



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

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## **ENBLOC ACQUISITION OF PEACE CENTRE / PEACE MANSION THROUGH PRIVATE TREATY**

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### **1. INTRODUCTION**

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”) is pleased to announce that the Company’s wholly-owned subsidiary, CEL Development Pte. Ltd. (“**CEL**”), together with its joint offerors, Sing-Haiyi Crystal Pte. Ltd. (“**SHCPL**”) and Ultra Infinity Pte. Ltd. (“**UIPL**”), have successfully made an offer for the enbloc acquisition (the “**Acquisition**”) of the development known as Peace Centre / Peace Mansion (the “**Property**”).

On 2 December 2021, CEL, SHCPL and UIPL (collectively, the “**Joint Offerors**”) jointly submitted an offer to the collective sale committee of the Property to acquire the Property by way of private treaty at a price of S\$650 million. The offer was accepted on 3 December 2021.

### **2. INFORMATION ON THE PROPERTY**

Presently, the Property is a mixed development comprising 319 strata units.

The Property is a large District 9 commercial site allowed for mixed-use development. It is located in the established Mount Sophia residential enclave, at a prominent corner with high visibility of 100 metres frontage onto Sophia Road and 70 metres onto Selegie Road.

Furthermore, the Property is situated within the Bras Basah-Bugis district, which is Singapore’s arts, civic, cultural, heritage and design and education precinct. The Bras Basah-Bugis district is also close to the Ophir-Rochor Corridor – one of the growth areas identified in the Urban Redevelopment Authority’s (“**URA**”) 2019 Master Plan. This corridor will be rejuvenated into a mixed-use cluster, with offices, hotels and residences.

The Property enjoys proximity to six MRT stations and connected to four MRT lines, namely the East-West Line, North-East Line, Downtown Line and Circle Line, all within a 600-metre radius. The Property is also easily accessible to other parts of the island via major roads and expressways such as the Central Expressway (CTE) and East Coast Parkway (ECP), with Raffles Place and Marina Bay being less than 10 minutes’ drive away and the Orchard Road shopping belt within walking distance.

Primary schools such as St. Margaret’s Primary School, St. Joseph’s Institution Junior and Anglo-Chinese School (Junior) are within a two-kilometre radius of the Property. There is also a high concentration of higher education institutions, such as Singapore Management University, School of the Arts, Nanyang Academy of Fine Arts, Kaplan City Campus and LASALLE College of the Arts located in close proximity to the Property.

### **3. PROPOSED REDEVELOPMENT**

The Property currently has a 99-year tenure starting from 2 June 1970. The Joint Offerors will seek in-principle approval from the Singapore Land Authority to issue a fresh 99 years lease (the “**SLA In-Principle Top-Up Consent**”).

The Property has a land area of 7,118 square metres and is currently zoned “commercial”. It is the intention of the Joint Offerors to seek approval from the URA to redevelop the Property into a mixed-use commercial and residential development within the following planning parameters:

- (i) the commercial component will be 60% of the total gross floor area (“**GFA**”) and the residential component will be 40% of the GFA;
- (ii) gross plot ratio of not less than 7.89 (GFA of at least 56,167.15 square metres);
- (iii) building height control of not less than part 55 metres and part 67 metres Singapore Height Datum (SHD);
- (iv) no general restriction on or prohibition against strata subdivision of each floor of the commercial component of the proposed new development into multiple strata lots;
- (v) the Land Transport Authority (“**LTA**”) and the URA are open to consider minor connecting structures (for example, link bridges) over the service road subject to further evaluation during the formal application stage; and
- (vi) LTA and URA are open to consider an underground connection under the service road,

(collectively, the “**Planning Criteria**”).

#### **4. CONDITIONS PRECEDENT**

The completion of the Acquisition is subject to satisfaction of conditions precedent including, amongst others, the following orders and approvals being obtained:

- (i) a sale order approving the collective sale of the Property;
- (ii) pursuant to the state lease, approval from the lessor of the Property (being the President of the Republic of Singapore) for the sale of the Property;
- (iii) outline planning permission meeting the Planning Criteria; and
- (iv) the SLA In-Principle Top-up Consent.

The Company will make a further announcement when the Acquisition is completed.

#### **5. INFORMATION ON THE OTHER JOINT OFFERORS**

##### SHCPL and its shareholders

Each of SingHaiyi Group Ltd (“**SingHaiyi**”) and Haiyi Holdings Pte. Ltd. (“**Haiyi Holdings**”), through their respective intermediate holding companies, holds 50.0% of the issued and paid-up share capital of SHCPL.

SingHaiyi and its subsidiaries provide property development, investment and management services. As at the date of this announcement, Haiyi Holdings is the controlling shareholder (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”)) of SingHaiyi. Mr Gordon Tang and Mrs Celine Tang (together, “**GCT**”) collectively hold 100% of the issued and paid-up share capital of Haiyi Holdings.

GCT are also the controlling shareholders of the Company. Please see the disclosure in paragraph 9 below (*Interested Person Transaction*).

##### UIPL and its shareholders

Each of KSH Premier Investment Pte. Ltd. (“**KSHPI**”), SLB Development Ltd. (“**SLB**”) and Ho Lee Group Pte. Ltd. (“**Ho Lee**”) holds a one-third shareholding interest in UIPL.

KSHPI is a wholly-owned subsidiary indirectly held by KSH Holdings Limited (“**KSH**”). KSH is listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Together with its group of companies, KSH is a well-established construction, property development and property investment group.

SLB, listed on the Catalist Board of the SGX-ST, is a diversified property developer with experience and track record across different asset classes.

Ho Lee is a construction, property development, and equipment and machinery supply group. Established in 1996, the Ho Lee group of companies engages in the construction of infrastructure, and provides public housing construction and estate upgrading services.

## 6. RATIONALE FOR THE JOINT OFFER

The enbloc sale of the Property presents a strategic opportunity for the Company to acquire a prominent District 9 site for redevelopment. However, the Company is also mindful that the ongoing COVID-19 pandemic may present prolonged challenges to property developers in Singapore such as delays in construction works due to a shortage of workers and disruptions in the delivery of building supplies, higher costs as a result of such delays and slower sales in the event of an economic downturn. It is thus prudent for the Company to manage its financial and execution risks for its property development projects by collaborating with suitable partners whenever possible.

In this case, the Company is partnering familiar parties with whom it has forged good working relationships through past and ongoing development projects. The Company has partnered KSH in successful property development projects in Singapore, namely High Park Residences and Park Colonial, both of which were 100% sold. The successful tender for the Property also marks the second collaboration between the Company and SingHaiyi following their recent successful joint tender for the property known as Maxwell House in Singapore (the “**Maxwell House Project**”).

The Joint Offerors collectively have a good mix of experience in property development and/or construction works in Singapore, which is relevant to the redevelopment of the Property. The Joint Offerors will thus be able to tap on each other’s expertise and experience.

## 7. PROPOSED JOINT VENTURE

The Joint Offerors will form a joint venture (the “**Joint Venture**”) and enter into joint venture agreement(s) (the “**JV Agreement(s)**”) to set out the terms relating to their joint acquisition and redevelopment of the Property (the “**Project**”).

Meanwhile, the Joint Offerors have entered into a binding Memorandum of Understanding (“**MOU**”) which provides, amongst others, that:

- (i) the participation interest of the Joint Offerors in the Acquisition (and accordingly, their shareholding interests in the Joint Venture) shall be as follows (the “**Participation Proportions**”):

CEL	40%
SHCPL	30%
UIPL	30%

- (ii) the Joint Offerors shall pay for the purchase price of the Property as well as any costs, expenses and taxes in relation to the Acquisition in their respective Participation Proportions; and
- (iii) it shall be a requirement under the JV Agreement(s) that each of the Joint Offerors shall contribute equity and other financial support (including additional equity, shareholders’ loans and/or guarantees) to the Joint Venture in their respective Participation Proportions.

## 8. OFFER FEE FOR PROPERTY

As at the date of this announcement, the Joint Offerors have, in connection with the Acquisition, paid an offer fee of S\$1 million (the “**Offer Fee**”) in their respective Participation Proportions. The Offer Fee will form part of the purchase price for the Property.

## **9. INTERESTED PERSON TRANSACTION**

### **A. Interested Person**

As at the date of this announcement:

- (i) GCT are controlling shareholders of the Company. Mrs Celine Tang is also the Non-Independent and Non-Executive Director and the Non-Executive Chairman of the Company;
- (ii) GCT are controlling shareholders of SingHaiyi, through Haiyi Holdings; and
- (iii) Haiyi Holdings is wholly-owned by GCT.

SHCPL is thus GCT's associate (as defined in the Listing Manual), and the participation by CEL and SHCPL in the Joint Venture constitutes an interested person transaction of the Company for the purposes of Chapter 9 of the Listing Manual.

### **B. Rule 916(2) of the Listing Manual**

Based on the terms of the MOU, the Audit and Risk Committee of the Company is of the view that:

- (i) the risks and rewards relating to the Acquisition are in proportion to the eventual equity of each of CEL and SHCPL in the Joint Venture; and
- (ii) the terms of the MOU are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

As the risks and rewards for CEL and SHCPL pursuant to the terms of the MOU are in proportion to their respective Participation Proportions, and none of Mr Gordon Tang, Mrs Celine Tang or SHCPL has any existing interest in the Joint Venture prior to the signing of the MOU, the Company's investment in the Joint Venture will be within the scope of Rule 916(2) of the Listing Manual.

The Company will make a further announcement when the JV Agreement(s) are entered into, which announcement will also include the Audit and Risk Committee's views on the terms of the JV Agreement(s) pursuant to Rule 916(2) of the Listing Manual.

### **C. Value of Interested Person Transaction**

As at the date of this announcement, the current total of all interested person transactions with GCT and their associates for the financial year ending 31 December 2021 ("FY2021") is approximately S\$330,106,629. Approximately 99.5% of the aggregate value of the interested person transactions with GCT and their associates is attributable to transactions which fall within the scope of Rule 916(2) and Rule 916(3) of the Listing Manual. Such transactions are in relation to the payment of the Offer Fee and in connection with the Maxwell Project as disclosed in the Company's announcements released on 7 May 2021, 19 May 2021, 24 August 2021 and 8 November 2021. The remaining value of approximately S\$1,589,403 is less than 5% of the latest audited net tangible assets of the Company and its subsidiaries.

As at the date of this announcement, the current total of all interested person transactions of the Company for FY2021 is approximately S\$331,054,541.

## **10. FINANCIAL IMPACT**

CEL's proportionate contribution of S\$400,000 to the Offer Fee was funded from internal cash sources.

The Company will also fund its contributions into the Joint Venture from internal cash sources.

The investment in the Joint Venture is not expected to have a material impact on the net tangible assets and earning per share of the Company for FY2021, and barring unforeseen circumstances, is also not

expected to have a material impact on the net tangible assets and earning per share of the Company for the next financial year ending 31 December 2022.

## **11. OTHERS**

Save as disclosed in this announcement, 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 Project, 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 3 December 2021 to the SGX.