



ACQUISITION OF A LAGOON IN THE MALDIVES

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd (the “**Company**”) refers to the announcement made by the Company on 14 October 2019 (*Entry into a Joint Venture for the Acquisition of a Lagoon in the Maldives*).

Unless otherwise defined, all capitalised terms in this announcement shall have the meaning ascribed to them in the aforementioned announcement dated 14 October 2019.

2. INCORPORATION OF MALDIVES JVCO

Maldives JVCo (named as Samarafushi Pvt Ltd) was incorporated in the Maldives on 17 November 2019 for the purposes of acquiring the remaining leasehold interest in the Lagoon. Maldives JVCo has an issued and paid-up capital of US\$200.

CES Hotels holds one per cent. (1%) of the issued and paid-up share capital of Maldives JVCo on behalf of SG JVCo while SG JVCo holds the remaining ninety-nine per cent. (99%) of the issued and paid-up share capital of Maldives JVCo.

3. ENTRY INTO A SALE AND PURCHASE AGREEMENT

Maldives JVCo has on 27 December 2019 entered into a sale and purchase agreement with the Current Lessee for the acquisition of the remaining leasehold interest in the Lagoon (the “**Acquisition**”). The Current Lessee is an affiliate of TDPL, the 30% shareholder of the SG JVCo.

The consideration payable for the Acquisition is US\$8.1 million (the “**Consideration**”), which amount is equivalent to the cost of the Current Lessee’s acquisition of the Lagoon from an unrelated third party and the required transfer fee paid by the Current Lessee. The Consideration will be funded out of the Initial Capital Commitment.

Completion of the Acquisition is subject to satisfaction of customary conditions precedent and will take place no later than 31 December 2019.

4. INFORMATION RELATING TO THE LAGOON

The Lagoon (otherwise known as the *Samarafushi Lagoon*) is located in North Male Atoll, Maldives, and is approximately 20 minutes away by speed boat from the capital city of Male. The Lagoon has a leasehold tenure of 50 years commencing from 9 August 2016 and expiring on 8 August 2066.

CES Hotels and TDPL intend to develop the Lagoon into a five-star resort. A hotel operator will be appointed to manage the resort.

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. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and, to the best knowledge of the Directors, none of the substantial shareholders or controlling shareholders of the Company, has any direct or indirect interest in the Acquisition.

Submitted by Chia Lee Meng Raymond, Executive Director and Group Chief Executive Officer, on 27 December 2019 to the SGX-ST.