



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

ENBLOC ACQUISITION OF PARK VIEW MANSIONS THROUGH JOINT TENDER

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 tenderers, Sing-Haiyi Pearl Pte. Ltd. (“**SHPPL**”) and TK 189 Development Pte. Ltd. (“**TK189**”), have successfully tendered for the enbloc acquisition (the “**Acquisition**”) of the development known as Park View Mansions (the “**Property**”).

On 27 July 2022, CEL, SHPPL and TK189 (collectively, the “**Joint Tenderers**”) jointly submitted a tender to the collective sale committee of the Property (as varied by the Supplemental Letter dated 28 July 2022 enclosing the revised Invitation to Tender (as amended)) to acquire the Property at a tender price of S\$260 million. The tender was awarded to the Joint Tenderers on 28 July 2022.

2. INFORMATION ON THE PROPERTY

Presently, Park View Mansions consists of four 10-storeys residential blocks with a total of 160 apartment units (the “**Units**”) and has a tenure of 99 years leasehold from 1 October 1976.

The Property is located at Yuan Ching Road, adjacent to the Jurong Lake Gardens and within the Jurong Lake District. As mentioned in the Urban Redevelopment Authority of Singapore’s circular (Circular No: URA/PB/2019/18-CUDG) published on 27 November 2019, the Jurong Lake District is set to become the largest business district outside the Central Business District. In addition, Singapore Tourism Board has announced in March 2022 of a proposed integrated tourism development at a site next to Jurong Lake to be completed from 2028.

Located within walking distance to Lakeside and Chinese Garden MRT stations along the East-West Line, the Property is also connected to the Jurong and one-north regional hubs, which are within 10 to 15 minutes’ drive away via major highways such as Ayer Rajah Expressway and Pan Island Expressway.

The Property also lies within proximity to local and international education institutions such as Rulang Primary School and Canadian International School (Lakeside Campus).

3. PROPOSED REDEVELOPMENT

The Property has a land area of 17,834.8 square metres with a permissible plot ratio of 2.1. The maximum permissible gross floor area based on the permissible plot ratio is 37,453.08 square metres.

It is the intention of the Joint Tenderers to redevelop the Property into a residential development with up to 440 residential units.

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) either the written consent of 100% of the subsidiary proprietors of the Units to the collective sale or a statutory sale order approving the collective sale of all the Units;

- (ii) written approval from the President of the Republic of Singapore (“**Head Lessor**”) and the Jurong Town Corporation (“**Intermediate Lessor**”) for the sale of the Property, or written confirmation from the Head Lessor and the Intermediate Lessor that there is no requirement for approval for the sale of the Property;
- (iii) written approval to the Joint Tenderers’ application for Pre-Application Feasibility Study of the Property, which approval shall include the approved maximum allowable number of dwelling units for proposed residential development of not less than 440 dwelling units;
- (iv) written approval for the outline planning permission (“**OPP**”) for the proposed redevelopment of the Property into a residential development with approved maximum allowable number of dwelling units of not less than 440 units and a gross plot ratio of not less than 2.1 and gross floor area of not less than 37,453.08 square metres and building height control of not less than 14 storey(s) (together the “**Planning Criteria**”); and
- (v) approval from the Jurong Town Corporation and such other relevant authorities to issue a fresh 99 years lease for the Property with no conditions in the said approval or fresh 99 years lease which shall prevent or restrict the Joint Tenderers from redeveloping the Property in accordance with planning approval obtained or to be obtained, and to lift the title restrictions (if any) in the Lease IA/268905E so as to permit redevelopment of the Property in accordance with the OPP meeting the Planning Criteria.

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

5. INFORMATION ON THE OTHER JOINT TENDERERS

SHPPL and its shareholders

Each of SingHaiyi Group Pte. Ltd. (“**SingHaiyi**”) and Haiyi Holdings Pte. Ltd. (“**Haiyi Holdings**”), holds 50.0% of the issued and paid-up share capital of SHPPL.

SingHaiyi and its subsidiaries focused on property development, investment and management services.

Mr Gordon Tang and Mrs Celine Tang (together, “**GCT**”) are the ultimate shareholders of SingHaiyi and Haiyi Holdings. GCT are also the controlling shareholders of the Company. Please see the disclosure in paragraph 9 below (*Interested Person Transaction*).

TK189 and its shareholders

Kim Seng Heng Realty Pte. Ltd. (“**KSHR**”) holds two-thirds of the issued and paid-up share capital in TK189, while Ho Lee Group Pte. Ltd. (“**Ho Lee**”) holds the remaining one-third.

KSHR is a wholly-owned subsidiary 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.

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 TENDER

The Company is mindful that current macroeconomic factors such as rising interest and inflation rates, the ongoing COVID-19 pandemic as well as geopolitical tensions ensuing from the ongoing Russia-Ukraine conflict may present prolonged challenges to property developers in Singapore. Such challenges include 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, SingHaiyi, Haiyi Holdings, KSH and Ho Lee are also partners in the successful joint offer for the enbloc acquisition of the development in Singapore known as Peace Centre / Peace Mansion.

The Joint Tenderers 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 Tenderers will thus be able to tap on each other's expertise and experience.

7. PROPOSED JOINT VENTURE

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

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

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

CEL	40%
SHPPL	30%
TK189	30%

- (ii) the Joint Tenderers 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 that each of the Joint Tenderers 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. TENDER FEE FOR PROPERTY

As at the date of this announcement, the Joint Tenderers have, in connection with the tender for the Property, paid a tender fee of S\$100,000 (the "**Tender Fee**") in their respective Participation Proportions. The Tender 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; and
- (ii) GCT are the ultimate shareholders of SHPPL, through their shareholdings in SingHaiyi and Haiyi Holdings.

SHPPL is thus GCT's associate (as defined in the Listing Manual of the SGX-ST (the "**Listing Manual**")), and the participation by CEL and SHPPL 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 SHPPL 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 SHPPL 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 SHPPL 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 is entered into, which announcement will also include the Audit and Risk Committee's views on the terms of the JV Agreement 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 2022 ("**FY2022**") is approximately S\$196.78 million. Approximately 99.9% 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. The remaining value of approximately S\$185,000 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 FY2022 is approximately S\$197.19 million.

10. FINANCIAL IMPACT

CEL's proportionate contribution of S\$40,000 to the payment of the Tender Fee was funded from internal cash sources.

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

The Company's participation 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 FY2022.

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 Joint Venture, 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 28 July 2022 to the SGX.