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**PROPOSED ACQUISITION OF COMMERCIAL PROPERTY LOCATED AT  
80-82 HINDLEY STREET, ADELAIDE, AUSTRALIA**

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**1. INTRODUCTION**

The Board of Directors (the "**Board**") of Chip Eng Seng Corporation Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that its wholly owned subsidiary, CES Grosvenor (SA) Pty Ltd ("**CES Grosvenor**") has today entered into a contract (the "**Contract**") to acquire (the "**Proposed Acquisition**") the commercial property located at 80-82 Hindley Street in Adelaide, Australia (the "**Property**").

The vendors of the Property (the "**Vendors**") are individuals and are unrelated to the Group.

**2. INFORMATION ON THE PROPERTY**

The Property consists of a commercial building comprising 2-storeys and a basement, with direct frontage towards Hindley Street. The Property is situated on a freehold site and has a land size of approximately 287 square metres.

Currently, the Property is fully tenanted and is occupied by two tenants under the following commercial leases:

- (i) 80 Hindley Street is leased for use as a convenience store for a term of 3 years expiring in November 2023, with an option to renew for a further term of 2 years; and
- (ii) 82 Hindley Street is leased for use as a bar for a term of 3 years expiring in September 2023, with an option to renew for a further term of 3 years.

**3. RATIONALE OF THE PROPOSED ACQUISITION**

In March 2018, the Group completed the acquisition of its hotel in Adelaide, Australia (now known as Grosvenor Hotel Adelaide) located at 121-125 North Terrace (the "**Hotel**") and the adjoining commercial properties located at 72 and 74-78 Hindley Street (the "**Acquired Hindley Street Properties**").

The Property is adjoining the Acquired Hindley Street Properties.

The site on which the Hotel, the Acquired Hindley Street Properties and the Property are situated is centrally located within the Capital City Zone in the central business district of Adelaide. The Group had acquired the Hotel and the Acquired Hindley Street Properties as the zone allows for flexibility in potential redevelopment opportunities to stimulate activities and vibrancy within the central business district. The Hotel, the Acquired Hindley Street Properties and the Property will collectively occupy a freehold site of over 4,000 square metres.

While the Group considers its redevelopment plans for the area, the Proposed Acquisition in the meantime presents the opportunity for the Group to have increased frontage along Hindley Street, which will allow it to better manage the tenant mix along that street.

#### 4. INFORMATION ON THE PROPOSED ACQUISITION

- (a) **Purchase Price.** The purchase price for the Property is A\$2.5 million (the "**Purchase Price**"). On 9 June 2021, a deposit of A\$0.25 million (the "**Deposit**"), being an amount equivalent to 10% of the Purchase Price, has been paid to the Vendors' conveyancers to be held by the Vendors' conveyancers as stakeholders. The Deposit will be released to the Vendors on completion of the Proposed Acquisition ("**Completion**"). The remaining amount of the Purchase Price will be payable on Completion.

The Purchase Price was arrived at on a willing-buyer willing-seller basis following arm's length negotiations with the Vendors after taking into consideration, *inter alia*, various commercial factors such as the location of the Property, the rental income from the tenancy arrangements and the potential benefits to the Company's plans for future redevelopment of the site on which the Hotel, the Acquired Hindley Street Properties and the Property are situated.

- (b) **Completion.** The Contract is unconditional with respect to Completion. Completion will take place on 1 July 2021, or on such other date as may be agreed between the parties.
- (c) **Assignment of Leases.** The commercial leases relating to the Property will be assigned to CES Grosvenor on Completion.

#### 5. FINANCIAL IMPACT

The Proposed Acquisition will be funded from the Company's internal resources and 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. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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 direct or indirect interest in the Proposed Acquisition, 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 9 June 2021 to the SGX.