
SUBSCRIPTION OF SHARES IN 2TPC INVESTMENTS PTE. LTD.

1. THE PROPOSED SUBSCRIPTION

- 1.1. The Board of Directors (the “**Board**” or the “**Directors**”) of CSC Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcements dated 30 April 2020 and 5 May 2020 in relation to the transfer of the leasehold estate in the Property (as defined below) from L&M Foundation Specialist Pte Ltd to 2TPC Pte Ltd (“**2TPC**”), each a wholly-owned subsidiary of the Company as of the date of this announcement. The Board wishes to announce that following the completion of the transfer of the Property on 5 May 2020, the Company has entered into a conditional subscription agreement (the “**Subscription Agreement**”) with CS Real Estate Investments Pte. Ltd. (“**CSREI**”), LSLV Project 6 Pte. Ltd. (“**LSLV SG**”), LSLV 2 General Partner (“**LSLV GP**”) and 2TPC Investments Pte. Ltd. (“**JV Company**”) on 6 May 2020 pursuant to which CSREI, LSLV SG and LSLV GP will subscribe for ordinary shares and preference shares in the JV Company (the “**Proposed Shares**”) in 2 tranches for an aggregate subscription consideration of S\$19,000,198 on the terms and conditions of the Subscription Agreement (the “**Proposed Subscription**”).
- 1.2. The JV Company is the sole shareholder of 2TPC, the legal and beneficial owner of the leasehold estate in the Property.
- 1.3. The Proposed Subscription is in the normal course of the Company's business and does not represent a change in the core business or the risk profile of the Company. Accordingly, it does not fall under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and shareholders' approval is not required for the Proposed Subscription.

2. INFORMATION ON THE JV COMPANY, 2TPC, LSLV SG AND LSLV GP

2.1. Information on the JV Company

The JV Company is incorporated in Singapore and its principal activities are to carry on real estate activities and value added logistics providers investments holdings, logistics and warehousing. As of the date of this announcement, the JV Company has an issued and paid-up share capital of S\$2.00 comprising 2 ordinary shares, and its sole shareholder is CSREI.

2.2. Information on 2TPC Pte Ltd

2TPC is incorporated in Singapore and its principal activities are to carry on real estate activities and value added logistics providers investments holdings, logistics and warehousing. As of the date of this announcement, 2TPC has an issued and paid-up share capital of S\$2.00 comprising 2 ordinary shares, and its sole shareholder is the JV Company.

2TPC is the legal and beneficial owner of the leasehold estate in respect of the whole of Lot 5335M of Mukim 5 comprised in Certificate of Title (Sub) Volume 680 Folio 64, together with the building erected thereon and situated at 2 Tanjong Penjuru Crescent, Singapore 608968 with a gross floor area of approximately 11,660.41 square metres, with a site area of approximately 18,264.9 square meters (the “**Property**”).

2.3. Information on LSLV SG and LSLV GP

LSLV SG and LSLV GP are part of the LOGOS group, a vertically integrated logistics property specialist with operations in Australia, New Zealand, China, Singapore, Indonesia, Malaysia, Vietnam and India.

3. RATIONALE FOR THE PROPOSED SUBSCRIPTION

Following the completion of the Proposed Subscription and with the grant of the JTC Lease Extension (as defined below), the JV Company will undertake the redevelopment of the existing four-storey industrial property into a modern six-storey ramp-up warehouse, for an estimated total development cost of S\$108 million (the “**Project**”).

The development will consist of a six-storey ramp-up logistics facility, integrated with a built-to-suit high specification workshop for the Company, as well as office space, cafeteria and roof top parking, with a total gross floor area of approximately 46,000 square metres. Subject to the receipt of relevant planning and construction approval, construction on the Project is expected to commence in May 2020, with practical completion expected by the end of the fourth quarter of 2021. Upon completion of the Proposed Subscription, the Company will enter into a long-term master lease with the anchor tenant(s) approved by the JTC Corporation (“**JTC**”).

The Proposed Subscription will provide an opportunity for the Group to grow its property business. The strategic stake in the JV Company is in the interest of and is beneficial to the Group.

The Proposed Subscription is in the Company’s normal course of business and part of the Company’s strategy to further develop its core property business, which comprises property development, property investment and property management (the “**Property Business**”). The Company had obtained approval from shareholders to diversify the business of the Group to include the Property Business at its extraordinary general meeting held on 27 July 2015.

4. SALIENT TERMS OF THE PROPOSED SUBSCRIPTION

4.1. Proposed Subscription

Under the terms of the Subscription Agreement CSREI, LSLV SG and LSLV GP (collectively, the “**Subscribers**”) agree to subscribe for the Proposed Shares in the agreed proportions and in 2 tranches. Subject to the satisfaction of the relevant conditions precedent in the Subscription Agreement, the Subscribers will subscribe for the ordinary shares in the JV Company as part of the first tranche (the “**First Subscription Tranche**”) and will subscribe for the preference shares in the JV Company as part of the second tranche (the “**Second Subscription Tranche**”). The First Subscription Tranche has been completed today.

Following the completion of the First Subscription Tranche and the Second Subscription Tranche (i.e. the Proposed Subscription), CSREI will hold 51% of the enlarged ordinary shareholding of the JV Company and 20% of the enlarged preference shareholding of the JV Company. LSLV SG and LSLV GP will in total hold 49% of the enlarged ordinary shareholding of the JV Company and 80% of the preference shareholding of the JV Company.

Together with the Subscription Agreement, CSREI, LSLV GP, LSLV SG and the JV Company will also enter into a shareholders’ agreement to regulate the affairs in the JV Company.

4.2. Consideration

The aggregate consideration for the Proposed Subscription is S\$19,000,198 (the “**Subscription Consideration**”).

The Subscription Consideration was arrived at after arm’s length negotiations between the Subscribers, after taking into consideration, the business prospects of the JV Company which will undertake the Project.

The Subscription Consideration will be funded using internal resources.

4.3. Conditions Precedent

Completion of the Proposed Subscription is expected to take place in Q2 2020, subject to and conditional upon the satisfaction of, inter alia, the conditions precedent in the Subscription Agreement, including a lease extension to be granted by JTC in relation to the Property for a further leasehold term of at least 12 years commencing on the date immediately following the expiry of the initial leasehold term of 30 years which expires on 30 June 2038 (the “**JTC Lease Extension**”) on terms and conditions which are reasonably acceptable to the Subscribers.

In the event that the First Subscription Tranche is completed but the Second Subscription Tranche is not completed due to, inter alia, the non-satisfaction of any of the relevant conditions precedent in the Subscription Agreement, LSLV SG is granted a put option to require CSREI to purchase all of the ordinary shares held by LSLV SG in the JV Company at S\$1.00 for each ordinary share, and CSREI is granted a call option to require LSLV SG to sell to CSREI all the ordinary shares held by LSLV in the JV Company at \$1.00 for each ordinary share. The put option and call option will lapse on the completion of the Second Subscription Tranche.

5. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

Based on the audited consolidated financial statements of the Company for the year ended 31 March 2019:

- (a) assuming that the Proposed Subscription had been effected on 1 April 2018, the impact on the earnings per share is not material; and
- (b) assuming that the Proposed Subscription had been effected on 31 March 2019, the financial impact on the net tangible asset per share is not material.

6. SERVICE CONTRACTS

No person will be appointed as a Director of the Company in connection with the Proposed Subscription. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, directly or indirectly, in the Proposed Subscription, save for their shareholdings in the Company (if any).

8. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company. In particular, Shareholders and potential investors should note that completion of the Proposed Subscription is subject to fulfilment of the Conditions Precedent as set out in the Subscription Agreement. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.

By Order of the Board

Lee Quang Loong
Company Secretary
6 May 2020