



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

REBRANDING OF HOTEL AT 323 ALEXANDRA ROAD, SINGAPORE

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that the Group's hotel located at 323 Alexandra Road in Singapore (the "**Hotel**") will be rebranded and renamed as "Momentus Hotel Alexandra" after its refurbishment.

The Hotel will be temporarily closed for refurbishment with effect from 26 August 2022. The Group targets to reopen the Hotel for business under the new brand around the first quarter of 2023.

2. INFORMATION ON THE NEW BRAND AND NEW HOTEL OPERATOR

The new "Momentus" hotel brand is established by the Group's hospitality division. The rebranded Hotel will be managed by Momentus Hospitality Pte. Ltd. ("**Momentus Hospitality**").

Momentus Hospitality is wholly-owned by CES-Ariva Hospitality Pte. Ltd. ("**CES-Ariva**"). CES-Ariva is a joint venture company in which 70% of the shareholding interest is held by the Group while the remaining 30% of the shareholding interest is held by Ariva Hospitality Pte. Ltd. Please refer to the announcement released by the Company on 31 January 2022 for further details on the joint venture (the "**31 January 2022 Announcement**").

3. INTERESTED PERSON TRANSACTION

(a) "Entity at risk" and Interested Persons

(i) "*Entity at risk*": The Hotel is owned by CEL-Alexandra Pte. Ltd. ("**CELA**"), a wholly-owned subsidiary of the Company. CELA is therefore 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*: As set out in the 31 January 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) CES-Ariva is an associate (as defined in the Listing Manual) of GCT, and thus an interested person.

As Momentus Hospitality is wholly-owned by CES-Ariva, Momentus Hospitality is similarly an associate of GCT and also an interested person.

In view of the foregoing, the provision of management services by Momentus Hospitality to the Hotel (the "**Hotel Management Services**") constitutes an interested person transaction under Chapter 9 of the Listing Manual.

(b) Rule 905(2) of the Listing Manual

The aggregate value of all transactions entered into with GCT during the current financial year ending 31 December 2022 (“FY2022”) exceeds 3% of the Group’s latest audited net tangible assets. Please see sub-paragraph (f) below for the value of the interested person transactions.

(c) Key Terms

CELA and Momentus Hospitality have agreed on a term sheet which includes the following key terms:

- (i) The initial operating term shall be for a period of 10 years (the “**Initial Term**”).
- (ii) The parties may, by mutual agreement, renew the Initial Term for up to two 5-year terms.
- (iii) The fees payable to Momentus Hospitality include:
 - base management and brand licensing fees pegged to a percentage of total revenue of the Hotel;
 - incentive management fees pegged to a percentage of gross operating profit in a fiscal year, which percentage varies depending on the applicable threshold of gross operating profit achieved; and
 - corporate marketing fees pegged to a percentage of room revenue.
- (iv) Momentus Hospitality shall be subject to a performance test in each fiscal year, starting from the second full fiscal year. CELA has the option to terminate the services should Momentus Hospitality fails to meet the performance threshold.

No fee is payable to Momentus Hospitality until the rebranded Hotel is re-opened for business. Accordingly, no fee will be payable to Momentus Hospitality in FY2022.

(d) Rationale for Interested Person Transaction

Upon the expiry of the management of the Hotel by the current operator, the Group’s intention is to give the Hotel a fresh look by refurbishing and rebranding it. The rebranding will herald in a new chapter for the Hotel. The “Momentus” brand is meant to offer a thoughtful and relaxing sanctuary for both business and leisure guests, which is in line with the new image envisaged for the rebranded Hotel.

The Hotel will be Momentus Hospitality’s inaugural hotel under management, marking a key milestone in the Group’s hospitality management business. Notwithstanding that Momentus Hospitality is not wholly-owned by the Group, it is nevertheless a subsidiary over which the Group has significant control. The Group will therefore have control and oversight over the day to day operations of the Hotel, which it will not otherwise have if the Hotel is managed by a third party.

(e) Statement from Audit and Risk Committee

Based on the terms in the agreed term sheet between CELA and Momentus Hospitality, the Audit and Risk Committee of the Company is of the view that the agreed arrangement is on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

CELA and Momentus Hospitality will enter into a hotel management agreement in respect of the Hotel Management Services. The Company will make a further announcement when such agreement is entered into, which announcement will also include the Audit and Risk Committee’s views on the terms of the hotel management agreement pursuant to Rule 917(4)(a) of the Listing Manual.

(f) 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 FY2022 is approximately S\$196.74 million.
- (ii) Approximately 99.9% of the aggregate value of all interested person transactions with GCT and their associates for FY2022 is attributable to transactions which fall within the scope of Rule 916(2) and Rule 916(3) of the Listing Manual. The remaining value of approximately S\$185,000 is less than 5% of the Group's latest audited net tangible assets.
- (iii) The current total of all interested person transactions of the Company for FY2022 is approximately S\$197.15 million.

4. 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 provision of the Hotel Management Services, 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 27 July 2022 to the SGX-ST.