



CHIP ENG SENG CORPORATION LTD

Co. Reg. No. 199805196H

INTERESTED PERSON TRANSACTION – PROPOSED ACQUISITION OF THE PROPERTY LOCATED AT 51 PIRIE STREET, ADELAIDE

The Board of Directors (the "**Board**") of Chip Eng Seng Corporation Ltd (the "**Company**") is pleased to announce that it has, through its newly incorporated wholly owned subsidiary, entered into a contract dated 2 July 2018 to acquire (the "**Proposed Acquisition**") the property located at 51 Pirie Street in Adelaide, Australia (the "**Property**").

Interested Person Transaction

As announced by the Company on 28 January 2016, in connection with the appointment of Mr Raymond Chia Lee Meng ("**Mr Chia**") as Director and Group Chief Executive Officer of the Company in May 2016, the Company had entered into a non-binding letter of intent with Mr Chia for the purposes of evaluating and entering into discussions for the proposed acquisition by the Company of all or part of two projects in Adelaide, Australia which Mr Chia's own property development business is involved in. The Property is one such project. The other project remains under evaluation by the Company.

The vendor of the Property is Pirie Investments (Aust) Pty Ltd (the "**Vendor**"), in which Mr Chia has an effective shareholding interest of 40%. The Vendor is thus an associate of Mr Chia and the Proposed Acquisition constitutes an "interested person transaction" for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

However, the value of the Proposed Acquisition accounts for less than 3.0% of the Company's latest audited net tangible assets as at 31 December 2017; save for the Proposed Acquisition, none of the Company, its subsidiaries or associated companies has, as at the date of this announcement, entered into any interested person transaction for the current financial year ending 31 December 2018.

Information on the Property

The Property is located at 51 Pirie Street, Adelaide. It is a freehold site and has a land size of 1,283 square metres. Currently, a vacant office building is situated on the Property.

The Company intends to demolish the building and redevelop the Property into a hotel development.

Further Information on the Proposed Acquisition

The purchase price for the Proposed Acquisition is A\$14.5 million (excluding GST) (the "**Purchase Price**"), and is arrived at following internal evaluation. On 2 July 2018, A\$1.45 million, being 10% of the Purchase Price, has been paid to the Vendor as the deposit payable upon entry into the contract for the Proposed Acquisition. The remaining amount of the Purchase Price will be payable on completion of the Proposed Acquisition.

Legal completion for the Proposed Acquisition will be 31 July 2018 or earlier, if mutually agreed by the parties.

The Proposed Acquisition represents an attractive opportunity to acquire a quality site which is centrally located within the Capital City Zone in the central business district of Adelaide. This zone allows for flexibility in potential redevelopment opportunities to stimulate activity and vibrancy within the central business district. In addition, the Proposed Acquisition will allow the Company to extend its footprint in Adelaide, where the Company completed the acquisition of the Mercure and Ibis Styles Grosvenor Hotel (the "**Mercure Adelaide**") in March 2018. The Company believes that similar to the Mercure Adelaide, the Property when redeveloped into a new hotel will benefit from Adelaide's growing hospitality industry. Furthermore, the freehold status of the Property provides potential for good capital appreciation in the long term.

Incorporation of Subsidiary

On 29 June 2018, the Company incorporated a wholly-owned subsidiary in Australia, being CES Pirie Hotel (SA) Pty Ltd ("**CES Pirie**"), for the purpose of acquiring the Property.

CES Pirie has an issued and paid-up capital of A\$2.00.

Others

The Purchase Price will be financed by internal sources and the Proposed Acquisition 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 2018.

Save for Mr Chia, 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 Proposed Acquisition.

Mr Chia has abstained from the Board's review and approval process for the Proposed Acquisition.

Submitted by Tan Tee How, Executive Director, on 2 July 2018 to the SGX.