



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

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## INTERESTED PERSON TRANSACTION – LEASE OF PREMISES TO OKH HOLDINGS PTE. LTD.

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### 1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, CEL Property Investment Pte. Ltd. (“**CPIPL**”), has today entered into a letter of offer and a lease agreement with OKH Holdings Pte. Ltd. (“**OHPL**”) in respect of the lease by CPIPL (as landlord) to OHPL (as tenant) of two units within the Group’s premises at 171 Chin Swee Road, CES Centre, Singapore 169877 (the “**CES Centre Lease**”).

### 2. INTERESTED PERSON TRANSACTION

#### (a) “Entity at risk” and Interested Persons

- (i) “*Entity at risk*”: CPIPL is an “entity at risk” of the Company for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”).
- (ii) *Interested persons*:
  - (A) Tang Dynasty Treasure Pte. Ltd. is a controlling shareholder of the Company. Mr Gordon Tang and Mrs Celine Tang (together, “**GCT**”) collectively hold in aggregate 100% of the shareholding interest in Tang Dynasty Treasure Pte. Ltd. and are deemed to have an interest in the shares of the Company held by Tang Dynasty Treasure Pte. Ltd.. Mrs Celine Tang is also the Non-Independent and Non-Executive Director and the Non-Executive Chairman of the Company;
  - (B) OHPL is a wholly-owned subsidiary of OKH Global Ltd. (“**OKH**”), which is listed on the Main Board of the Singapore Exchange Securities Trading Limited; and
  - (C) Haiyi Holdings Pte. Ltd. (which is wholly-owned by GCT collectively) is a controlling shareholder of OKH, which in turn holds all the shares in OHPL.

Accordingly, OHPL is an associate of GCT and an interested person (both as defined in the Listing Manual).

In view of the foregoing, the entry into the CES Centre Lease constitutes an interested person transaction of the Company for the purposes of Chapter 9 of the Listing Manual.

#### (b) Rule 916(1) of the Listing Manual

Pursuant to Rule 916(1) of the Listing Manual, shareholders’ approval is not required for the entry into, or renewal of, a lease or tenancy of real property of not more than 3 years if the terms are supported by a valuation carried out by a property valuer.

The duration of the CES Centre Lease will be for an initial term of two (2) years commencing on 1 March 2023, with an option for OHPL to renew the lease on the same terms and conditions (including the rent) for a period of one (1) year commencing on the date immediately following the date of expiry of the initial term (collectively, the “**CES Centre Lease Period**”).

The Company has commissioned Knight Frank Pte Ltd (the “Valuer”) to review the key commercial terms of the CES Centre Lease, including the rent payable during the CES Centre Lease Period. In arriving at its opinion, the Valuer had carried out the necessary searches of the market and analysis of comparable third-party lettings in the subject development and other comparable developments in the vicinity and other locations. The Valuer also took into account, and made allowances to reflect, the differences between the subject premises and those of comparable leases. The factors taken into account would include the market conditions, lease term, net lettable area, floor level, amongst other factors that would affect the rental value. Having reviewed the key commercial terms of the CES Centre Lease and having taken into account the prevailing property market conditions, the Valuer is of the opinion that the rent payable in respect of the CES Centre Lease is at market level and the other key commercial terms of the CES Centre Lease are normal commercial terms and in accordance with market standards.

As the CES Centre Lease Period is not more than 3 years and the terms of the CES Centre Lease are supported by the valuation carried out by the Valuer, the entry into the CES Centre Lease falls within the scope of Rule 916(1) of the Listing Manual, and the value of the rent payable under the CES Centre Lease is thus not subject to aggregation under Rule 906 of the Listing Manual.

In any event, as the value of the rent payable under the CES Centre Lease, when aggregated with all transactions entered into with GCT and their associates during the current financial year ending 31 December 2023 (“FY2023”) is less than 3% of the Group’s latest audited net tangible assets, shareholders’ approval for the entry into the CES Centre Lease is not required.

(c) Abstention

The following persons have abstained from the Board’s and/or the Audit and Risk Committee’s (as the case may be) review and approval process in respect of the entry into the CES Centre Lease:

- (i) Mrs Celine Tang, being the Non-Independent and Non-Executive Director and the Non-Executive Chairman of the Company and also a controlling shareholder of OKH; and
- (ii) Mr Lock Wai Han, being an Independent Director of the Company and member of the Company’s Audit and Risk Committee and also the Executive Director and Chief Executive Officer of OKH.

(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 FY2023 is approximately S\$697,000;
- (ii) approximately 99.2% of the aggregate value of all interested person transactions with GCT and their associates for FY2023 is attributable to the transactions which fall within the scope of Rule 916 of the Listing Manual. The remaining value of approximately S\$5,700 is less than 5% of the Group’s latest audited net tangible assets; and
- (iii) the current total of all interested person transactions of the Company for FY2023 is approximately S\$697,000.

### **3. RATIONALE FOR, AND BENEFITS OF, THE ENTRY INTO THE CES CENTRE LEASE**

Prior to the entry into the CES Centre Lease, the units which are the subject of the CES Centre Lease had been unoccupied. The entry into the CES Centre Lease will improve the tenant occupancy rate at CES Centre and generate rental income.

#### **4. FINANCIAL IMPACT**

The entry into the CES Centre Lease is not expected to have a material impact on the net tangible assets and earnings per share of the Company for FY2023.

#### **5. OTHERS**

Save as disclosed in this announcement, none of the Directors and, to the best knowledge of the Directors, none of the controlling and substantial shareholders of the Company has any direct or indirect interest in the CES Centre Lease, 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 January 2023 to the SGX.