



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

TOWER MELBOURNE – PROPOSED DISPOSAL OF PROPERTY

Chip Eng Seng Corporation Ltd (the “**Company**”) wishes to announce that CES-Queen (Vic) Pty Ltd (“**CESQ**”), its wholly-owned subsidiary in Australia, has entered into an agreement (the “**Sale Agreement**”) to sell its property located at 150 Queen Street, Melbourne (the “**Property**” and such transaction, the “**Proposed Disposal**”).

The purchaser is not related to the Company or any of its subsidiaries or controlling shareholders.

Sale Price and Completion

The agreed sale price for the Property is A\$55 million (excluding GST) (the “**Sale Price**”). The Sale Price was arrived at following internal evaluation and on a ‘willing-buyer, willing-seller’ basis.

Upon signing of the Sale Agreement, the purchaser will pay a deposit of A\$5.5 million, being 10% of the Sale Price. The balance amount of the Sale Price will be payable upon the completion of the Proposed Disposal.

Legal completion for the Proposed Disposal will take place on 3 July 2018.

Settlement with Adjoining Property Owner

Concurrent with the entry into the Sale Agreement, CESQ has also entered into a deed of settlement and release with the Adjoining Property Owner wherein CESQ and Adjoining Property Owner have arrived at a settlement with respect to the ongoing legal disputes and claims in relation thereto.

Information on the Property

The Property was originally a commercial building and was acquired by CESQ in September 2011 for redevelopment into a 71-storey tower comprising 581 freehold residential units (such project referred to as “**Tower Melbourne**”).

Background on, and Rationale for, the Proposed Disposal

As announced by the Company on 2 November 2017, the Company had commenced the termination of the sale contracts entered into by CESQ with purchasers of units in Tower Melbourne as a result of protracted legal proceedings with the owner of the adjoining property (the “**Adjoining Property Owner**”) relating to demolition works which were being carried out on the Property, which proceedings have stalled the progress of the demolition works. Consequently, the timeline for the completion of Tower Melbourne is also delayed indefinitely. As at the date of this announcement, CESQ has completed the termination of the sale contracts.

In the same announcement dated 2 November 2017, the Company further stated that it is exploring other viable exit options with regard to the Property, including offering the Property for sale.

The Company considers the sale of the Property to be its most viable option at this point in time. The opportunity to sell the Property presents the Company with a clean exit from the Tower Melbourne

project given that it is no longer feasible for the Company to move forward with the project. Continuing to hold the Property while the legal proceedings remain unresolved would also mean that the Company will continue to incur additional expenses in ensuring that the site is secure. The sale will therefore allow the Company to unlock some value from the Property and the net proceeds from the Proposed Disposal will provide the Group with additional working capital to fund the operations and expansion of its businesses and also to undertake new acquisition opportunities that may arise in the future.

Further, the Adjoining Property Owner is concurrently selling its adjoining property, located at 140 Queen Street and 21-27 McKillop Street, as part of the same sale process. This in turn presents an avenue for CESQ and the Adjoining Property Owner to work towards an expedient out-of-court settlement of the disputes with the Adjoining Property Owner relating to the Property. In this regard, please refer to "Settlement with Adjoining Property Owner" above.

Others

The Proposed Disposal will contribute positively to the net tangible assets and the earnings per share of the Company for the current financial year ending 31 December 2018.

None of the Directors or the controlling shareholders of the Company has any direct or indirect interest in the Proposed Disposal.

Submitted by Hoon Tai Meng, Executive Director, on 15 March 2018 to the SGX.