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

DISPOSAL OF SHARES IN EONS GLOBAL HOLDINGS PTE. LTD.
— RESPONSE TO SGX-ST QUERIES

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*The Board of Directors of Chasen Holdings Limited (the "**Company**") refers to the announcement made on 6 February 2017 (the "**Announcement**") regarding the Disposal. All capitalised terms used in this announcement shall, unless otherwise defined herein, have the meanings ascribed to them in the Announcement.*

The Company would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 15 February 2017.

1. Please disclose the following:

(i) the audited net asset values of EGH and EGW as at 31 March 2016;
(ii) the details of adjustments to the net asset values of EGH and EGW;
(iii) reasons and bases for the adjustments; and
(iv) a breakdown of the adjusted net assets value of RMB16 million (equivalent to S$3.2 million) .

Company's response:

(i) The audited net assets values of EGH and EGW as at 31 March 2016 were S$0.58 million and S$4.52 million respectively.

(ii) The details of adjustments to the net assets value of EGH and EGW are as follows:

a) The transfer of all assets (except for the investment in EGW which would be disposed) and liabilities to "Amount owing from EGH to GTS"; and
b) The capitalisation of the "Amount owing from EGH to GTS" as deemed capital injection by GTS in EGH.

(iii) Reasons and bases for the adjustments

The accounting adjustments were necessary to reflect the terms and conditions of the Sale and Purchase Agreement ("SPA") wherein only the adjusted consolidated net asset value of S$3.2 million (equivalent to RMB16 million) that would be disposed of in this transaction.

(iv) Breakdown of the adjusted consolidated net assets value of RMB16 million (equivalent to S$3.2 million)

Company's response:

$'mil	**S$**	**RMB**
Other receivables	6.0	29.5
Amounts due to immediate holding company	(2.8)	(13.5)
Adjusted net assets value	**3.2**	**16.0**

2. Please clarify (i) what is "EGH's investment in EGW" as stated in paragraph 4.3.4 in the Announcement and (ii) whether the actual asset to be disposed of under the Disposal is the license fee of RMB 16 million which has been paid by the Company to Jilin Economic Development Trade Zone.

Company's response:

(i) "EGH's investment in EGW" as stated in paragraph 4.3.4 in the Announcement refers to the adjusted consolidated net asset value of S$3.2 million (equivalent to RMB16 million) that would be disposed of in this transaction.

(ii) The Company, through an indirect subsidiary GTS, is divesting 60% of its S$3.2 million or RMB16 million investment in EGH which comprised a wholly-owned subsidiary, EGW, amounting to S$1.97 million or RMB9.6 million (60% of S$3.2 million or RMB16 million).

3. Please disclose (i) detailed information about the assets and liabilities of EGH and EGW that will be transferred to the Vendors as condition precedent of the Disposal and (ii) what are the assets and liabilities that would be included in the Disposal.

Company's response:

(i) Detailed assets and liabilities of EGH and EGW that will be transferred to the Vendors are as follows:

	S$'mil
Fixed assets	0.04
Trade receivables	0.54
Other receivables & deposits	0.01
Cash and cash equivalents	0.28
Total Assets	**0.87**
Other payables and accruals	0.16
Total Liabilities	**0.16**

(i) The assets and liabilities that would be included in the Disposal are as follows:

$'mil	**S$**	**RMB**
Other receivables	6.0	29.5
Amounts due to immediate holding company	(2.8)	(13.5)
Adjusted net assets value	**3.2**	**16.0**

4. Please disclose:

(i) salient terms of the Loan Agreement between the Vendor and Gong Hanxian;

Company's response:

The actual Loan Agreement is now being drafted by both sets of lawyers. The salient terms of loan amount and payment schedule are disclosed in the Announcement on 6 February 2017.

(ii) rationale for the Vendor to extend the loan of RMB 3 million to Gong Hanxian; and

Company's response:

To enable the Purchaser to meet his working capital obligation to EGW as the 60% shareholder of EGH.

(iii) safeguards to be put in place to secure the repayment of the loan of RMB 3 million to be extended to Gong Hanxian.

Company's response:

That the loan is extended to Gong Hanxian rather than the Purchaser, which is an investment holding company with minimal assets is itself a safeguard to ensure the repayment of the loan. Other safeguards, including jurisdiction of enforcement if required, would be incorporated into the Loan Agreement now being finalised by the lawyers.

5. Please clarify:

(i) the implication of "all accounts receivables which have been incurred by EGW and recovered by EGW after the Completion shall be returned to the Purchaser promptly";
(ii) circumstance under which the return of "all accounts receivables" which have been incurred by EGW and to be recovered by EGW after the Completion will arise; and
(iii) rationale for returning the accounts receivables recovered by EGW given that the Vendor continues to hold 40% equity interest in EGW and EGH.

Company's response:

Questions arose from a translation error in the Announcement released on 6 February 2017, paragraph 4.10.2 which should read as follows with amendment made in bold as a result of the wrong identification of the Party due to the confusion arose in the translation of Party A (i.e. Vendor) and B (Purchaser) from the Sale and Purchase Agreement ("SPA"):

"All accounts receivables which have been **billed** by EGW **prior to the Completion** and recovered by EGW after Completion shall be returned to the **Vendor** promptly.

The rationale for returning the accounts receivables which have been billed by EGW prior to the Completion was in line with the SPA that all assets and liabilities of or incurred by EGH and/or EGW prior to Completion Date shall remain with the Vendor while that billed or incurred by the Purchaser in the operating of EGW shall remain with the Purchaser.

6. Please disclose:

(i) what are the Group's remaining business after the Disposal and key financial information of the remaining business;

Company's response:

This transaction involves a 60% interests in one of the 33 entities of the Group listed in the Group's last Annual Report. Since then the Group has incorporated a new subsidiary in Thailand. The Group's remaining businesses after the Disposal would comprise that of the remaining 32 entities of the Group (excluding the residual 40% in EGH) in the Specialist Relocation, Third Party Logistics and Technical and Engineering Business Segments operating in Singapore, Malaysia, PRC, Vietnam, Timor Leste and the USA.

The key financial information of the Group's remaining businesses after the Disposal as at 31 December 2016 are as follows:

Revenue: $73.4 million
Profit before income tax: $2.4 million
Net asset: $62.3 million

(ii) whether any of the Group's remaining business will be affected by the non-competition undertaking, and if yes, provide details.

Company's response: No.

7. Please disclose:

(i) salient terms of the framework agreement on 12 April 2016 entered into with Biyuan ShuiWu;

Company's response:

The salient points of the framework agreement announcement by the Company on 12 April 2016 are:

a) Biyuan ShuiWu ("JBS") shall provide consultancy services to EGW to resolve, amongst others, all operational issues relating to the successful commercial operation of EGW's Industrial Water Purification Plant and Sewage Plant within specific target dates.

b) Operational targets to be achieved under the framework agreement includes:- increase of daily sales volume to average 10,000 m^3 and increase of Filtered Water price to not less than RMB3.00 per m^3 within 1 month of commencement of commercial operations; increase of daily sales volume of Filtered Water to 20,000 m^3 within 2 years of commencement of commercial operation; increase of daily sales volume to average 10,000 m^3 and increase of Waste Water Treatment Fee to not less than RMB2.00 per m^3 also within one month of commencement of commercial operation.

c) Upon the successful attainment of the specified operational targets with the specific target dates, equity interests in EGW would be transferred to Biyuan ShuiWu as payment for the consultancy services provided as stated in the framework agreement.

(ii) whether the framework agreement is discloseable under the Listing Rules; and

Company's response:

The Framework Agreement was announced to the market on 12 April 2016.

(iii) confirmation as to whether the Company has complied with Listing Rule 703(1) with regards to the framework agreement.

Company's response:

The Company confirms that it has complied with Listing Rule 703(1) with regards to the Framework Agreement.

8. Please clarify:

(i) whether the 3%-5% of annual revenue provided to the Purchaser constitutes a fee paid to the Purchaser; and

Company's response:

Under the terms of the SPA, no fee is payable to the Purchaser. The SPA specified that post Completion the Purchaser shall be responsible for marketing EGW services and relations with local government. The 3-5% of annual revenue is a budgetary provision to enable these responsibilities to be discharged.

(ii) whether any balance is refundable.

Company's response:

Under the Group's financial management policy, any positive budget variance accrues only to the credit of the respective managers in their annual performance review. There is no such thing as a refund when the budget variance for any expenditure item is positive.

9. Please clarify what is "EGH's investment in EGW" as stated in Note 1 at Paragraph 5.2.

Company's response:

Please refer to point 2 (i) above.

BY ORDER OF THE BOARD

Low Weng Fatt
Managing Director and Chief Executive Officer
20 February 2017