



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

ACQUISITION OF MAXWELL HOUSE

INTERESTED PERSON TRANSACTIONS - INCORPORATION OF JOINT VENTURE COMPANIES AND PROVISION OF SHAREHOLDERS' LOANS TO JOINT VENTURE COMPANIES

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the "**Company**") refers to the Company's announcement released on 7 May 2021 (*Enbloc Acquisition of Maxwell House Through Joint Tender*) (the "**7 May 2021 Announcement**").

Unless otherwise stated, terms defined in the 7 May 2021 Announcement shall have the same meaning in this announcement.

2. UPDATES ON INVESTMENT IN THE PROJECT

The Company wishes to provide the following updates in connection with its investment in the Project:

(a) Incorporation of Joint Venture Companies

On 19 May 2021, CEL, SHIPL and CIPL (collectively, the "**JV Partners**") incorporated two joint venture companies, Maxwell Residential Pte. Ltd. and Maxwell Commercial Pte. Ltd. (collectively, the "**JV Companies**", and each, a "**JV Company**"), to jointly undertake the Project.

As at the date of this announcement, each JV Company has an initial issued and paid-up share capital of S\$10.00. In accordance with their respective Participation Proportions, CEL, SHIPL and CIPL contributed and hold 40%, 30% and 30% respectively in the share capital of each JV Company.

(b) Provision of Shareholders' Loans

The JV Partners have provided shareholders' loans in the aggregate principal amount of S\$22,138,600 to the JV Companies (collectively, the "**Shareholders' Loans**"). The portion of each Shareholders' Loan provided by each of the JV Partners to each JV Company is in accordance with their respective Participation Proportions.

The rationale for the provision of the Shareholders' Loans is to provide funding to the JV Companies in connection with the Acquisition, including for the purposes of satisfying the Tender Fee, stamp duty and the purchase price of the Property, as stipulated in the agreed terms and conditions relating to the Acquisition.

3. INTERESTED PERSON TRANSACTIONS

(a) Rule 916(2) of the Listing Manual – Investment in Joint Venture

In relation to the incorporation of the JV Companies, as mentioned in the 7 May 2021 Announcement, the investment by CEL and SHIPL in the Project constitutes an interested person transaction of the Company for purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"). The Audit and Risk Committee of the Company had previously reviewed the terms of the MOU and was satisfied

that the Company's investment in the Project will be within the scope of Rule 916(2) of the Listing Manual.

(b) Rule 916(3) of the Listing Manual – Provision of Shareholders' Loans

In relation to the Shareholders' Loans, as SHIPL has an interest in 30% of each JV Company, the JV Companies are associates (as defined in the Listing Manual) of the Controlling Shareholders. Therefore, the provision by the Company of the Shareholders' Loans to the JV Companies is an interested person transaction.

As mentioned above, the Shareholders' Loans have been extended by the JV Partners in proportion to their respective Participation Proportions. The Shareholders' Loans have also been extended by each JV Partner on the same terms and conditions, including the interest rate, if any, on interest accrued on the Shareholders' Loans.

None of the Controlling Shareholders or their associates had any existing equity interest in the Joint Venture prior to the participation of CEL in the Joint Venture.

Based on the terms and conditions relating to the Shareholders' Loans, the Audit and Risk Committee of the Company is of the view that:

- (i) the provision by CEL of its proportionate share of the Shareholders' Loans is not prejudicial to the interests of the Company and its minority shareholders; and
- (ii) the risks and rewards for each JV Partner are in proportion to the equity of each JV Partner in the Joint Venture and the terms and conditions relating to the Shareholders' Loans are not prejudicial to the interests of the Company and its minority shareholders.

Further, as mentioned in the 7 May 2021 Announcement, the Company will make a further announcement when the JV Agreement is entered into, which announcement will include the Audit and Risk Committee's views on the terms of the JV Agreement pursuant to Rule 916(2) of the Listing Manual.

(b) Value of Interested Person Transactions

For the current financial year ending 31 December 2021 ("FY2021"), save as disclosed below, there are no other interested person transactions relating to the Controlling Shareholders and their associates as at the date of this announcement:

- (i) the Company's proportionate contribution of S\$8.00 in aggregate to the initial and paid-up share capital of the JV Companies;
- (ii) the Company's proportionate contribution of S\$8,855,440 in aggregate in respect of the Shareholders' Loans (which includes the Company's proportionate contribution of S\$400,000 to the Tender Fee); and
- (iii) the aggregate interest of approximately S\$634,068 (accrued up to the date of this announcement) in respect of the Controlling Shareholders' jointly-held 6% notes due 2022 issued by CES Treasury Pte. Ltd. (a wholly-owned subsidiary of the Company) on 15 March 2019.

As at the date of this announcement, the current total of all transactions with the Controlling Shareholders and their associates for FY2021 is approximately S\$9,489,516, and the current total of all interested person transactions of the Company for FY2021 is approximately S\$9,906,517.

4. FINANCIAL IMPACT

The Company's contribution to the JV Companies and the Shareholders' Loans was funded from internal cash sources.

The Company's investment in the Project is not expected to have a material impact on the net tangible assets and earning per share of the Company for FY2021.

5. OTHERS

Save as disclosed in the 7 May Announcement and 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 Project, 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 19 May 2021 to the SGX.