



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

---

## PROPOSED ACQUISITION OF REMAINING 30 PER CENT. SHAREHOLDING IN CES TROPICAL (MALDIVES) PTE. LTD.

---

### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of Chip Eng Seng Corporation Ltd. (the “**Company**”) wishes to announce that the Company’s wholly-owned subsidiary, CES Hotels (Maldives) Pte. Ltd. (“**CESHM**”), has today entered into a sale and purchase agreement (the “**SPA**”) with Tropical Developments Pte. Ltd. (the “**Seller**”) to acquire all of the Seller’s shares (the “**Sale Shares**”) in the joint venture company known as CES Tropical (Maldives) Pte. Ltd. (“**CES Tropical**”) (the “**Proposed Acquisition**”).

### 2. CHANGE IN SHAREHOLDING AS A RESULT OF THE PROPOSED ACQUISITION

The Sale Shares represent 30 per cent. of the issued share capital of CES Tropical. CESHM owns the remaining 70 per cent. of the issued share capital of CES Tropical.

CES Tropical holds 99 per cent. of the issued share capital of Samarafushi Pvt Ltd (“**SPL**”), and SPL owns the leasehold interest in a lagoon located in North Male Atoll, Maldives (the “**Lagoon**”). It is intended that the Lagoon will be developed into a five-star resort. CESHM owns the remaining one (1) per cent. of the issued share capital of SPL.

CES Tropical and SPL will be wholly-owned by the Company on completion of the Proposed Acquisition (“**Completion**”).

### 3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

- (a) **Consideration for Sale Shares.** The consideration for the Sale Shares is US\$1,315,003 (the “**Purchase Price**”), which will be paid in cash to the Seller on Completion.

The Purchase Price was arrived at on a willing-buyer, willing-seller basis, taking into consideration among other things, the Company’s assessment of the business, earnings and prospects of the Lagoon when developed into a five-star resort.

- (b) **Assignment of Shareholder’s Loans.** On Completion, CESHM will also take over, for cash, the shareholder’s loans granted by the Seller to CES Tropical amounting to US\$2,999,997 (the “**Seller’s Shareholder Loans**”).
- (c) **Value of Sale Shares.** Based on the latest unaudited management accounts of CES Tropical as at 30 November 2022, the net asset value attributable to the Sale Shares is approximately US\$2,993,273.
- (d) **Completion.** Completion shall take place no later than 10 business days from the date of execution of the SPA.
- (e) **Resignation as Director.** The director nominated by the Seller will resign from his directorships in CES Tropical and SPL on Completion.

#### **4. RATIONALE FOR THE PROPOSED ACQUISITION**

After CES Tropical and SPL become wholly-owned by the Company, the Company will be in a position to have full control over the development and construction of the Lagoon as well as the corporate affairs of CES Tropical and SPL, which will allow the Company to manage the same more efficiently. The Company has adequate resources (including financial) to proceed with the development of the Lagoon without a joint venture partner. Going forward, the Proposed Acquisition will also allow the Company to account for the full share of the future value of the resort to be developed in the Lagoon.

#### **5. FINANCIAL IMPACT**

The amounts required to pay the Seller for the Purchase Price and the Seller's Shareholder Loans will be funded from internal cash resources.

The Proposed 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 2022.

#### **6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

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 Proposed Acquisition, 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 13 December 2022 to the SGX.