



PROPOSED DISPOSAL OF THE SHOPHOUSE PROPERTY LOCATED AT
157, 159 AND 161 GEYLANG ROAD

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, CES Capital Holdings Pte. Ltd. (“**CES Capital**”), has on 20 August 2021 entered into an option to purchase (the “**Option**”) pursuant to which CES Capital has granted an option to purchase in respect of its property located at 157 Geylang Road, Singapore 389237, 159 Geylang Road, Singapore 389238 and 161 Geylang Road, Singapore 389239 (the “**Property**”) (the “**Proposed Disposal**”).

The grantee of the Option (the “**Purchaser**”) is unrelated to the Group.

2. INFORMATION RELATING TO THE PROPERTY

The Property is a part two-storey, part four-storey corner commercial shophouse, occupying an aggregate land area of approximately 2,990 square feet.

The Property was acquired by the Group in 1993 and has been held by the Group as an investment property. The Property is currently tenanted and will be sold subject to the tenancy agreement subsisting as at the date of completion of the sale of the Property (the “**Completion Date**”).

3. RATIONALE FOR THE PROPOSED DISPOSAL

As mentioned by the Company in its announcement released on 7 April 2021 (*Proposed Disposals of Shophouse Properties*), the Group’s shophouse properties in Singapore do not contribute significantly to the Group’s revenue and profitability as a whole. The Group has therefore undertaken an exercise to dispose its shophouse properties in Singapore. The Group has since completed the disposal of its shophouse property located at 115 Geylang Road, while the disposal of its shophouse properties located at 84/A/B and 86/A/B, Tanjong Pagar Road is pending completion on 23 December 2021. The Property is the Group’s remaining shophouse property in Singapore. The Proposed Disposal is in line with the Group’s asset management strategy to divest non-strategic or non-core assets.

4. KEY TERMS OF THE OPTION

- (a) **Option Fee.** The option fee for the grant of the Option is S\$86,300.00 (the “**Option Fee**”), being an amount equivalent to 1% of the Purchase Price (as defined below). The Option Fee has been paid to CES Capital on 20 August 2021.

If the Purchaser does not exercise the Option on or before the Expiry Date (as defined below), the Option shall lapse and be of no effect and the Option Fee shall be forfeited in full and retained by CES Capital.

- (b) **Option Period.** The Option is valid for exercise by the Purchaser up to 5.00 p.m. on 3 September 2021 (the “**Expiry Date**”), being the date falling two weeks after the date of the Option.
- (c) **Purchase Price.** The purchase price for the Property is S\$8,630,000.00 (the “**Purchase Price**”), exclusive of goods and services tax. The Purchase Price is inclusive of the Option Fee, which has been paid to CES Capital. The balance of the Purchase Price shall be paid by the Purchaser in the following manner:
- (i) a deposit of S\$345,200.00, being an amount equivalent to 5% of the Purchase Price less the Option Fee, will be paid to CES Capital upon exercise of the Option, to be held by CES Capital’s solicitors as stakeholders and released to CES Capital on the Completion Date; and
 - (ii) the remaining sum of S\$8,198,500.00, being the amount equivalent to 95% of the Purchase Price, will be paid to CES Capital on the Completion Date.

The Purchase Price was arrived at on a willing-buyer willing-seller basis on arm’s length negotiations with the Purchaser after taking into consideration, *inter alia*, various commercial factors such as the location of the Property, the tenancy arrangement, the market value of the Property and prevailing market conditions.

The Purchase Price is higher than the valuation of the Property assessed as at 31 December 2020 by independent valuers appointed by the Group. For the avoidance of doubt, the valuation was not commissioned for the purposes of the sale of the Property.

- (d) **Completion Date.** Completion of the sale of the Property shall take place twelve weeks after the date of exercise of the Option.
- (e) **Assignment of Tenancy Agreement.** The tenancy agreement relating to the Property which is subsisting as at the Completion Date will be assigned to the Purchaser. In the meantime, CES Capital will have the benefit of such tenancy agreement (including the lease revenue) up to and including the Completion Date.

5. FINANCIAL IMPACT

The completion of the Proposed Disposal 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 2021.

6. OTHERS

None of the Directors, and to the best of the Directors’ knowledge, none of the substantial shareholders or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings and/or directorships, as the case may be, in the Company.

Submitted by Chia Lee Meng Raymond, Executive Director and Group Chief Executive Officer, on 20 August 2021 to the SGX-ST.