 per cent. of the total number of issued Shares (the “**Senz Relevant Shares**”). Accordingly, Celine Tang is interested in an aggregate of 186,105,000 Shares, representing approximately 29.73 per cent. of the total number of issued Shares; and

- (ii) Raymond Chia has a direct interest in 11,125,000 Shares, representing approximately 1.78 per cent. of the total number of issued Shares (the “**Raymond Chia Relevant Shares**”).

3.2 **Controlling Shareholders’ Irrevocable Undertaking.** Celine Tang and Gordon Tang have given an irrevocable undertaking dated 22 August 2019 to the Company (the “**Controlling Shareholders’ Irrevocable Undertaking**”) that, *inter alia*:

- (i) as at the Books Closure Date, Celine Tang and Gordon Tang shall have a joint direct interest in not less than the number of the Controlling Shareholders Relevant Shares;
- (ii) Celine Tang shall procure that, as at the Books Closure Date, Senz shall have an interest in not less than the number of the Senz Relevant Shares;
- (iii) Celine Tang and Gordon Tang shall subscribe and pay in full and/or procure the subscription and payment in full for their entire *pro-rata* entitlement to the Rights Shares under the Rights Issue in accordance with the terms and conditions of the Rights Issue and in any case not later than the Closing Date (as defined in the **Appendix**); and
- (iv) Celine Tang shall procure the subscription and payment in full for Senz’s entire *pro-rata* entitlement to the Rights Shares under the Rights Issue in accordance with the terms and conditions of the Rights Issue and in any case not later than the Closing Date.

3.3 **Raymond Chia’s Irrevocable Undertaking.** Raymond Chia has given an irrevocable undertaking dated 22 August 2019 to the Company (the “**Raymond Chia’s Irrevocable Undertaking**”) that, *inter alia*:

- (i) he shall vote and/or procure the voting of all of the Raymond Chia Relevant Shares in favour of the Rights Issue Resolution, the Sub-underwriting Resolution and the Whitewash Resolution;
- (ii) as at the Books Closure Date, he shall have a direct interest in not less than the number of the Raymond Chia Relevant Shares;
- (iii) he shall not exercise on or prior to the Books Closure Date any of the 35,000,000 vested share options granted under the Chip Eng Seng Employee Share Option Scheme 2013 (which was approved and adopted at an extraordinary general meeting of the Company held on 25 April 2013) (the “**Share Options**”) that he held as at the date of the Raymond Chia’s Irrevocable Undertaking; and

(iv) he shall subscribe and pay in full and/or procure the subscription and payment in full for his entire *pro-rata* entitlement to the Rights Shares under the Rights Issue, based on the Raymond Chia Relevant Shares, in accordance with the terms and conditions of the Rights Issue and in any case not later than the Closing Date.

3.4 **Undertaken Rights Shares.** Accordingly, the Undertaking Shareholders collectively will subscribe and pay in full and/or procure the subscription and payment in full for an aggregate of 49,307,500 Rights Shares, which constitutes approximately 31.51 per cent. of the total number of Rights Shares.

3.5 **No Commission.** No commission or fee will be payable by the Company to the Undertaking Shareholders in consideration of the Irrevocable Undertakings.

3.6 **Confirmation of Financial Resources.** Each Undertaking Shareholder has also furnished a confirmation of financial resources from a financial institution to the SGX-ST pursuant to the Irrevocable Undertakings.

#### 4. UNDERWRITING AND SUB-UNDERWRITING

4.1 **Underwriting.** Pursuant to the Management and Underwriting Agreement, the Manager and Underwriter has agreed to subscribe and/or procure subscriptions for the Underwritten Rights Shares, constituting approximately 68.49 per cent. of the total number of Rights Shares, at the Issue Price on the terms and subject to the conditions of the Management and Underwriting Agreement.

Pursuant to the Management and Underwriting Agreement, in consideration of the Manager and Underwriter's agreement to subscribe and/or procure subscriptions for the Underwritten Rights Shares, the Company will pay to the Manager and Underwriter an underwriting fee of 2.00 per cent. of the aggregate gross proceeds from the Underwritten Rights Shares.

The Manager and Underwriter may not terminate the Management and Underwriting Agreement for reason of a *force majeure* event on or after the commencement of the trading of the Shares ex-rights without consulting the SGX-ST on such termination.

4.2 **Sub-underwriting.** The Controlling Shareholders have entered into the Sub-underwriting Agreement with the Manager and Underwriter pursuant to which they have agreed, on the terms and subject to the conditions of the Sub-underwriting Agreement, to subscribe for the Underwritten Rights Shares to the extent that such Rights Shares are not successfully subscribed for under the Rights Issue (the "**Sub-underwriting Commitment**").

In consideration of the Sub-underwriting Commitment, the Manager and Underwriter will pay to the Controlling Shareholders a sub-underwriting fee of 1.50 per cent. of the aggregate gross proceeds from the Underwritten Rights Shares (the "**Sub-underwriting Commission**"). For illustrative purposes only, based on the aggregate gross proceeds from the Underwritten Rights Shares of approximately S\$67.5 million, the Sub-underwriting

Commission to be paid by the Manager and Underwriter to the Controlling Shareholders of approximately S\$1.0 million will represent approximately 0.12 per cent. of the audited net tangible assets of the Group (as defined below) as at 31 December 2018.

- 4.3 **Shareholders' Approval.** As the Controlling Shareholders are controlling shareholders (as defined in the Listing Manual of the SGX-ST (the "**Listing Manual**")) of the Company, paragraph 2.1 of Practice Note 8.2 of the Listing Manual requires the Company to seek specific Shareholders' approval by way of a separate shareholder resolution for the payment of the Sub-underwriting Commission to the Controlling Shareholders.

## 5. **RATIONALE FOR RIGHTS ISSUE**

The Company is proposing the Rights Issue to raise proceeds which it intends to apply primarily towards expansion plans of the Company and its subsidiaries (the "**Group**"). For further details of the intended use of proceeds, please refer to **paragraph 6** below.

The Directors have considered other fund-raising options including further bank borrowings and/or debt instruments from financial institutions and/or debt issuance under its S\$750 million Multi-currency Debt Issuance Programme (the "**Debt Issuance Programme**") established in 2013. In particular, the Directors have considered and noted the following:

- (a) the Group's net debt-to-equity ratio was approximately 1.80 times as at 30 June 2019;
- (b) based on the 3-year fixed rate notes issued in March 2019 pursuant to the Debt Issuance Programme by the Company's wholly-owned treasury vehicle, CES Treasury Pte. Ltd., and guaranteed by the Company, the cost of borrowing is 6 per cent. per annum. The cost of borrowing depends on market conditions and may be higher for borrowings of a longer tenor; and
- (c) based on (i) the dividends declared and paid by the Company in respect of its financial year ended 31 December 2018, being S\$0.04 per Share; and (ii) the closing price of S\$0.68 per Share on the SGX-ST on 22 August 2019, being the date of this Announcement, the cost of equity is approximately 5.88 per cent. per annum.

Having considered the Group's current net gearing level and the incurrence of additional interest expenses as described above, the Rights Issue would be a more suitable funding solution that would strengthen the financial position of the Group by augmenting the Group's balance sheet and capital base, and at the same time reduce the net gearing of the Group.

The Net Proceeds (as defined below) will provide the Group with greater financial capacity and flexibility to capitalise on investment and expansion opportunities and allow it to respond to such opportunities expediently.

The Rights Issue will also provide Shareholders with an opportunity to further participate in the equity of the Company.

## 6. USES OF PROCEEDS

The gross proceeds from the Rights Issue are expected to be approximately S\$98.6 million. The estimated net proceeds from the Rights Issue (after deducting estimated costs, expenses and commissions of approximately S\$2.3 million incurred in connection with the Rights Issue) are expected to be approximately S\$96.3 million (the “**Net Proceeds**”).

The Company intends to apply the Net Proceeds for the following purposes:

- (i) approximately S\$50.0 million or approximately 51.92 per cent. of the Net Proceeds to finance the possible expansion of the property development segment of the Group’s business in Singapore and overseas;
- (ii) approximately S\$20.0 million or approximately 20.77 per cent. of the Net Proceeds to finance the Group’s possible strategic investments and/or acquisitions in the education segment of its business, which is in line with the Group’s recent diversification into the education sector;
- (iii) approximately S\$10.0 million or approximately 10.38 per cent. of the Net Proceeds to finance the growth and operations of the hospitality segment of the Group’s business; and
- (iv) the balance of approximately S\$16.3 million or approximately 16.93 per cent. of the Net Proceeds for general corporate purposes including general and working capital requirements of the Group.

Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group. The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed and provide a status report on the use of the Net Proceeds in the Company’s annual report. Where there is any material deviation from the stated use for the Net Proceeds, the Company will announce the reason(s) for such deviation.

## 7. CONDITIONS

**7.1 Conditions.** Shareholders should note that the Rights Issue is subject to the following:

- (i) the approval of the Shareholders (save for the Controlling Shareholders and their Associate (as defined in the **Appendix**), Senz) for the resolution to approve the Rights Issue and the issue of Rights Shares pursuant to the Rights Issue (the “**Rights Issue Resolution**”) having been obtained at the EGM and not having lapsed or been withdrawn or revoked;
- (ii) the approval of Shareholders (save for the Controlling Shareholders and their

Associate, Senz) for the resolution to approve the payment of the Sub-underwriting Commission by the Manager and Underwriter to the Controlling Shareholders (the “**Sub-underwriting Resolution**”) having been obtained at the EGM and not having lapsed or been withdrawn or revoked;

- (iii) the approval by the Shareholders, other than the Concert Party Group and parties not independent of them, who are deemed to be independent for the purposes of voting on the resolution to approve the waiver of their rights to receive a mandatory general offer from the Concert Party Group pursuant to Rule 14 of the Code in relation to the Rights Issue (the “**Independent Shareholders**”) (the “**Whitewash Resolution**”), having been obtained at the EGM and not having lapsed or been withdrawn or revoked;
- (iv) the Whitewash Waiver from the SIC which was granted on 26 July 2019 not having been withdrawn or revoked as at the date of completion of the Rights Issue. Please refer to **paragraph 8** below for further details;
- (v) the approval in-principle from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Main Board of the SGX-ST which was granted on 22 August 2019 not having been withdrawn or revoked as at the date of completion of the Rights Issue. Please refer to **paragraph 7.3** below for further details; and
- (vi) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable) to be issued by the Company in connection with the Rights Issue, with the Authority.

**7.2 Resolutions Inter-conditional.** Each of the Rights Issue Resolution, the Sub-underwriting Resolution and the Whitewash Resolution is inter-conditional upon the approval being obtained at the EGM for each of the other resolutions, and therefore the Rights Issue cannot proceed if any of these resolutions is not passed. The three resolutions are inter-conditional for the following reasons:

- (a) as the Rights Issue is sub-underwritten by the Controlling Shareholders, who are controlling shareholders (as defined in the Listing Manual) of the Company, paragraph 2.1 of Practice Note 8.2 of the Listing Manual requires the Company to seek specific Shareholders’ approval by way of a separate shareholder resolution for the payment of the Sub-underwriting Commission to the Controlling Shareholders. Accordingly, the sub-underwriting arrangement with the Controlling Shareholders cannot proceed if the Sub-underwriting Resolution is not passed. In addition, the Manager and Underwriter has confirmed to the Board (as defined in the **Appendix**) that they will not underwrite the Rights Issue without the sub-underwriting arrangement being put in place; and
- (b) the fulfilment by the Controlling Shareholders of their obligations under the Sub-underwriting Agreement may result in the Controlling Shareholders acquiring Rights Shares resulting in them increasing their shareholding in the Company above 30 per cent., which would trigger obligations of the Concert Party Group to make a



mandatory general offer pursuant to Rule 14 of the Code for the remaining Shares not already owned or controlled by the Concert Party Group, which is not the intended outcome of the Rights Issue. Therefore, an application was made to the SIC, and on 26 July 2019, the SIC has granted the Whitewash Waiver, which is subject to, *inter alia*, the condition that the Whitewash Resolution is passed.

**7.3 Approval in-principle.** On 22 August 2019, the SGX-ST granted its approval in-principle for the dealing in, listing of and quotation for the Rights Shares on the Main Board of the SGX-ST, subject to the following conditions:

- (i) compliance with the SGX-ST's listing requirements;
- (ii) Shareholders' approval for the Rights Issue Resolution, the Sub-underwriting Resolution and the Whitewash Resolution;
- (iii) a written undertaking from the Company that it will comply with Listing Rules 704(30), 815 and 1207(20) in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (iv) a written undertaking from the Company that it will comply with the confirmation given under Listing Rule 877(10) with regards to the allotment of any excess Rights Shares; and
- (v) a written confirmation from financial institution(s) as required under Listing Rule 877(9) that the Undertaking Shareholders have sufficient financial resources to fulfill their obligations under the Irrevocable Undertakings.

The SGX-ST's approval in-principle is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Announcement.

## **8. WHITEWASH WAIVER**

**8.1 Mandatory Offer Requirement under the Code.** Under Rule 14 of the Code, except with the SIC's consent, where any person acquires whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of the Company, he is required to make a mandatory general offer for all the Shares in the Company which he does not already own or control.

**8.2 Controlling Shareholders' Interests.** As at the date of this Announcement, the Controlling Shareholders have a joint direct interest in 168,907,000 Shares, representing approximately 26.98 per cent. of the total number of issued Shares. Celine Tang also has a deemed interest in an additional 17,198,000 Shares through Senz, representing

approximately 2.75 per cent. of the total number of issued Shares. Accordingly, Celine Tang is interested in an aggregate of 186,105,000 Shares, representing approximately 29.73 per cent. of the total number of issued Shares. Assuming that:

- (i) the Undertaking Shareholders subscribe and pay in full and/or procure the subscription and payment in full for the Rights Shares under the Rights Issue in accordance with the Irrevocable Undertakings;
- (ii) none of the other Entitled Shareholders subscribe for any of their respective entitlements of Rights Shares;
- (iii) the Underwritten Rights Shares are underwritten by the Manager and Underwriter in accordance with the terms of the Management and Underwriting Agreement; and
- (iv) the Controlling Shareholders are required to subscribe for the Underwritten Rights Shares in accordance with the terms of the Sub-underwriting Agreement,

the shareholding interests of the Controlling Shareholders will increase from approximately 29.73 per cent. of the total issued share capital of the Company to approximately 43.43 per cent. of the total issued share capital of the Company, based on the enlarged issued share capital of the Company of 782,517,576 Shares immediately following the allotment and issue of 156,503,515 Rights Shares under the Rights Issue and assuming that the 50,000,000 outstanding Share Options are not exercised on or prior to the Books Closure Date.

Accordingly, the fulfilment by the Controlling Shareholders of their obligations under the Sub-underwriting Agreement may result in the Controlling Shareholders acquiring Rights Shares resulting in them increasing their shareholding in the Company above 30 per cent.. In such event, the Concert Party Group would incur an obligation to make a mandatory general offer for the remaining Shares not already owned or controlled by the Concert Party Group pursuant to Rule 14 of the Code unless such obligation is waived by the SIC.

**8.3 Whitewash Waiver.** Accordingly, an application was made to the SIC for, *inter alia*, a waiver of the obligations of the Concert Party Group to make a mandatory general offer pursuant to Rule 14 of the Code for the remaining Shares not already owned or controlled by the Concert Party Group arising from the acquisition by the Controlling Shareholders of Rights Shares pursuant to the Controlling Shareholders' Irrevocable Undertaking and the Sub-underwriting Commitment.

On 26 July 2019, the SIC granted the Whitewash Waiver, subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Rights Issue, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Concert Party Group;
- (b) the Whitewash Resolution is separate from other resolutions;

- (c) the Concert Party Group, as well as parties not independent of them, abstain from voting on the Whitewash Resolution;
- (d) the Concert Party Group did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
  - (i) during the period between the first announcement of the Rights Issue and the date Shareholders' approval is obtained for the Whitewash Resolution; and
  - (ii) in the six (6) months prior to the first announcement of the Rights Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights Issue;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in the Circular:
  - (i) details of the Rights Issue, including the Controlling Shareholders' Irrevocable Undertaking and the Sub-underwriting Commitment;
  - (ii) the dilution effect to existing holders of voting rights upon the subscription of the Rights Shares by the Concert Party Group;
  - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Concert Party Group as at the latest practicable date prior to the printing of the Circular;
  - (iv) the number and percentage of voting rights to be acquired by the Concert Party Group as a result of their subscription of the Rights Shares; and
  - (v) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Concert Party Group at the highest price paid by the Concert Party Group for the Company's Shares in the past six (6) months preceding the commencement of the Rights Issue;
- (g) the Circular states that the Whitewash Waiver is subject to the conditions stated at **paragraphs 8.3(a) to 8.3(f)** above;
- (h) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and

- (i) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within three (3) months of the date of the Whitewash Waiver and the subscription of the Rights Shares by the Controlling Shareholders must be completed within three (3) months of the date of the approval of the Whitewash Resolution.

**8.4 Independent Financial Adviser.** SAC Capital Private Limited has been appointed as the independent financial adviser to advise such Directors who are considered independent for the purposes of making the recommendation to Independent Shareholders in relation to the Whitewash Resolution. Further details of the Whitewash Waiver and the advice of the independent financial adviser will be set out in the Circular.

## **9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS INFORMATION**

Save as disclosed in this Announcement, none of the Directors or Substantial Shareholders (as defined in the **Appendix**) or their respective Associates has any interest, direct or indirect, in the Rights Issue other than through their respective shareholdings (direct and indirect) in the Company.

## **10. CIRCULAR**

The Company will despatch the Circular in due course to explain the rationale for, and provide Shareholders with information relating to the Rights Issue and to seek Shareholders' approval at the EGM for the Rights Issue Resolution, the Sub-underwriting Resolution and the Whitewash Resolution.

By Order of the Board

**Chia Lee Meng Raymond**  
22 August 2019

**APPENDIX**  
**ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN RIGHTS ISSUE**

The following terms have the following meanings:

- “ARE”** : Application form for Rights Shares and excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Rights Issue
- “ARS”** : Application form for Rights Shares to be issued to purchasers of the provisional allotments of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
- “Associates”** : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board”** : The board of Directors of the Company from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Closing Date”** : The time and date to be determined by the Directors, being the last time and date for acceptance of and/or excess application and payment for the Rights Shares under the Rights Issue
- “CPF”** : Central Provident Fund

<b>“Entitled Depositors”</b>	:	Shareholders with Shares standing to the credit of their Securities Accounts as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
<b>“Entitled Scripholders”</b>	:	Shareholders whose share certificates have not been deposited with CDP (and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date) and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
<b>“Foreign Purchasers”</b>	:	Purchasers of Nil-Paid Rights whose registered addresses with CDP are outside Singapore
<b>“Foreign Shareholders”</b>	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar or CDP, as the case may be, with addresses in Singapore for the service of notices and documents
<b>“Ineligible Shareholders”</b>	:	Shareholders other than the Entitled Depositors and the Entitled Scripholders
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Nil-Paid Rights”</b>	:	Provisional allotments of the Rights Shares under the Rights Issue
<b>“Offer Information Statement”</b>	:	The offer information statement, together with the PAL, the ARE, the ARS and all other accompanying documents, including any supplementary or replacement document, to be issued by the Company and lodged with the Authority in connection with the Rights Issue
<b>“PAL”</b>	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out their provisional allotments of Rights Shares under the Rights Issue
<b>“Securities Account”</b>	:	The securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a Depository Agent

<b>“SFA”</b>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<b>“Share Registrar”</b>	:	RHT Corporate Advisory Pte. Ltd., the share registrar of the Company
<b>“Shareholders”</b>	:	Registered holders of Shares, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to those Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares. Any reference to Shares held by or the shareholding of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
<b>“SRS”</b>	:	Supplementary Retirement Scheme
<b>“Substantial Shareholder”</b>	:	A person who has an interest in voting shares in the Company and the total votes attached to which is not less than five per cent. of the total votes attached to all the voting shares in the Company

The terms **“Depositor”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

#### 1. **Entitled Shareholders.**

Entitled Shareholders will be entitled to participate in the Rights Issue and to receive the Offer Information Statement, together with the ARE or the PAL, as the case may be, and its accompanying documents at their respective Singapore addresses.

Entitled Depositors who do not receive the Offer Information Statement and the ARE may obtain them from CDP during the period from the date the Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PAL may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings in the Company as at the Books Closure Date, fractional entitlements to be disregarded. Entitled Shareholders are at liberty to accept, decline, renounce or, in the case of Entitled Depositors, trade on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST, in whole or in part, their Nil-Paid Rights, and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Fractional entitlements to the Rights Shares will be disregarded in arriving at the Shareholders' entitlements and will, together with provisional allotments which are not allotted or taken up for any reason, be aggregated and used to satisfy applications (if any) for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

In the allotment of excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares.

(a) Entitled Depositors

Entitled Depositors should note that all notices and documents will be sent to their last registered Singapore mailing addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least three (3) Market Days before the Books Closure Date.

(b) Entitled Scripholders

Entitled Scripholders should note that all correspondences and notices will be sent to their last registered Singapore mailing addresses with the Share Registrar. Entitled Scripholders are reminded that any request to the Share Registrar to update their records or effect any change in address must reach Chip Eng Seng Corporation Ltd. c/o the Share Registrar, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place, #29-01 Republic Plaza Tower 1 Singapore 048619, at least three (3) Market Days before the Books Closure Date.

Entitled Scripholders are encouraged to open Securities Accounts with CDP if they have not already done so and to deposit their share certificates with CDP prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the Nil-Paid Rights. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

**All dealings in and transactions of the Nil-Paid Rights through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs, to be issued to Entitled Scripholders, will not be valid for delivery pursuant to trades done on the SGX-ST.**

The procedures for, and the terms and conditions applicable to, acceptances, renunciations and/or sales of the provisional allotments of the Rights Shares and for the applications for excess Rights Shares, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement.

Notwithstanding the foregoing, investors should note that the offer and sale of, or exercise or acceptance of, or subscription for, Nil-Paid Rights and Rights Shares to or by persons located or resident in jurisdictions other than Singapore may be restricted or prohibited by the laws of the relevant jurisdiction. Crediting of Nil-Paid Rights to any Securities Account,



the receipt of any Nil-Paid Rights, or receipt of this Announcement, the Circular, the Offer Information Statement and/or any of its accompanying documents, will not constitute an offer or sale in those jurisdictions in which it will be illegal to make such offer or sale, or where such offer or sale will otherwise violate the securities laws of such jurisdictions or be restricted or prohibited. The Company reserves absolute discretion in determining whether any person may participate in the Rights Issue.

## **2. Foreign Shareholders.**

The Offer Information Statement and its accompanying documents have not been and will not be registered, lodged or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Rights Shares will not be offered to and the Offer Information Statement and its accompanying documents have not been and will not be despatched to Foreign Shareholders or into any jurisdictions outside Singapore.

**Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No Nil-Paid Rights will be allotted to Foreign Shareholders, and no purported acceptance thereof or application therefor by any Foreign Shareholder will be valid.**

The Offer Information Statement and its accompanying documents will also not be despatched to Foreign Purchasers. Foreign Purchasers who wish to accept the Nil-Paid Rights credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renounee of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the Nil-Paid Rights renounced to him. The Company reserves the right to reject any acceptances of the Rights Shares and/or applications for excess Rights Shares where it believes, or has reason to believe, that such acceptance and/or application may violate the applicable legislation of any jurisdiction.

The Company reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore or which the Company believes or has reason to believe may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty required by the terms of the Offer Information Statement, the ARE, the ARS or the PAL.

It is the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside Singapore wishing to take up their provisional allotment of Rights Shares or apply for excess Rights Shares under the Rights Issue to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the

obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this section are intended as a general guide only and any Foreign Shareholder who is in doubt as to his position should consult his professional advisers without delay.

Receipt of this Announcement, the Circular, the Offer Information Statement, the ARE, ARS or PAL, or the crediting of Nil-Paid Rights or Rights Shares to a Securities Account shall not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Announcement, the Circular, the Offer Information Statement and the AREs, ARSs or PALs must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this Announcement, the Circular, the Offer Information Statement, an ARE, ARS or PAL and/or a credit of Nil-Paid Rights or Rights Shares to a Securities Account in any territory other than Singapore may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such ARE, ARS or PAL and/or accept any credit of Nil-Paid Rights or Rights Shares to a Securities Account unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such ARE, ARS or PAL and/or credit of Nil-Paid Rights or Rights Shares to a Securities Account could lawfully be used or accepted, and any transaction resulting from such use or acceptance could be effected, without contravention of any registration or other legal or regulatory requirements.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this Announcement, the Circular, the Offer Information Statement and/or an ARE, ARS or PAL or whose Securities Accounts are credited with Nil-Paid Rights should not distribute or send the same or transfer Nil-Paid Rights in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If this Announcement, the Circular, the Offer Information Statement, an ARE, ARS or PAL or a credit of Nil-Paid Rights is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the Nil-Paid Rights, and renounce such ARE, ARS or PAL or transfer the Nil-Paid Rights unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who forwards this Announcement, the Circular, the Offer Information Statement, or an ARE, ARS or PAL or transfers Nil-Paid Rights into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section as well as the relevant sections of the Offer Information Statement.

If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the Nil-Paid Rights which would otherwise have been provisionally allotted to Ineligible Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after commencement of trading of Nil-Paid Rights. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Ineligible Shareholders in proportion to their respective

shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them by ordinary post at their own risk, provided that where the amount of net proceeds to be distributed to any single Ineligible Shareholder or persons acting to the account or benefit of any such persons is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Ineligible Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Directors, the Manager and Underwriter, CDP, the Share Registrar and/or their respective officers in connection therewith.

Where such Nil-Paid Rights are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Ineligible Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Directors, the Manager and Underwriter, CDP, the Share Registrar or their respective officers in respect of such sales or the proceeds thereof, the Nil-Paid Rights or the Rights Shares represented by such Nil-Paid Rights.

If such Nil-Paid Rights cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading of the Nil-Paid Rights, the Rights Shares represented by such Nil-Paid Rights will be issued to satisfy applications for excess Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Ineligible Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Directors, the Manager and Underwriter, CDP, the Share Registrar and/or their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Ineligible Shareholders.

**Notwithstanding anything herein, Entitled Shareholders and/or any other person having possession of this Announcement, the Circular, the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto at their own expense and without liability to the Company, the Manager and Underwriter, or any other person involved in the Rights Issue. No person in any territory outside Singapore receiving this Announcement, the Circular, the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without violating any regulatory or legal requirements in such territory. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Announcement, the Circular, the Offer Information Statement and AREs, ARSs or PALs must be treated as sent for information only and should not be copied or redistributed.**

Depositors should note that all correspondences will be sent to their last registered Singapore mailing addresses with CDP. Depositors should note that any request to CDP to update its records or to effect any change in address should have reached CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least three (3) Market Days before the Books Closure Date. Shareholders whose Shares are registered in their own names (not being Depositors) who do not presently have an address in Singapore for the service of notices and documents and who wish to be eligible to participate in the Rights Issue should have provided such an address in Singapore by notifying Chip Eng Seng Corporation Ltd. c/o the Share Registrar, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place, #29-01 Republic Plaza Tower 1 Singapore 048619, at least three (3) Market Days before the Books Closure Date.