



CHIP ENG SENG CORPORATION LTD

Co. Reg. No. 199805196H

INCORPORATION OF SUBSIDIARIES AND PURCHASE OF THE MERCURE & IBIS STYLES GROSVENOR HOTEL IN ADELAIDE, AUSTRALIA AND THE ADJOINING PROPERTIES AT 72 AND 74-78 HINDLEY STREET

The Board of Directors of Chip Eng Seng Corporation Ltd (the “**Company**”) is pleased to announce that it has, through its newly incorporated wholly owned subsidiaries, entered into contracts to acquire the Mercure & Ibis Styles Grosvenor Hotel in Adelaide, Australia (comprising the hotel property and its business) (the “**Hotel**”) and the adjoining commercial properties located at 72 and 74-78 Hindley Street (the “**Hindley Street Properties**”, and together with the Hotel, the “**Properties**”) (the “**Transaction**”) at an aggregate purchase price of A\$43.0 million (the “**Purchase Price**”).

Incorporation of Subsidiaries

On 24 November 2017, the Company incorporated two wholly-owned subsidiaries in Australia, being CES Grosvenor Hotel (SA) Pty Ltd (“**CES Grosvenor Hotel**”) and CES Grosvenor (SA) Pty Ltd (“**CES Grosvenor**”) for the purpose of acquiring the Properties.

Each of CES Grosvenor Hotel and CES Grosvenor has an issued and paid-up capital of A\$2.00.

Information on the Hotel

The Hotel, located at 121 – 125 North Terrace, is a 6-storey building with one basement level and comprising an aggregate of 245 guestrooms. The guestrooms comprise 181 Standard, Privilege, Deluxe and Suite rooms operated under the Mercure brand and 64 Economy rooms operated under the Ibis Styles brand. Other facilities include restaurant, bar, conference and function facilities and a basement car park.

The Hotel is strategically located on the southern side of North Terrace. The location is readily accessible by public transport conveniently situated between the primary retail precinct for the City of Adelaide (Rundle Mall) and the North Terrace Cultural Precinct which incorporates the Adelaide Oval, Adelaide Convention Centre, Adelaide Festival Centre and new bio-medical precinct.

The Hotel is currently managed by AAPC Properties Pty Limited (a member of the Accor Group), under a hotel management agreement.

Information on the Hindley Street Properties

The Hindley Street Properties consist of two 2-storey buildings with basement commercial units, with direct frontage towards Hindley Street.

Further Information on the Transaction

Legal completion for the Transaction will be the later of 27 March 2018 and five business days after the satisfaction or waiver of all conditions precedent (and in any event, no later than 1 May 2018) (the “**Completion Date**”). The Transaction is subject to, *inter alia*, the following conditions precedent:

- (i) the approval from the relevant authority for the transfer of the liquor licence to CES Grosvenor Hotel;
- (ii) the existing hotel management agreement being assigned to CES Grosvenor Hotel; and
- (iii) the completion of certain rectification works within the Hotel by the vendor. If such rectification works are not completed by the Completion Date, completion of the Transaction can still proceed subject to an amount of A\$650,000 being retained from the Purchase Price. The retained amount will be payable to the vendor provided that the rectification works are completed within six months of the Completion Date.

All commercial leases for spaces located at the Properties will also be assigned to CES Grosvenor on completion.

The contract relating to the sale and purchase of the Hotel and the contract relating to the sale and purchase of the Hindley Street Properties, as well as completion of the transactions contemplated therein, are interdependent with each other.

The Purchase Price is arrived at following internal evaluation and is subject to adjustment on completion. The Transaction represents an attractive opportunity to acquire a quality asset 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. The Properties collectively occupy a freehold site of over 3,700 square meters. This freehold status also provides potential for better capital appreciation in the long term.

The Purchase Price will be financed by internal sources and external borrowings 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 29 November 2017 to the SGX.