



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

COMPLETION OF PROPOSED ACQUISITION OF MINORITY INTEREST
IN PROPERTY AT 8 SHENTON WAY

INTERESTED PERSON TRANSACTIONS – ENTRY INTO SHAREHOLDERS' AGREEMENT
AND SHAREHOLDERS' LOAN AGREEMENT

1. INTRODUCTION

The Board of Directors (the "**Board**") of Chip Eng Seng Corporation Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement released on 5 April 2022 (*Proposed Acquisition of Minority Interest in Property at 8 Shenton Way*) (the "**5 April 2022 Announcement**"). Unless otherwise defined, all capitalised terms in this announcement shall have the same definition ascribed to it in the 5 April 2022 Announcement.

The Board is pleased to announce that CEL Shenton Pte. Ltd. ("**CEL Shenton**") has, on the date of this announcement, completed ("**Completion**") the acquisition of shares in PRE 13 Pte. Ltd. (the "**JV Company**"), representing 21.0% of the issued share capital in the JV Company. Following Completion, the JV Company has become an associated company of the Company.

Sing-Haiyi Emerald Pte. Ltd. ("**SHEPL**") has also, on the same date, completed the acquisition of shares in the JV Company, representing 21.0% of the issued share capital in the JV Company.

2. ENTRY INTO AGREEMENTS

The following agreements have been entered into on Completion:

(a) PRE 13 Shareholders' Agreement

CEL Shenton has entered into a shareholders' agreement (the "**PRE 13 Shareholders' Agreement**") with SHEPL, Perennial Singapore Investment Holdings Pte. Ltd., Piermont Holdings Limited, HPRY Holdings Limited (collectively with CEL Shenton, the "**Shareholders**") and the JV Company, to govern the affairs of the JV Company. Pursuant to the terms of the PRE 13 Shareholders' Agreement, the rights and obligations of the Shareholders for matters relating to the JV Company and the redevelopment of the Property are borne by the Shareholders in their respective shareholding proportions in the JV Company.

(b) Shareholders' Loan Agreement

CEL Shenton has also entered into a shareholders' loan agreement (the "**Shareholders' Loan Agreement**") with the other Shareholders (as lenders) and the JV Company (as borrower). Under the terms of the Shareholders' Loan Agreement, CEL Shenton and the other Shareholders will lend to the JV Company such amount of shareholders' loans proportionate to their respective shareholding percentages in the JV Company (the "**Shareholders' Loans**"), not exceeding the funding amount

committed in the PRE 13 Shareholders' Agreement. CEL Shenton's proportionate committed amount of Shareholders' Loans is approximately S\$188.2 million.

The Shareholders' Loans shall be utilised towards the redevelopment of the Property and the capital or funding requirements of the Group Companies.

As at the date of this announcement, no Shareholders' Loan has been drawn down under the Shareholders' Loan Agreement.

3. INTERESTED PERSON TRANSACTIONS

(a) "Entity at risk" and Interested Person

(i) *"Entity at risk"*: CEL Shenton is an "entity at risk" of the Company for the purposes of Chapter 9 of the Listing Manual.

(ii) *Interested person*: As set out in the 5 April 2022 Announcement:

(A) Mr Gordon Tang and Mrs Celine Tang (collectively, "**GCT**") are controlling shareholders of the Company. Mrs Celine Tang is also the Non-Independent and Non-Executive Director and the Non-Executive Chairman of the Company; and

(B) GCT, through intermediate holding companies, collectively have an interest in all the shares of SHEPL.

SHEPL is thus GCT's associate and an interested person (both as defined in the Listing Manual).

In view of the foregoing, the entry by CEL Shenton and SHEPL into the PRE 13 Shareholders' Agreement and the Shareholders' Loan Agreement constitutes an interested person transaction of the Company for the purposes of Chapter 9 of the Listing Manual.

(b) Rule 916(2) of the Listing Manual – the PRE 13 Shareholders' Agreement

Based on the terms of the PRE 13 Shareholders' Agreement, 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 Shareholder; and

(ii) the terms of the PRE 13 Shareholders' Agreement 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 Shareholder pursuant to the terms of the PRE 13 Shareholders' Agreement are in proportion to their respective shareholding percentages in the JV Company, and none of GCT or SHEPL had any existing equity interest in the JV Company prior to CEL Shenton entering into the PRE 13 Shareholders' Agreement, the entry into the PRE 13 Shareholders' Agreement falls within the scope of Rule 916(2) of the Listing Manual.

(c) Rule 916(3) of the Listing Manual – Shareholders' Loan Agreement

Under the terms of the Shareholders' Loan Agreement, the Shareholders' Loans will be extended by each Shareholder according to their respective shareholding percentages in the JV Company, and on the same terms and conditions (including the interest rate to be accrued on each Shareholders' Loan).

As mentioned in paragraph 3(b) above, none of GCT or SHEPL had any existing equity interest in the JV Company prior to CEL Shenton entering into the PRE 13 Shareholders' Agreement.

Based on the terms of the Shareholders' Loan Agreement, the Audit and Risk Committee of the Company is of the view that:

- (i) the provision of each Shareholders' Loan under the Shareholders' Loan Agreement 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 Shareholder and the terms of the PRE 13 Shareholders' Agreement are not prejudicial to the interests of the Company and its minority shareholders.

Accordingly, the provision of any Shareholders' Loan by the Shareholders to the JV Company pursuant to the terms of the Shareholders' Loan Agreement will fall within the scope of Rule 916(3) of the Listing Manual.

(d) Value of Interested Person Transactions

As at the date of this announcement:

- (i) the current total of all interested person transactions with GCT and their associates for the current financial year ending 31 December 2022 ("**FY2022**") is approximately S\$196.25 million;
- (ii) approximately 99.9% of the aggregate value of all interested person transactions with GCT and their associates for FY2022 is attributable to the transactions which fall within the scope of Rule 916(2) and Rule 916(3) of the Listing Manual. The remaining value of approximately S\$113,000 is less than 5.0% of the Group's latest audited net tangible assets; and
- (iii) the current total of all interested person transactions of the Company for FY2022 is approximately S\$196.52 million.

(e) Net Asset Value of the JV Company

The net asset value of the JV Company as at 28 February 2022 (based on the latest management accounts available prior to the entry into the SPA) is approximately S\$34.21 million.

4. FINANCIAL IMPACT

CEL Shenton will fund its proportionate share of the Shareholders' Loans from internal cash sources and any such funding is not expected to have a material impact on the net tangible assets and earning per share of the Company for FY2022.

5. OTHERS

Save as disclosed in this announcement and the 5 April 2022 Announcement, none of the Directors and, to the best of the knowledge of the Directors, none of the controlling and substantial shareholders of the Company has any direct or indirect interest in the investment in the JV Company and/or the entry into the PRE 13 Shareholders' Agreement and the Shareholders' Loan Agreement, 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 29 April 2022 to the SGX.