



CHIP ENG SENG CORPORATION LTD.

Co. Reg. No. 199805196H

PROPOSED ACQUISITION OF 205 QUEEN STREET, AUCKLAND, NEW ZEALAND

The Board of Directors (the “**Board**”) of Chip Eng Seng Corporation Ltd (the “**Company**”) is pleased to announce that it has entered into an agreement jointly with Roxy-Pacific Holdings Limited (“**Roxy-Pacific**”) to acquire a commercial property located at 205 Queen Street, Auckland, New Zealand (the “**Property**”).

Incorporation of subsidiaries and acquisition of shares in joint venture company

For the purpose of acquiring the Property, CES Capital Holdings Pte. Ltd., the property investment arm of the Company has incorporated a wholly owned subsidiary, CES Property Investment (New Zealand) Pte. Ltd. (“**CES Property**”) in Singapore and CES Property in turn has incorporated a wholly owned subsidiary, CES Properties (NZ) Pty Limited (“**CES Properties (NZ)**”) in New Zealand. CES Properties (NZ) has subscribed for 2 shares at NZ\$1 each in Roxy-CES (NZ) Limited (“**Roxy-CES**”). Following this issue of the shares, CES Properties (NZ) and Roxy-Pacific NZ Investments Limited (“**Roxy-Pacific NZ Investments**”), a wholly owned subsidiary of Roxy-Pacific, will each hold 50% of the shareholding of Roxy-CES. CES Properties (NZ) and Roxy-Pacific NZ Investments have also entered into a joint venture agreement to govern their relationship as shareholders of Roxy-CES for the purpose of the acquisition of the Property.

The Acquisition

Roxy-CES has entered into an agreement on 3 August 2017 (the “**Agreement**”) to acquire the Property (the “**Acquisition**”).

The Property comprises 2 commercial towers that are 17 storeys and 22 storeys and double podium retail level, with four street frontages, situated in the core of Auckland’s Central Business District. It has a lease term until June 2081, with a right of renewal for a further term of 98 years, until the year 2179. The Property has a total site area of approximately 3,764 square metres, and net lettable area of approximately 25,381 square metres.

The total purchase consideration for the Property is NZ\$173,980,000 (excluding applicable taxes) (the “**Consideration**”). The Consideration was arrived at on a willing-buyer, willing-seller basis, after taking into account various commercial factors, including, *inter alia*, the location of the Property and its potential source of rental income.

Roxy-CES had commissioned a professional valuer, CIVAS Limited trading as Colliers International, to perform an independent valuation of the Property for the purposes of the Acquisition. The independent valuer had indicated that the Consideration is reflective of prevailing market prices.

The completion of the Agreement is subject to certain conditions, including, *inter alia*, Roxy-CES obtaining the relevant approval from the Overseas Investment Office of New Zealand (the “**OIO Approval**”).

The parties agree that completion of the Acquisition shall take place on the later of (i) 55 working days from the date of the Agreement; or (ii) 20 working days after the OIO Approval is obtained.

The Consideration will be financed by internal sources and bank borrowings and the 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 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 3 August 2017 to the SGX-ST.