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

CONVERTIBLE LOAN AGREEMENT

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1. CONVERTIBLE LOAN AGREEMENT

1.1 The Board of Directors of the Company (the "**Board**") wishes to announce that the Company had, on 12 July 2014, entered into a convertible loan agreement ("**Agreement**") with Ms Li Wei ("**Lender**"), pursuant to which the Lender will grant a convertible loan of an aggregate amount of S$3.0 million to the Company (the "**Convertible Loan**") within 14 days of the date of the Agreement ("**Disbursement Date**") ("**Transaction**"). The Convertible Loan is convertible, in whole or in part, at the option of the Lender into fully paid new ordinary shares of the Company ("**Conversion Share(s)**") at a fixed price of S$0.18 ("**Conversion Price**"), at any time after the Disbursement Date, before the Expiry Date (as defined below), subject to the terms and conditions of the Agreement.

1.2 The Conversion Price represents a discount of 3.59% to the volume weighted average price of S$0.1867 per share in the capital of the Company ("**Shares**") for trades done on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the full market day on 11 July 2014, being the market day preceding the date on which the Agreement was signed.

Based on the Conversion Price, the maximum number of Conversion Shares to be issued would be 16,666,666 new Shares.

1.3 The principal terms of the Agreement are as follows:-

(a) **Interest:** The Convertible Loan or outstanding Convertible Loan (in the event of a partial conversion), as the case may be, bears interest at the rate of 7.5% per annum, until the Convertible Loan is fully converted or redeemed in accordance with the terms and conditions of the Agreement. Interest is computed, accrued and payable on a 26 weeks basis commencing from the Disbursement Date.

(b) **Repayment Date:** The Company may after a period of not less than 12 calendar months following the Disbursement Date, pay off the entire outstanding Convertible Loan by serving 30 days' notice on the Lender and paying to the Lender, upon the expiry of the 30 days' notice, both the outstanding Convertible Loan and the applicable accrued interest.

(c) **Conversion Price:** The Conversion Price is fixed at S$0.18 per Conversion Share.

(d) **Conversion Rights**: The Lender shall have the right to convert at the Conversion Price all or part of the outstanding amounts (in tranches of not less than S$500,000 per tranche) of the Convertible Loan into new ordinary shares of the Company, at any time commencing from the disbursement of the Convertible Loan up to the Repayment Date.

(e) **Expiry Date:** The Convertible Loan or outstanding Convertible Loan (as the case may be) shall (unless otherwise fully converted before the date hereof) be repayable in full on 30 June 2017 or 36 calendar months from the first calendar month following the Disbursement Date or such other date that the Parties may agree in writing.

2. INFORMATION ON THE LENDER

2.1 The Lender is a citizen of the Republic of Singapore and a willing investor introduced to the Company by a professional capital market intermediary.

2.2 Save as disclosed in this announcement, the Company confirms, to the best of their knowledge, that the directors or substantial shareholders of the Company, do not have any connection (including business relationships) with the Lender.

3. RATIONALE OF THE TRANSACTION AND USE OF PROCEEDS

3.1 Since the warrants issue undertaken by the Company in 2014, the conversion rate has been lower than expected, and the Company has to seek alternative source of funds for business expansion and other use of proceeds stated in the offer information statement dated on 26 February 2014.

3.2 The Company intends to utilise the funds from the Convertible Loan to enlarge the general working capital of the Group for business expansion, working capital and/or such other purposes as the Directors may deem fit.

3.3 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. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

3.4 Pending the deployment of the proceeds, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

4. AUTHORITY TO ISSUE SHARES

The Conversion Shares will be issued pursuant to the general mandate (the "**Share Issue Mandate**") approved by shareholders at the Annual General Meeting held on 26 July 2013. The Share Issue Mandate authorises, *inter alia,* the Directors to issue Shares and/or convertible securities of not more than 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of Shares and/or convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the total number of issued Shares (excluding treasury shares) in the capital of the Company. The maximum number of Conversion Shares that can be issued under the Agreement is 16,666,666, and is within the limits of the Share Issue Mandate. Accordingly, specific approval from shareholders is not required for the proposed Transaction.

5. APPROVALS

The Company will make an application to the SGX-ST for the listing and quotation of the Conversion Shares. The Company will make the necessary announcements in relation to the application, among others, in due course.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial shareholders of the Company has any interest, direct or indirect, or to the best of their knowledge, any connection in the proposed Transaction (other than through their shareholdings in the Company).

7. DIRECTORS' RESPONSIBILITY STATEMENT

7.1 The directors of the Company collectively and individually (including those who may have delegated detailed supervision of this announcement) 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 Transaction, 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.

7.2 Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a name 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.

BY ORDER OF THE BOARD

Low Weng Fatt
Managing Director and Chief Executive Officer

14 July 2014