

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

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- **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE**
 - **PROPOSED ISSUE OF SHARES AND WARRANTS TO TANAMERAH CAPITAL LIMITED**
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1. INTRODUCTION

The board of directors (the “**Directors**”) of Chasen Holdings Limited (the “**Company**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights cum warrants issue (the “**Rights cum Warrants Issue**”) of up to 192,779,083 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.05 for each Rights Share (the “**Issue Price**”), with up to 385,558,166 free detachable warrants (the “**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**New Share**”) at an exercise price of S\$0.025 for each New Share (the “**Exercise Price**”), on the basis of (i) one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company (the “**Shares**”), held by the shareholders of the Company (the “**Shareholders**”) as at the time and date to be determined by the Directors for the purpose of determining the entitlements of the Entitled Shareholders (as defined below) under the Rights cum Warrants Issue (the “**Books Closure Date**”), and (ii) two (2) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded.

The Company will be seeking specific approval from Shareholders for the Rights cum Warrants Issue at an extraordinary general meeting (“**EGM**”) to be convened by the Company.

2. PRINCIPAL TERMS OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE

2.1 Basis of Rights cum Warrants Issue

The Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis to the Entitled Shareholders, on the basis of (i) one (1) Rights Share for every two (2) existing Shares, held by the Shareholders as at the Books Closure Date, and (ii) two (2) Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded.

2.2 Issue Price and Exercise Price

The Issue Price of S\$0.05 represents a discount of approximately 34.2% to the closing price of S\$0.076 for each Share on 24 August 2015, being the immediate market day (on which trades were recorded) prior to the date of this announcement. The Issue Price represents a discount of approximately 25.7% to the theoretical ex-rights price of S\$0.0673 for each Share.

The Exercise Price of S\$0.025 represents a discount of approximately 67.1% to the closing price of S\$0.076 for each Share on 24 August 2015, being the immediate market day (on which trades were recorded) prior to the date of this announcement. The Exercise Price represents a discount of approximately 62.9% to the theoretical ex-rights price of S\$0.0673 for each Share.

2.3 Status of the Rights Shares and New Shares

The Rights Shares will be payable in full upon acceptance and/or application and when allotted and issued, will rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares. For this purpose, “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may be notified by the Company) on

which Shareholders must be registered with the Company, the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

The New Shares arising from the exercise of the Warrants, upon allotment and issue, will rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls on or before the date of issue of the New Shares.

Fractional entitlements to any Rights Shares with Warrants will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allocated to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Directors, in their absolute discretion, deem fit in the interests of the Company.

2.4 Terms of Warrants

The Warrants are immediately detachable from the Rights Shares upon issue and will be issued in registered form and will be listed and traded on a book-entry (scripless) settlement system on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") upon the listing and quotation of the Warrants on the Main Board of the SGX-ST, subject to, inter alia, there being an adequate spread of holdings of the Warrants to provide for an orderly market for the Warrants.

Each Warrant, will, subject to the terms and conditions to be set out in a deed poll constituting the Warrants (the "**Deed Poll**"), carry the right to subscribe for one (1) New Share at the Exercise Price, at any time during the period commencing on and including the date of issue of the Warrants and expiring on a date immediately preceding the second (2nd) anniversary of the date of issue of the Warrants (the "**Exercise Period**"). The Warrants that remain unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances as provided for in the Deed Poll and appropriate announcements on the adjustments will be made by the Company.

2.5 Size of the Rights cum Warrants Issue

As at the date of this announcement, the Company has:

- (i) an existing issued and paid-up share capital comprising 291,979,296 Shares (excluding 525,107 treasury shares) ("**Existing Share Capital**"); and
- (ii) 93,578,870 outstanding warrants ("**Outstanding Warrants**") which are exercisable into 93,578,870 Shares.

For illustration purposes only:

- (i) based on the Existing Share Capital and assuming that (a) none of the Outstanding Warrants are exercised before the Books Closure Date and (b) the Rights cum Warrants Issue is fully subscribed, an aggregate of 145,989,648 Rights Shares with 291,979,296 Warrants will be issued pursuant to the Rights cum Warrants Issue.
- (ii) based on the Existing Share Capital and assuming that (a) the Outstanding Warrants are exercised in full before the Books Closure Date and (b) the Rights cum Warrants Issue is fully subscribed, an aggregate of 192,779,083 Rights Shares with 385,558,166 Warrants will be issued pursuant to the Rights cum Warrants Issue. As the exercise price of S\$0.12 at which an Outstanding Warrant may be exercised to subscribe for a new Share is higher than the closing price as at the date of this

announcement, the Company expects that it is unlikely that the Outstanding Warrants will be subscribed in full before the Books Closure Date.

2.6 Other terms

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the offer information statement (including the accompanying application forms) to be despatched by the Company to the Entitled Shareholders in due course (the “**OIS**”).

3. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS CUM WARRANTS ISSUE

3.1 Entitled Shareholders

Shareholders whose registered address with the Company’s share registrar or CDP, as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company’s share registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents will be entitled to participate in the Rights cum Warrants Issue and receive the OIS to be issued by the Company in connection with the Rights cum Warrants Issue together with the appropriate application forms and accompanying documents at their respective Singapore addresses (“**Entitled Shareholders**”).

Entitled Shareholders will be at liberty to accept, decline or otherwise renounce or trade their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Any entitlements to the Rights Shares and the Warrants not taken up for any reason will be aggregated and allotted to satisfy excess applications or disposed of in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

3.2 Foreign Shareholders

For practical reasons and for avoidance of violating any foreign laws, the Rights Shares with Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Company’s share registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”).

All documents in respect of the Rights cum Warrants Issue, comprising an offering document in the prescribed OIS form and the accompanying application forms to be issued by the Company will, therefore, not be mailed to any address outside of Singapore. Accordingly, no provisional allotments of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptances or application will be valid.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the entitlements to the Rights Shares with Warrants which would otherwise be provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

3.3 Excess Rights Shares

In the allotment of excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue or have representation (direct or indirect through a

nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants.

3.4 Scale Down of Subscription and Excess Application Option

Depending on the level of subscription for the Rights Shares with Warrants entitlements, the Company will, if necessary, and subject to the approval of the SGX-ST, scale down the subscription and/or the excess applications by any Shareholder (if such Shareholder chooses to subscribe for its pro-rata Rights Shares with Warrants and/or apply for excess Rights Shares with Warrants and the Warrants entitlement) to:

- (i) ensure that such Shareholder will not hold a controlling interest in the Company, which is prohibited by Rule 803 of the Listing Manual of the SGX-ST unless prior specific approval is obtained from Shareholders in a general meeting; or
- (ii) avoid placing such Shareholder and parties acting in concert with him (as defined under The Singapore Code on Take-overs and Mergers (the “**Code**”) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares with Warrants entitlements.

4. PURPOSE OF THE RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

The Directors believe that the Rights cum Warrants Issue will provide Shareholders with the opportunity to obtain further equity participation in the Company by subscribing for Rights Shares and the New Shares through the exercise of the Warrants. It is also intended to reward long term Shareholders for their continued support and loyalty to the Company since its initial public offering by providing Shareholders with the opportunity to (a) lower the average costs of acquiring their Shares, and (b) derive capital gain in the event that the price of the Shares rises.

The Rights cum Warrants Issue will also increase the number and liquidity of the Shares by increasing the total number of Shares in issue. This may in turn benefit any future share consolidation for the Company in that the ratio of such share consolidation will not have to be set excessively high to achieve the minimum trading price should the price of the Shares increase. The Rights cum Warrants Issue, by increasing the number of Shares in issuance, may also allow the number of Shares in issue subsequent to any future share consolidation to be liquid.

In addition, as and when the Warrants are exercised, the proceeds arising therefrom will expand and strengthen the capital base of the Company and provide additional resources for business expansion and consequently providing financial flexibility to the Group.

For illustration purposes only, in the event that (a) none of the Outstanding Warrants are exercised before the Books Closure Date and (b) the Rights Shares are fully subscribed, the estimated net proceeds from the Rights Shares will be approximately S\$7.0 million (“**Net Proceeds**”) after deducting professionals’ fees and related expenses estimated at S\$0.3 million (excluding the fees payable to TCL (as defined below) as set out in section 6 below) to be incurred in connection with the Rights cum Warrants Issue. On the basis of the foregoing, and assuming that all Warrants issued (excluding Outstanding Warrants) are exercised, the estimated gross proceeds from the exercise of the Warrants (excluding Outstanding Warrants) will be approximately S\$7.3 million (“**Exercise Proceeds**”).

In the event that (a) the Outstanding Warrants are exercised in full before the Books Closure Date and (b) the Rights Shares are fully subscribed, the estimated Net Proceeds from the Rights Shares will be approximately S\$9.3 million after deducting professionals’ fees and related expenses estimated at S\$0.3 million (excluding the fees payable to TCL (as defined below) as set out in section 6 below) to be incurred in connection with the Rights cum Warrants Issue. On the basis of the foregoing, and assuming that all Warrants issued

(including Outstanding Warrants) are exercised, the estimated Exercise Proceeds from the exercise of the Warrants will be approximately S\$9.6 million.

The Company intends to utilise the Net Proceeds arising from the subscription of the Rights cum Warrants Issue as follows:

Use of Net Proceeds	Percentage of Net Proceeds (%)
General working capital purposes	15
Fund expansion and growth of existing businesses	35
Investment purposes ⁽¹⁾	50
Total	100

Note:

⁽¹⁾ The management may transfer the amount of proceeds allocated for Investment purposes to general working capital purposes if no firm plan materialises within the next six (6) months from the date of the listing of the Rights Shares and Warrants pursuant to the Rights cum Warrants issue on the Mainboard.

As and when the Warrants are exercised, the Exercise Proceeds arising therefrom may, at the discretion of the Directors, be applied towards investment purposes, business expansion, working capital, and/or such other purposes as the Directors may deem fit.

The Company will make the necessary announcements and subsequently provide a status report on the use of such proceeds and any material deviations therefrom in its annual report.

Pending the deployment of the Net Proceeds from the Rights cum Warrants Issue, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

The Directors are of the opinion that the Net Proceeds raised from the Rights cum Warrants Issue is sufficient to meet the Group's present funding requirements.

5. NON-UNDERWRITTEN

The Directors are of the view that the Issue Price of S\$0.05 for each Rights Share together with the relevant free Warrants is sufficiently attractive, and in the reasonable opinion of the Directors, there is no minimum amount that must be raised from the Rights cum Warrants Issue taking into consideration the intended use of proceeds set out in paragraph 4 above.

The Rights cum Warrants Issue would not be underwritten. However, the Company has engaged a consultant to advise on business growth and investor relation strategies and to act as liaison between the Company and financial intermediaries such as stock broking houses, assets managers and corporate investors with the objective of generating awareness and interest in the Group. The consultant is remunerated on a success basis through Shares and Warrants issued in addition to the Rights and Warrants for Shareholders. Please refer to paragraph 6 below for more details on the consultancy services.

6. CONSULTANCY ARRANGEMENT

6.1 Introduction

The Company had entered into a consultancy agreement ("**Consultancy Agreement**") with Tanamerah Capital Limited ("**TCL**") (as consultant) pursuant to which the Company has agreed to pay TCL a consultancy fee ("**TCL Consultancy Fee**") payable in the form of new

shares (“**TCL Consultancy Fee Shares**”) and warrants (“**TCL Warrants**”) to TCL as payment for the consultancy services provided by TCL in relation to the Rights cum Warrants Issue.

The TCL Consultancy Fee will be linked to the outcome of the proposed Rights cum Warrants Issue and shall be as follows:

Rights Shares Subscription Level (Gross Amount)	Fee Payment
Less than S\$1.99 million	No fee payable to TCL
S\$2.0 million to S\$2.99 million	2.5 million Shares and 5.0 million Warrants
S\$3.0 million to S\$3.99 million	4.0 million Shares and 8.0 million Warrants
S\$4.0 million to S\$4.99 million	6.0 million Shares and 10.0 million Warrants
S\$5.0 million to S\$5.99 million	7.0 million Shares and 14.0 million Warrants
S\$6.0 million and above	10.0 million Shares and 16.0 million Warrants

For illustrative purposes:

- (i) If the gross amount raised from the Rights cum Warrants Issue is S\$2.9 million, the fees payable to TCL shall be 2.5 million Shares and 5.0 million Warrants. The shares will be issued at S\$0.05 per share and will be allotted at a consideration of S\$125,000, credited as fully paid. For the avoidance of doubt, the Company will not be receiving any proceeds from the TCL Consultancy Fee Shares.
- (ii) If the gross amount raised from the Rights cum Warrants Issue is S\$6.5 million, the fees payable to TCL shall be 10.0 million Shares and 16.0 million Warrants. The shares will be issued at S\$0.05 per share and will be allotted at a consideration of S\$500,000, credited as fully paid. For the avoidance of doubt, the Company will not be receiving any proceeds from the TCL Consultancy Fee Shares.

The above fee structure is not an underwriting arrangement between the Company and TCL. The rationale for the payment in TCL Consultancy Fee Shares and TCL Warrants is to improve the cash flow of the Company as the TCL Consultancy Fee will be paid in kind and if the TCL Warrants are exercised, it will be utilised as working capital by the Company.

The exercise price for the TCL Warrants is the same as the Exercise Price for the Warrants, with each TCL Warrant carrying the right to subscribe for one (1) new Share (“**New TCL Share**”) at an exercise price of S\$0.025 for each New TCL Share (the “**Proposed TCL Shares and Warrants Issue**”).

The TCL Consultancy Fee Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the TCL Consultancy Fee Shares.

The New TCL Shares arising from the exercise of the TCL Warrants, upon allotment and issue, will rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the New TCL Shares.

The terms and conditions governing the TCL Warrants will be set out in the Deed Poll, and they will be on the same terms and conditions as the Warrants to be issued under the Rights cum Warrants Issue. The exercise price and the number of TCL Warrants to be held by TCL will be subject to adjustments under certain circumstances as provided for in the Deed Poll and appropriate announcements on the adjustments will be made by the Company.

It is not intended for TCL to participate in the Rights cum Warrants Issue by virtue only of the allotment and issue of the TCL Consultancy Fee Shares. Accordingly, the TCL Consultancy Fee Shares and TCL Warrants will only be allotted and issued to TCL after the Books Closure Date for the Rights cum Warrants Issue.

The Company will be seeking specific approval from Shareholders for the Proposed TCL Shares and Warrants Issue at the EGM. The details of the approvals required are set out in section 6.3 of this announcement.

6.2 Information on TCL

TCL is a company incorporated in Marshall Islands. Its sole director and shareholder is David Tan Chao Hsiung. It is principally an investment holding company.

TCL has confirmed that as at the date of this announcement:

- (i) save for the provision of the consultancy services to the Company pursuant to the Consultancy Agreement, it does not have any other business relationships with the Company and the substantial Shareholders of the Company; and
- (ii) it is not a Director or a substantial Shareholder of the Company, or any other person falling within the categories set out in Rule 812(1) of the Singapore Exchange Limited Mainboard Listing Rules.

6.3 Approvals for the Proposed TCL Shares and Warrants Issue

The issue and allotment of the TCL Consultancy Fee Shares and the TCL Warrants are subject to, amongst others:

- (i) the approval of Shareholders for the allotment and issue of the TCL Consultancy Fee Shares, the TCL Warrants and the New TCL Shares being obtained at the EGM;
- (ii) the Rights cum Warrants Issue being approved by Shareholders at the EGM; and
- (iii) the receipt of a listing and quotation notice from the SGX-ST for the listing of and quotation for the TCL Consultancy Fee Shares, the TCL Warrants and the New TCL Shares on the Main Board, if such approval is granted subject to conditions, such conditions being acceptable to the Company, and such approval not having been withdrawn or revoked on or prior to the date of issue.

The Company will make an application to the SGX-ST for the listing and quotation for the TCL Consultancy Fee Shares, the TCL Warrants and the New TCL Shares on the Main Board of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

6.4 Use of Proceeds from the Proposed TCL Warrants Issue

The Company intends to use the exercise proceeds from the TCL Warrants for general capital working purposes.

The Company will make periodic announcements on the utilisation of the exercise proceeds from the TCL Warrants when such proceeds are significantly disbursed and will provide a status report on the use of such proceeds in the Company's annual report.

Pending the deployment of the exercise proceeds from the TCL Warrants, such proceeds may be placed as deposits with financial institutions and/or invested in short-term money market or debt instruments and/or for any other purposes on a short-term basis, as the Directors may in their absolute discretion deem fit.

7. ADJUSTMENTS TO THE OUTSTANDING WARRANTS

The Rights cum Warrants Issue may constitute an event giving rise to an adjustment to the number of Outstanding Warrants which a holder of the Outstanding Warrants may be entitled to be issued with and/or the exercise price of the Outstanding Warrants pursuant to the deed poll constituting the Outstanding Warrants.

Any adjustment which is required will be made in accordance with the provisions of the deed poll constituting the Outstanding Warrants to mitigate any potential equity dilution resulting from the Rights cum Warrants Issue and to ensure that the status of the holders of the Outstanding Warrants is not prejudiced thereafter. The rights and obligations of the holders of the Outstanding Warrants will remain unchanged, save for the adjustment to the number of Outstanding Warrants granted under the deed poll constituting the Outstanding Warrants and/or the exercise price in respect of the Outstanding Warrants.

8. OTHER INFORMATION

8.1 Offer Information Statement (“OIS”)

The OIS containing the full terms and conditions of the Rights cum Warrants Issue will be lodged with the Monetary Authority of Singapore and despatched to Shareholders together with the appropriate application forms and accompanying documents in due course, after the approval of the Shareholders is obtained at an EGM to be convened.

8.2 Circular

A circular containing further details of the proposed Rights cum Warrants Issue and the convening of an EGM for the purpose of seeking Shareholders' approval will be despatched to Shareholders in due course.

9. APPROVAL FOR THE PROPOSED RIGHTS CUM WARRANTS ISSUE

The proposed Rights cum Warrants Issue is subject to, *inter alia*, the following:

- (i) the approval in-principle from the SGX-ST for the listing of and quotation of the Rights Shares, the Warrants and the New Shares on the Main Board of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares with Warrants under the Rights cum Warrants Issue);
- (ii) the Shareholders' approval for Rights cum Warrants Issue and for the allotment and issue of the TCL Consultancy Fee Shares, the TCL Warrants and the New TCL Shares at the EGM to be convened having been obtained;
- (iii) the lodgement of the OIS, together with all other accompanying documents (if applicable) in respect of the Rights cum Warrants Issue with the Monetary Authority of Singapore; and
- (iv) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights cum Warrants Issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the Closing Date.

An application to the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on the Mainboard of the SGX-ST will be made. Appropriate announcements in relation to the application, among others, will be made in due course.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the proposed Rights cum Warrants Issue, other than their respective interests in the Shares, if any.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the proposed Rights cum Warrants Issue, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

12. TRADING CAUTION

Shareholders and potential investors are advised to exercise caution in trading in the Company's Shares as there is no certainty or assurance that the proposed Rights cum Warrants Issue will materialise.

Shareholders and investors are also advised to read this announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax or other professional adviser immediately.

BY ORDER OF THE BOARD

Low Weng Fatt
Managing Director and Chief Executive Officer

26 August 2015