

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

THE PROPOSED DISPOSAL OF 90% EQUITY INTEREST IN SUZHOU PROMAX COMMUNICATION TECHNOLOGY CO., LTD (THE “PROPOSED DISPOSAL”) AND THE WAIVER GRANTED BY SGX-ST FROM THE REQUIREMENT TO COMPLY WITH RULE 1014(2) OF THE LISTING MANUAL

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**” or the “**Directors**”) of Chasen Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s indirect subsidiary, REI Promax Technologies Pte. Ltd. (“**PMXS**”) has entered into a sale and purchase agreement (the “**SPA**”) with Mr Wee Teck Wee (the “**Purchaser**”) in relation to the proposed disposal (the “**Proposed Disposal**”) of 90% of the equity interest (the “**Equity Transfer**”) in Suzhou Promax Communication Technology Co., Ltd (“**PMXC**”), upon the terms and conditions set out in the SPA.
- 1.2. The relative figures of the Proposed Disposal under Rule 1006(b) of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) is negative and has exceeded 20%. The figures do not fall within the situations envisaged in paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual. Therefore, the Proposed Disposal is classified as a major transaction for the purposes of Rule 1014 of the Listing Manual and would have been subject to the approval of the shareholders of the Company (the “**Shareholders**”) unless such requirement is waived by the SGX-ST.

2. WAIVER FROM THE REQUIREMENT TO COMPLY WITH RULE 1014(2) OF THE LISTING MANUAL

- 2.1. The Company had submitted an application to the SGX-ST for a waiver from the requirement to comply with Rule 1014(2) of the Listing Manual (the “**Waiver**”). The Company wishes to announce that SGX-ST granted its approval for the Waiver, subject to the following:
- 2.1.1. the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;
- 2.1.2. submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors’ decision which has yet to be announced by the Company;
- 2.1.3. submission of a written confirmation from the Company that the Waiver is/will not be in contravention of any laws and regulations governing the issuer and its constitution (or equivalent in the issuer’s country of incorporation); and
- 2.1.4. disclosure via SGXNet of the Board’s assessment that there will be no material change to the risk profile of the Group as a result of the Proposed Disposal and the bases for the Board’s assessment.
- 2.2. The Company had sought the Waiver from the SGX-ST for the following reasons:
- 2.2.1. PMXC is a loss-making entity.
- (a) PMXC reported a loss of S\$4,166,000 in FY2024. Meanwhile, in the previous years of 2023 and 2022, PMXC has reported a loss of S\$1,092,000 and S\$293,000 respectively. Please refer to Appendix 1 attached for the 3-year accounts of PMXC.

- (b) PMXC has shown a consistent decline in its financial performance on a comparative year on year basis over its last three financial years from 2022 to 2024.
- (c) The net loss attributable to the Company through their interest in PMXC through their holding of PMXS constitutes approximately 82.1% of the Group's financial loss for FY2024. It is evident that the Company would have shown significantly better financial performance, if not for the losses of PMXC.

2.2.2. The Proposed Disposal is a disposal of a non-core business and non-core asset of the Company.

- (a) It is not likely to affect the nature of the Company's principal business and will not result in a material change in the risk profile of the Group. PMXC is not a core asset of the Company as it is not critical to the Company's principal business activity. The principal business activity of the Company involves specialist relocation services, providing specialist manpower equipped with specialised material handling tools, equipment and vehicles to relocate machinery and equipment for customers in various situations, including within their premises, locally and across borders. The Group aims to grow its business by focusing on the chip manufacturing industry for semiconductor and its supporting industries.
- (b) PMXC's business is that of a third-party manufacturer that produces products for clients. It does not retain ownership of the product's design, intellectual property and does not have any control over the distribution of the products. Its business is very much dependent on its client's ability to market each product and choice of market, which leads to unpredictable sales and revenue being relatively unstable.
- (c) PMXC was established to expand the Group's business into China and does not form part of the Company's existing principal business.

2.2.3. The Proposed Disposal will allow the Company to mitigate and limit its future losses related to its equity interest in PMXC held through PMXS.

- (a) As stated in previous paragraphs, PMXC has experienced consistent losses over the past three financial years, from 2022 to 2024. This sustained period of financial underperformance has significantly impacted the Company's overall profitability and cash flow.
- (b) PMXC also continues to face many challenges within its industry, particularly due to reduced demand and the broader economic conditions in China. These challenges have led to ongoing poor performance, which is projected to result in continued losses for the Group. By proceeding with the Proposed Disposal, the Company can strategically realign its portfolio and focus on more profitable ventures, thereby enhancing overall financial stabilities and shareholder value.

2.3. The conditions as required under Rule 107 of the Listing Manual are as follows:

- 2.3.1. The Exchange may waive or modify compliance with a listing rule (or part of a rule) either generally or to suit the circumstances of a particular case, unless the listing rule specifies that the Exchange will not waive it.
- 2.3.2. The Exchange may grant a waiver subject to such conditions, as it considers appropriate. If the Exchange waives a listing rule (or part of a rule) subject to a condition, the condition must be satisfied for the waiver to be effective.
- 2.3.3. Where a waiver is granted, the issuer must announce the waiver, the reasons for seeking the waiver and the conditions, if any, upon which the waiver is granted as soon as practicable.

2.4. The Board's assessment is that the proposed disposal of PMXC will not result in a material change and will reduce the Group's overall risk profile for the following reasons:

- 2.4.1. **Strategic Focus:** Divesting PMXC, which has underperformed and is misaligned with the Group's core strategy, enables the Group to concentrate on more profitable areas, thereby reducing overall risk.
- 2.4.2. **Financial Health:** The proposed disposal of PMXC eliminates ongoing losses and potential liabilities, improving the Group's financial stability. PMXC incurred a loss of S\$4.2 million in FY2024, representing 82.1% of the Group's loss.
- 2.4.3. **Risk Reduction:** Disposing of PMXC reduces the Group's needs and exposure to finance PMXC for working capital purposes, thus reducing the Group's overall risk.

This assessment is based on a comprehensive evaluation of PMXC's financial performance and strategic fit to the Company.

- 2.5. The Board has submitted to SGX-ST a written confirmation stating (a) that the Company is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company and (b) that the waiver is/will not be in contravention of any laws and regulations governing the issuer and its constitution (or equivalent in the issuer's country of incorporation).
- 2.6. The Company confirms that all the Waiver conditions have been satisfied.
- 2.7. As the SGX-ST has granted the Waiver to the Company, the Company will not be convening an Extraordinary General Meeting to seek the approval of Shareholders for the Proposed Disposal.

3. INFORMATION RELATING TO THE PROPOSED DISPOSAL

3.1. Information on PMXC

- 3.1.1. PMXC is a company incorporated in the People's Republic of China. It is a wholly-owned subsidiary of PMXS which is a company incorporated in Singapore. PMXC primarily deals in contract manufacturing and both companies are in the business of providing solutions such as prototype designs, machining, precision engineering and machining for components and reserves engineering for telecommunication and ordinance industries. The Company, through its wholly owned subsidiary, CLE Engineering Services Pte. Ltd., holds a 55% equity interest in PMXS. PMXC has been accruing losses and the investment from the Company into PMXC has not been as successful as the Company intended it to be.
- 3.1.2. The Directors seek to dispose of 90% of the equity interest in PMXC to the Purchaser at a consideration of S\$1/- (the "**Purchase Price**") as it has been making losses, which constituted S\$4,166,000 out of an aggregate S\$5,072,000 of the Group's losses for FY2024. In addition, PMXC owed S\$1,677,334 and S\$1,202,165 to the Company and PMXS, respectively, as at 31 March 2024. The Proposed Disposal would greatly benefit the Company's financial position and performance and allow the Group to better allocate its resources.

3.2. Rationale for the Proposed Disposal

- 3.2.1. PMXC is a loss-making entity and reported a loss of S\$4,166,000 for FY2024. Meanwhile, in the previous years of 2023 and 2022, PMXC has reported a loss of S\$1,092,000 and S\$293,000 respectively, showing a consistent decline in its financial performance on a comparative year on year basis over its last three financial years from 2022 to 2024. The net loss attributable to the Company through their interest in PMXC through their holding of PMXS constitutes approximately 82.1% of the Group's financial loss for FY2024.
- 3.2.2. The Proposed Disposal will allow the Company to mitigate and limit its future losses related to its equity interest in PMXC held through PMXS. PMXC also continues to face many challenges within its industry, particularly due to reduced demand and the broader economic conditions in China. These challenges have led to ongoing poor performance, which is projected to result in continued losses for the Group. By proceeding with the Proposed Disposal, the Company can strategically realign its portfolio and focus on more profitable ventures, thereby enhancing overall financial stabilities and shareholder value.

3.3. Information on the Purchaser

- 3.3.1. The Purchaser is the general manager of PMXC and has been running the operations of PMXC since the beginning. The Purchaser became a joint venture business partner of the Group since 2008.
- 3.3.2. To the best of the knowledge of the Board: (i) none of the directors (other than in his/her capacity as director or Shareholder, as the case may be) of the Company has any interest, direct or indirect in the Proposed Disposal; and (ii) there are no substantial shareholders in the Company who have any interest, direct or indirect, in relation to the Proposed Disposal.

4. SALIENT TERMS OF THE SPA

4.1. Consideration

The Consideration was arrived at on a willing buyer and willing seller basis after arms' length negotiations between PMXS and the Purchaser. In agreeing to the Consideration, the Group had taken into account including but not limited to the following factors:

- (a) PMXC's losses for the past 3 financial years
- (b) PMXC's operational challenges in catching up with the Group's growth strategy; and
- (c) The current economic environment;

4.2. Conditions precedent

The completion of the Proposed Disposal ("**Completion**") under the SPA is subject to, *inter alia*, the following conditions being satisfied:

- (a) The board of directors or shareholders' meeting or the competent internal decision making body of the Purchaser, the Company, PMXS and PMXC approved the Equity Transfer;
- (b) The execution of the SPA;
- (c) Payment of Purchase Price; and
- (d) The Authority for Market Regulation in the registered place of the Target Company has issued the New Business License to the Target Company to reflect the Equity Transfer and the amendment of the articles of association.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

- 5.1. The relative figures for the Proposed Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual are as follows:

Listing Rule	Bases	Relative Figure(%)
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	(5.0)% ⁽¹⁾
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	(82.1)% ⁽²⁾
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	0.0% ⁽³⁾

1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable

Note:-

- (1) Under Rule 1002(3)(a), "net assets" means total assets less total liabilities.
- (2) Under Rule 1002(3)(b), "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Under Rule 1002(5), "market capitalisation" of the issuer is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement.

5.2. Pursuant to Rule 1014 of the Listing Manual, where any of the relative figures as computed on the bases set out in Rule 1006 is negative, has exceeded 20% and does not fall within the situations envisaged in paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual. The transaction is classified as a major transaction under Rule 1014 of the Listing Manual which must, unless otherwise exempted, be made conditional upon approval by Shareholders in general meeting. As the relative figures of the Proposed Disposal under Rule 1006(b) exceeds 20%, the Company had submitted an application to the SGX-ST for a waiver from the requirement to comply with Rule 1014(2) of the Listing Manual in accordance with the guidance provided in paragraph 7 of Practice Note 10.1 of the Listing Manual. SGX-ST has granted its approval, subject to the conditions stated in paragraph 2.1 above. The Company confirms that all the waiver conditions have been satisfied.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1. Bases and assumptions

The following are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Group after Completion. The financial effects of the Proposed Disposal on the Group as set out below are based on the Group's latest audited financial statements for the financial year ended 31 March 2024 and the following assumptions:

- (a) the financial effects on the Group's net tangible assets ("**NTA**") attributable to the Shareholders and the NTA per Share have been computed assuming that Proposed Disposal had been effected on 31 March 2024 (being the end of the latest audited financial year for the Group); and
- (b) the financial effects on the Group's net loss/profit attributable to the Shareholders and the loss per Share ("**LPS**") or earnings per share ("**EPS**") have been computed assuming that the Proposed Disposal had been effected on 1 April 2023 (being the beginning of the latest audited financial year for the Group).

6.2 NTA per Share

	Before the Proposed Disposal	After the Proposed Disposal
NTA attributable to Shareholders ('000)	45,371	47,662
Number of issued shares ('000)	387,027	387,027
NTA per share (S\$)	11.72	12.31

6.3 (LPS)/EPS

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to Shareholders ('000)	(6,831)	(4,908)
Weighted average number of shares ('000)	387,027	387,027
(LPS)/EPS (S\$)	(1.76)	(1.27)

7. DIRECTOR'S SERVICE CONTRACT

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

8. FURTHER ANNOUNCEMENT

The Company will make further announcements in relation to the Proposed Disposal as and when there are material developments.

9. 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 on the Proposed Disposal, the Company 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 this announcement in its proper form and context.

10. MISCELLANEOUS

Shareholders and investors of the Company are advised to exercise caution when dealing in the Shares of the Company. In the event of any doubt as to the actions they should take, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

By Order of the Board

Low Weng Fatt
Managing Director and Chief Executive Officer
25 October 2024

Appendix 1
PMXC's full year accounts for FY2022 to FY2024

Suzhou Promax Communication Technology Co., Ltd ("PMXC")
Statement of Profit and Loss
For the financial year ended

	<u>2024</u> S\$'000	<u>2023</u> S\$'000	<u>2022</u> S\$'000
Revenue	10,372	26,466	18,258
Cost of sales	(12,466)	(25,118)	(16,150)
Gross profit	(2,094)	1,348	2,108
Other operating income	231	386	197
Distribution and selling expenses	(536)	(590)	(376)
Administrative expenses	(1,367)	(1,649)	(1,808)
Other operating expenses	(139)	(266)	(96)
Finance expenses	(261)	(321)	(318)
Loss before income tax	(4,166)	(1,092)	(293)
Income tax expenses	-	-	-
Loss for the financial year	(4,166)	(1,092)	(293)
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operation	-	-	-
Total comprehensive loss for the financial year	(4,166)	(1,092)	(293)

Suzhou Promax Communication Technology Co., Ltd ("PMXC")

Summary of Statement of financial position

	31-Mar-24 \$'000	31-Mar-23 \$'000	31-Mar-22 \$'000
Non-current assets			
Property, plant and equipment	1,867	2,592	3,517
Right-of-use assets	1,294	1,957	2,847
Deferred tax assets	148	153	169
	<u>3,309</u>	<u>4,702</u>	<u>6,533</u>
Current assets			
Inventories	4,152	4,383	4,987
Trade receivables	3,121	6,980	4,676
Other receivables, deposits and prepayments	577	504	443
Cash and cash equivalents	172	694	847
	<u>8,022</u>	<u>12,561</u>	<u>10,953</u>
Total assets	<u>11,331</u>	<u>17,263</u>	<u>17,486</u>
Equity attributable to equity holders of the Company			
Share capital	2,032	2,032	2,032
Other reserves	(462)	(399)	(58)
Foreign currency translation reserve	(462)	(399)	(399)
Retained earnings	(2,687)	(239)	131
	<u>(1,117)</u>	<u>1,394</u>	<u>2,105</u>
Non-controlling interests	(578)	1,140	1,723
	<u>(1,695)</u>	<u>2,534</u>	<u>3,828</u>
Non-current liabilities			
Finance lease payables	-	-	12
Operating lease liabilities	1,017	1,489	2,327
	<u>1,017</u>	<u>1,489</u>	<u>2,339</u>
Current liabilities			
Bank loans	3,241	2,792	2,794
Finance lease payables	548	-	-
Operating lease liabilities	422	616	609
Trade payables	3,613	6,660	5,361
Other payables and accruals	4,147	3,133	2,512
Income tax payable	38	39	43
	<u>12,009</u>	<u>13,240</u>	<u>11,319</u>
Total liabilities	<u>13,026</u>	<u>14,729</u>	<u>13,658</u>
Total equity and liabilities	<u>11,331</u>	<u>17,263</u>	<u>17,486</u>