



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

ACQUISITION OF LEASEHOLD INDUSTRIAL PROPERTY AT 11 TUAS BASIN CLOSE SINGAPORE

The Board of Directors of Chip Eng Seng Corporation Ltd (the "Company") is pleased to announce that the Company's wholly owned subsidiary, CES-Precast Pte. Ltd. (the "Purchaser") has been granted by S & W Pte. Ltd. (the "Vendor") (a wholly owned subsidiary of Mencast Holdings Ltd, a company listed on the mainboard of the SGX-ST) an option to purchase (the "Option") a leasehold industrial property at 11 Tuas Basin Close Singapore (the "Property") for a consideration of S\$6.35 million (the "Purchase Consideration").

The Property has a balance leasehold tenure expiring on 15 March 2021. The Purchaser and the Vendor shall jointly apply to the Lessor, Jurong Town Corporation ("JTC") to extend the leasehold tenure of the Property until 31 December 2021. Upon such approval of JTC, the Purchase Consideration shall be adjusted to S\$6.88 million.

The Property comprises mainly open and covered yards and an office block with a land area of about 14,730.20 square metres. The Purchaser intends to use the Property for the business of modular building construction, in particular the production of Prefabricated Prefinished Volumetric Construction ("PPVC").

The acquisition of the Property is also conditional upon the following key terms in the Option:

1. The Purchaser obtaining clearance from the relevant authorities for the proposed change of use of the Property to the production of PPVC; and
2. Approval being obtained from JTC for the assignment of the Property to the Purchaser.

The acquisition of the Property is not expected to have any material impact on the Group's earnings and the net tangible assets of the Group for the current financial year ending 31 December 2016.

The Purchase Consideration will be funded by internal cash resources.

None of the Directors and, to the best knowledge of the Directors, none of the substantial shareholders or controlling shareholders of the Company, has any direct or indirect interest in the aforesaid transaction.

Submitted by Hoon Tai Meng, Executive Director on 22 December 2016 to the SGX