



**CHIP ENG SENG CORPORATION LTD**

Co. Reg. No. 199805196H

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## **INCORPORATION OF SUBSIDIARIES AND PURCHASE OF THE SEBEL MANDURAH AND A STRATA RESTAURANT PROPERTY AT 1 MARCO POLO DRIVE, MANDURAH, WESTERN AUSTRALIA**

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The Board of Directors of Chip Eng Seng Corporation Ltd (the “**Company**”) is pleased to announce that it has entered into contracts to acquire The Sebel Mandurah (comprising the hotel property and its business) (the “**Hotel**”) and a strata restaurant property located at 1 Marco Polo Drive, Mandurah, Western Australia (the “**Properties**”).

### **(1) Incorporation of subsidiaries**

For the purpose of acquiring the Hotel and its business, CES Hospitality Pte. Ltd., the hospitality arm of the Company has incorporated a wholly owned subsidiary, CES Hotels (Australia) Pte. Ltd. (“**CES Hotels**”) in Singapore and CES Hotels in turn has incorporated a wholly owned subsidiary, CES Mandurah Hotel (WA) Pty Ltd (“**CES Mandurah**”) in Australia. CES Mandurah will acquire, own and operate The Sebel Mandurah.

### **(2) The Sebel Mandurah**

Located 50 minutes’ drive south of the Perth CBD, The Sebel Mandurah is a 4.5-star hotel of 84 keys with business & conference facilities, swimming pool, gymnasium and BBQ area. It sits on five levels of a seven level strata titled building within a larger mixed freehold development that combines a waterfront restaurant (the “**Strata Restaurant Property**”) and high end residential apartments.

The Hotel is currently managed by Accor Asia Pacific Group (the “**Hotel Operator**”), an international hotel chain, under a hotel management agreement (the “**HMA**”).

### **(3) Strata Restaurant Property**

The Strata Restaurant Property is a large waterfront venue (with lettable area of approximately 1,676 sqm) located at the ground floor the mixed development. It is currently leased to a restaurant owner, operating under the name of The Peninsula Bar & Restaurant (“**The Pen**”). The Pen is a modern local venue serving bistro food and beverages across the restaurant, lounge and garden spaces. The restaurant owner will continue to lease the Strata Restaurant Property under the original lease with certain variations and will continue to operate The Pen after the acquisition.

The Strata Restaurant Property will be acquired by CES Properties (Aus) Pty Ltd, a wholly-owned subsidiary of the Company’s property investment arm.

The legal completion for the acquisition of the Properties is the later of 1 November 2017 and 5 business days after the satisfaction or waiver of all conditions. The acquisition is subject to, *inter alia*, the following conditions precedent:

- (a) the approval from the Foreign Investment Review Board (if required);
- (b) the approval from the relevant authority for the transfer of liquor licence to CES Mandurah;  
and
- (c) the Hotel Operator executing the deed of novation of the HMA.

The purchase price for the Properties is A\$15 million (the “**Purchase Price**”) and it was arrived at after taking into account various commercial factors including the location of the Properties, the investment yields and the recent transacted prices for properties in the vicinity.

The Purchase Price will be financed by internal sources and the transaction is not expected to have significant impact on the net tangible assets and earnings per share of the Company for the current financial year ending 31 December 2017.

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 transaction.

Submitted by Hoon Tai Meng, Executive Director on 1 August 2017 to the SGX