CHASEN HOLDINGS LIMITED
(Company Registration No.: 199906814G)
(Incorporated in the Republic of Singapore)

CLARIFICATION ON THE ANNOUNCEMENT OF ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

The Board of Directors of Chasen Holdings Limited (the "**Company**") refers to the announcement released by the Company of its Annual Report for the financial year ended 31 March 2020 to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 3 September 2020 (Announcement reference: SG200903OTHRHLQG).

The Board wishes to provide the additional information in response to the SGX-ST's queries as follows:-

Query 1:

Listing Rule 1207(10A) requires issuers to disclose the relationship between the Chairman and CEO if they are immediate family members. Please confirm if the Chairman and CEO are immediate family members, and if so, their relationship.

Company's Response to Query 1:

The Chairman and CEO are not immediate family members.

Query 2:

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please also provide information on whether the head of the internal audit function team has the relevant experience and qualifications. Where the internal audit function is outsourced, please provide information on the relevant experience of accounting firm and the engagement team.

Company's Response to Query 2:

The Company's internal audit function is outsourced to TRS Forensics Pte Ltd ("**TRS**"). TRS is a technology-based risk consulting firm with operations in Singapore, Malaysia and China. They are currently the internal auditors for more than 10 listed companies in Singapore. Other than internal audit and risk management, their professional expertise include cybersecurity, forensic technology, investigation and data protection. TRS is a corporate member of the Institute of Internal Auditors, Singapore. They are also awarded the Data Protection Trustmark by the InfoComm Media Development Authority.

The Head of Internal Audit, who is a Certified Internal Auditor and Chartered Accountant of Singapore, has more than 15 years of external and internal audit experience after graduating from Nanyang Technological University with a Bachelor of Accountancy degree. He was formerly the Head of Internal Audit at Nexia TS Pte Ltd before joining TRS. The team members supporting the Head of Internal Audit include members of the Institute of Internal Auditors, cybersecurity and forensic professionals. The internal audit team is guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out its functions.

The Audit Committee conducts regular meetings with TRS Forensics to evaluate the system of internal controls, the review of cyber-security, their audit findings, the adequacy and the effectiveness of financial, operational and compliance controls at subsidiary level as well as overall risk management of the company.

The Audit Committee is satisfied with the independence, adequacy and effectiveness of its outsourced internal auditors.

Query 3:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company's Response to Query 3:

As disclosed on page 27 of the FY2020 Annual Report, the composition of the Board is reviewed at least annually by the Nominating Committee. The Nominating Committee is of the view that there is a strong element of independence in the Board as the independent directors currently form the majority of the Board. Therefore, there is appropriate level of independence in its composition to enable it to make decisions in the best interest of the Company.

The Chairman is an experienced management consultant and capital market intermediary with knowledge of and expertise in corporate finance and capital market transactions; Mr Chew Choy Seng is an accountancy and financial professional throughout his career; Mr Chew Mun Yew has extensive engineering and senior management experience from major MNC players in the semi-conductor industry that forms the specialist relocation customer base in Singapore and the Asia region. Therefore, there is diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company. The Board comprises Directors who have the appropriate balance and diversity of skills, expertise and experience, knowledge of the industries the Group does business in and collectively possess the necessary core competencies for effective functioning and informed decision-making. Notwithstanding the lack of gender diversity at the Board level due to the scarce/limited pool of experienced female senior executives in the logistics and construction related sectors in Singapore to draw from, the Board is always on the lookout. The Board aside, it is to be noted that FY2020 annual report named 2 female key management personnel (out of a total of 6) in the Company's management bench.

The Board believes that its current composition has the appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the company.

Query 4:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration (and in particular, the exact remuneration of the directors), and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response to Query 4:

The remuneration of the Executive Directors and key executives are set out in incremental bands of S$250,000 in compliance with Provision 8.1(b) with further analysis showing the composition between Fee; Salary; Bonus and Other benefits. As disclosed on page 33 of the FY2020 Annual Report, the aggregate total remuneration paid to the key management personnel (who are not Directors or the Managing Director and CEO) for the financial year ended 31 March 2020 is approximately S$1,357,621.

Further, as disclosed on pages 31 & 32 of the FY2020 Annual Report, the Company has laid out the salient factors that form the key pillars in the administration of remuneration practices pertaining to Directors and key management personnel in the Group in compliance with Principle 6 and 7. First and foremost is the alignment of interest with that of Shareholders. As articulated, the process of remuneration administration is led by the RC which provides critical oversight in assuring alignment of individual, Enterprise and Group's performance to long term shareholders' interest and value creation in a sustainable manner.

This level of disclosure is consistent with the intent of transparency on the company's remuneration policies taking into account evolving industry trends and forces, competition for talent recruitment and retention. It is prudent and in the shareholders' interest to protect this competitive advantage through an appropriate level of transparency in the Company's compliance regime and compensation practices.

Although the Company has not disclosed exact details of the remuneration of each individual Director the disclosure on page 33 of the FY2020 is consistent with the intent of transparency on the company's remuneration policies while maintaining confidentiality on such matters that is desirable in the overall interest of the business.

As disclosed on page 33 of the FY2020 Annual Report, the Remuneration Committee (RC) has reviewed and approved the remuneration packages of the Directors and key management personnel, having due regard to their contributions as well as the financial and commercial needs of the Group and has ensured that the Directors are adequately but not excessively remunerated.

The Board is of the view that Listing Rule 710 has been complied with respect to Provision 8.1 of the Code.

Query 5:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.2 of the Code with regards to the disclosure of remuneration (and in particular the disclosures pertaining to whether any employee is a substantial shareholder or immediate family member of a shareholder), and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response to Query 5:

Other than as disclosed on page 33 of the FY2020 Annual Return, there is no other employee, who is a substantial shareholder of the Company, or an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 for the financial year ended 31 March 2020.

The Company's response to Query 4 above has explained that the level of disclosure in the FY2020 annual report with respect to employees who are substantial shareholders or immediate family member of a substantial shareholder, is consistent with the intent of transparency on its remuneration policies as envisaged in Principle 8.

Listing Rule 710 has been complied with respect to Provision 8.2 of the Code.

By Order of the Board

Low Weng Fatt
Managing Director and CEO

18 September 2020