



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

INTERESTED PERSON TRANSACTION

ENTRY INTO AGREEMENTS RELATING TO THE MANAGEMENT OF MOMENTUS HOTEL ALEXANDRA

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement released on 27 July 2022 (*Rebranding of Hotel at 323 Alexandra Road, Singapore*) (the "**27 July 2022 Announcement**"). Unless otherwise stated, terms defined in the 27 July 2022 Announcement shall have the same meaning in this announcement.

The Company is pleased to update that CELA, Momentus Hospitality and Momentus Hotels and Resorts Pte. Ltd. ("**Momentus H&R**") have today entered into definitive agreements (the "**Hotel Agreements**") pursuant to which:

- (i) Momentus Hospitality is appointed as the operator of the Hotel and will provide management services to the Hotel; and
- (ii) Momentus H&R will license the "Momentus" brand and related trademarks for use in connection with the Hotel,

(collectively, the "**Hotel Management Services**").

The Hotel is currently undergoing refurbishment and is expected to reopen for business in the first quarter of 2023.

2. KEY TERMS OF THE HOTEL AGREEMENTS

The key terms of the Hotel Agreements are as follows:

- (a) Momentus Hospitality shall provide management services to the Hotel for an initial operating term of 10 years (the "**Initial Term**").
- (b) The parties may, by mutual agreement, renew the Initial Term for up to two 5-year terms.
- (c) The fees payable to Momentus Hospitality include:
 - base management 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.
- (d) Brand licensing fees are also payable to Momentus H&R for licensing the "Momentus" brand and related trademarks for use in connection with the Hotel. Such brand licensing fee is pegged to a percentage of total revenue of the Hotel.

- (e) 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 fail to meet the performance threshold.

No fee is payable to Momentus Hospitality or Momentus H&R until the Hotel is re-opened for business. Accordingly, no fee has been paid to Momentus Hospitality or Momentus H&R to-date.

3. INTERESTED PERSON TRANSACTION

(a) “Entity at risk” and Interested Persons

- (i) *“Entity at risk”*: The Hotel is owned by 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*:

- (A) Momentus Hospitality and Momentus H&R are wholly-owned by 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% 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;
- (B) 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; and
- (C) CES-Ariva is an associate (as defined in the Listing Manual) of GCT, and thus an interested person.

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

In view of the foregoing, the provision of the Hotel Management Services by Momentus Hospitality and Momentus H&R constitutes an interested person transaction under Chapter 9 of the Listing Manual.

(b) Rationale for Interested Person Transaction

Please refer to the rationale set out in the 27 July 2022 Announcement.

(c) Statement from Audit and Risk Committee

As mentioned in the 27 July 2022 Announcement, the Company will make a further announcement when the Hotel Agreements are entered into, which announcement will also include the Audit and Risk Committee’s views on the terms of the Hotel Agreements pursuant to Rule 917(4)(a) of the Listing Manual.

Based on the terms in the Hotel Agreements, the Audit and Risk Committee of the Company is of the view that the provision of the Hotel Management Services is on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

(d) Abstention

Mrs Celine Tang, being the Non-Independent and Non-Executive Director and the Non-Executive Chairman of the Company, has abstained from the Board’s review and approval process in respect of the entry into the Hotel Agreements.

(e) 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 financial year ending 31 December 2023 (“**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 transactions which fall within the scope of Rule 916 of the Listing Manual. The remaining value of approximately S\$5,700 is less than 3% of the Group’s latest audited net tangible assets.
- (iii) The current total of all interested person transactions of the Company for FY2023 is approximately S\$697,000.

4. FINANCIAL IMPACT

The entry into the Hotel Agreement 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 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 13 January 2023 to the SGX-ST.