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

THE PROPOSED LEASES AND DEVELOPMENT PLAN OF NO.16 AND NO.18, JALAN BESUT SINGAPORE 619571 OF CHASEN LOGISTICS SERVICES LIMITED, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND THE WAIVER GRANTED BY SGX-ST FROM THE REQUIREMENT TO COMPLY WITH RULE 1015 OF THE LISTING MANUAL IN RESPECT OF THE PROPOSED LEASES AND DEVELOPMENT PLAN

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1. BACKGROUND

The Board of Directors (the "**Board**") of the Company wishes to announce that the Jurong Town Corporation ("**JTC**") has offered Chasen Logistics Services, a wholly-owned subsidiary of the Company ("**CLS**") two leases, one for No.16 Jalan Besut Singapore 619569 ("**No.16**") and the other for No.18 Jalan Besut Singapore 619571 ("**No.18**") for an approximate term of 23 years ("**Proposed Leases**") (collectively, the "**Properties**", each a "**Property**") and the Company intends to accept the Proposed Leases for the purposes of building an integrated warehouse on the Properties, subject to approval of shareholders of the Company ("**Shareholders**").

In connection with the Proposed Leases, the Company intends to convene an extraordinary general meeting ("**EGM**") to be held in June 2023 to obtain Shareholders' approval on the Proposed Leases and Development Plan. A circular containing full details of the Proposed Leases and Development Plan enclosing a notice of the EGM in connection therewith ("**Circular**") will be despatched to the Shareholders and the Company will be announcing the despatch of the Circular in due course.

The Company had submitted an application to the SGX-ST for a waiver from compliance with Rule 1015 of the Listing Manual in respect of the Proposed Leases and Development Plan and for it to be treated as a "major transaction" under Rule 1014 of the Listing Manual and not as a "very substantial acquisition") ("**Waiver**"). The Board wishes to announce that on 18 May 2023, the SGX-ST granted its approval for the Waiver, subject to the following:

(a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Mainboard Listing Rule 107 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; and

(b) the Company complying with Listing Rule 1014(2), and the Proposed Investment as well as the construction of the Proposed New Building under the CLS' Proposed Leases and Development Plan being approved by Shareholders at an EGM to be convened.

The Company had sought the Waiver from SGX-ST for the following reasons:

(a) the Proposed Leases and Development Plan do not result in any significant change to the core business of the Group and will not significantly change the risk profile of the Group;

(b) the additional requirements imposed on a "very substantial acquisition", such as the requirement for the asset or business to be acquired to be profitable and in a healthy financial position, an independent valuation of the asset or business to be acquired, and the provision of an accountants' report on the business to be acquired and the enlarged group, are not applicable to the Proposed Leases and Development Plan as the Group is not purchasing any securities, business or undertaking from any party;

(c) the Proposed Leases and Development Plan do not involve any issue of the Company's shares; and

(d) the expenditure to be incurred for the Proposed Leases and Development Plan (for new plant and machinery and the Proposed New Building) over the course of about 3 years is in the form of capital expenditure incurred for building the Proposed New Building and the plant and machinery to be installed in accordance with the terms of the Agreements for Lease, and includes the building, installation and construction costs to be incurred. The Proposed Leases and Development Plan are not a transaction for the purchase of an existing building. The Proposed Leases and Development Plan are needed for CLS' business as the lease of its existing premises at No.18 will be expiring on 29 February 2024.

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

(a) 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.

(b) 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.

(c) 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.

Save for the approvals of Shareholders in respect of the Proposed Leases and Development Plan being obtained at an EGM, all other conditions of the Waiver have been satisfied.

Brief details of the Proposed Leases and Development Plan are set out below.

2. CLS' PROPOSED LEASES AND DEVELOPMENT PLAN

2.1 Information on the Properties

2.1.1 CLS currently occupies No.18.The existing tenancy will expire on 29 February 2024. JTC has offered CLS a further term of 20 years commencing from 1 March 2024 to 29 February 2044 on 17 July 2020 and was duly accepted by CLS on 6 August 2020 ("**Original Further Term Lease**").

2.1.2 The JTC has also offered CLS a 30-year lease at a vacant land at No.16 commencing from 4 March 2021 to 3 March 2051 on 17 July 2020 and was duly accepted by CLS on 6 August 2020 ("**Original Lease**").

2.1.3 On 30 September 2022, CLS requested JTC to have an amalgamated warehouse built on No. 16 and No. 18 ("**Proposed New Building**") and addressed the following JTC's queries relating to CLS' proposed ramp-up integrated warehouse development plan in connection to the Properties:

(i) Reasons for the request to align the expiry dates for No. 16 lease and No.18 lease;
(ii) Further details such as building drawing of the Development Plan including information on the floor area and plot ratio; and
(iii) Details on the request for the extension of the Building and Investment Period (i.e. duration), along with the timeline of construction and TOP.

2.1.4 On April 2023, JTC informed CLS that they are agreeable to CLS' request for a co-terminous expiry date of 21 August 2046 subject to the terms and conditions set forth therein ("**5 April Offer Letters**").

The 5 April Offer Letters consist of (i) an Offer for Lease for JTC Land Known as PTE LOT A <to be made known later> at 16 Jalan Besut, Singapore 619569 and (ii) an Offer for Further Term of Lease for JTC Land Known as PTE LOT A19571 at 18 Jalan Besut, Singapore 619571 on and subject to the terms and conditions set out in the two aforementioned letters from JTC dated 5 April 2023. The new lease term for No. 16 is 23 years, 3 months and 21 days from the 1 May 2023 instead of 30 years from 2 August 2020 ("**New Lease Term**"); and the new further lease term for No. 18 is a further term of 22 years, 5 months and 21 days ("**Further Term**") from 1 March 2024 instead of for 20 years from 1 March 2024.

2.1.5 On or around 24 April 2023, CLS sought JTC's approval to extend the deadline for acceptance of the Proposed Leases from 24 April 2023 to 10 July 2023 so as to give the Company time to seek Shareholders' approval for the Proposed Leases.

2.1.6 On 8 May 2023, JTC approved CLS' request to extend the deadline for acceptance of the Proposed Leases to 10 July 2023 via letters (the "**8 May Offer Letters**"). The 8 May Offer Letters superseded the 5 April Offer Letters. There are no other changes in the 8 May Offer Letters as compared to the 5 April Offer Letters except for the following:

(a) For No. 18, the acceptance date changed to 10 July 2023 instead of 25 April 2023.

(b) For No. 16, the changes are as follows:

(i) Possession and Commencement Date: 1 August 2023 instead of 1 May 2023;

(ii) Lease Term: 23 years and 21 days from the Commencement Date instead of 23 years, 3 months and 21 days from the Commencement Date;

(iii) Acceptance date changed to 10 July 2023 instead of 25 April 2023; and

(iv) Respective Revision Dates of the Land Rent (as defined below): 1 August 2024 and 1 August of every year during the Lease Term, instead of 1 May 2024 and 1 May of every year during the Lease Term

2.2 Rationale of CLS' Proposed Leases and Development Plan

2.2.1 CLS' Proposed Leases and Development Plan are part of the Group's strategic plans for the purpose of expanding its warehouse management and warehousing facilities for CLS, to support the warehousing, transportation, freight forwarding, rigging and other related logistics businesses in Singapore and the Southeast Asia region.

2.2.2 The approval given by JTC and the balance of the lease term of approximately 23 years represents an opportunity to enable the Group to cater to market demands for the next two decades.

2.2.3 The Development Plan will enable the Group to be able to reap the economies of scale of operations housed under one roof at the Properties. There will be cost effectiveness and cost savings when operations are housed together in the combined Properties.

2.2.4 The Development Plan will add gross floor area of approximately 36,316 square metres, which can be used to enhance the cost effectiveness and competitiveness of CLS' operations for warehouse management. The additional gross floor area corresponds with CLS' strategic plans to expand its warehousing, transportation, freight forwarding, rigging and other related logistics businesses in Singapore and the Southeast Asia Region.

2.2.5 For the reasons set out above and based on the terms and conditions in the 8 May Offer Letters Lease, the Company considers it to be in the interests of CLS to enter into the Proposed Leases and to construct the Proposed New Building under the Development Plan.

3. KEY TERMS OF 5 APRIL OFFER LETTERS AS AMENDED BY 8 MAY OFFER LETTERS

The key terms and conditions of the 5 April Offer Letters as amended by the 8 May Offer Letters including the following:

3.1 Confirmation of Tenure and Reinstatement

Based on the terms of 5 April Offer Letters as amended by the 8 May Offer Letters, the grant of the lease of the Properties to CLS by JTC ("**Confirmation of Tenure**") is subject to the following obligations being satisfied by CLS:

(a) CLS' fulfilment of a minimum investment amount on plant and machinery of at least S$11,943,770, comprising at least S$10,510,000 on new plant and machinery and the remainder may consist of the net book value of CLS' existing plant and machinery to be moved to the Properties of S$1,433,770 ("**Declared Investment**") within a period of 3 years from the Commencement Date.

(b) CLS' completion of construction to erect and install a building, structures and installations on the Properties in accordance with the building terms annexed to the Agreement to Lease ("**Building Works**") within a period of three 3 years from the Commencement Date ("**Building Period**"), to a gross plot ratio of 2.50 ("**Minimum Gross Floor Area**"), and in accordance with the Aesthetic Control Guidelines, Plan Submission Fact Sheet and Urban Design Guidelines annexed to the Agreements for Lease and plans approved by JTC or the relevant authorities.

To satisfy the conditions set out in (b) above, CLS will be erecting the Proposed New Building on the Properties.

The leases of the Properties will be confirmed by JTC in writing upon CLS' fulfilment of the Declared Investment, Building Works and Green Building Obligations and other requirements as set out in the 5 April Offer Letters as amended by the 8 May Offer Letters. Until Confirmation of Tenure, CLS will be the licensee of the Properties.

The 5 April Offer Letters as amended by the 8 May Offer Letters will be issued for execution after issuance of the Certificate of Statutory Completion for the Building Works and the issuance of a Certificate of Title for the Properties to JTC, and subject to there being no existing breach of any of CLS' obligations.

3.2 Lease Term

The Leases Terms are as follows:

(a) No.16: 23 years and 21 days from the Lease Term Commencement Date of 1 August 2023.
(b) No.18: 22 years, 5 months, 21 days from the Further Term Commencement Date of 1 March 2024.

3.3 Land Rent

The Land Rent for No. 18's Further Term is payable in advance and is based on the rate prevailing at the Further Term Commencement Date as determined by JTC. The Land Rent will be revised on the respective revision dates ("**Respective Revision Dates**") (i.e. 1 March 2025 and 1 March of every year during the Further Term) based on the prevailing market rent for the Property. However, any increase will not exceed 5.5% of the Land Rent for the preceding year. The market rent for the Property refers to the rent per square metre per annum of the Property, excluding the building and other structures erected on it, as determined by JTC on or about the Respective Revision Dates. The estimated total Land Rent for No. 18 amounts to S$11,000,000.

The Land Rent for No. 16's New Lease Term is payable by CLS to JTC is S$25.25 per square meter per annum, payable in advance. This amounts to a rate per annum of S$129,537. The Land Rent will be revised on the Respective Revision Dates based on the prevailing market rent for the Property. However, any increase will not exceed 5.5% of the Land Rent for the preceding year. The market rent for the Property refers to the rent per square metre per annum of the Property, excluding the building and other structures erected on it, as determined by JTC on or about the Respective Revision Dates (i.e. 1 August 2024 and 1 August of every year during the New Lease Term). The estimated total Land Rent for No. 16 amounts to S$6,000,000.

3.4 Special Terms and Conditions

In addition to the obligations above, CLS must comply with the following conditions:

(a) If CLS fails to satisfy the Declared Investment and develop the Properties to a gross plot ratio of not less than the Minimum Gross Plot Ratio of 2.5 and complete the Building Works, JTC, will at its discretion to either:
    (i) not grant the lease to CLS; or
    (ii) pro-rate the Lease Term and Further Lease Term ("**Reduced Term**") in accordance with the Pro-Rating Table specified (within the 8 May Offer Letters).

(b) CLS agrees that the leases of No. 16 and No. 18 will co-assign in the same transaction that if JTC re-enters one of the properties, CLS will have an obligation to immediately surrender and give JTC possession of the other property. The obligation extends to the yielding up and reinstatement obligations contained in the respective agreement for lease.

    CLS also agrees that both leases will co-terminate. If the termination dates are different, they will terminate on the earlier termination date unless JTC agrees otherwise.

    In the co-assignment and co-termination situations stated in (a) and (b) above, JTC has the right to determine and stipulate the minimum Land Area Coverage, minimum Gross Plot Ratio and /or the Maximum Gross Plot Ratio of both Properties.

3.5 Authorised Use

In addition to the foregoing, CLS is required to:

(a) use the Properties only for the Authorised Use; and

(b) obtain all necessary approvals required for the Building Works, any construction and development at the Properties and keep such approvals in force throughout the Leases Term;

As at the date of the Offer, 100% of the issued share of CLS, are held by the Company. Any decrease in the ownership of CLS by the Company to 50% or below will be deemed to be a breach of the Mandatory Condition and the Company will have to pay applicable amount as per the Mandatory Condition Payment Table.

3.6 Assignment, Subletting and Control Requirements

JTC will consider application for assignment and/ or changes to the Control Requirement only if such applications are not during the Assignment Prohibition Period, i.e. the period from the Commencement Date until the expiry of 10 years from the date of the Confirmation of Tenure and the last 3 or 5 years of the Further Term for No.18 and New Lease Term for No.16, respectively.

3.7 Others

The Offer for the No 16 is also subject to CLS's execution of a Deed of Surrender in relation to the Original Lease, in accordance with the provisions therein.

The Original Further Term Lease for No 18 will terminate on the date of CLS' due acceptance of JTC's Offer.

4. TOTAL INVESTMENTS AND FUNDING

4.1 Pursuant to the terms and conditions in the 8 May Offer Letters, CLS would have to incur estimated costs of S$10,510,000 on new plant and machinery on the Properties in order to meet the Declared Investment requirement set out in paragraph 3.1(a) above, as well as estimated costs of S$58,500,000 required for and relating to the construction of the Proposed New Building and the Proposed Leases. Based on CLS' current estimates, the estimated total investment cost required for CLS for the Proposed Leases would be S$69,010,000 (the "**Estimated Total Investment Costs**"). The estimation of costs is based on preliminary discussions with relevant third-party professionals and consultants, with reference taken from JTC's 5 April Offer Letters and 8 May Offer Letters.

4.2 The Estimated Total Investment Costs do not include the aggregate amount of Land Rent (payable on an annual basis) payable by CLS to JTC over the Lease Terms of approximately 23 years.

4.3 CLS will be financing an estimate of S$58,500,000 of the estimated construction cost and approximately S$10,510,000 of the estimated plant and machinery cost through bank borrowings and internal sources. CLS has received an offer letter from a bank for a loan of up to 85% of the estimated construction costs and the estimated plant and machinery cost.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

5.1 Based on the financial statements for the period ended 31 December 2022 (being the latest announced unaudited consolidated financial statements of the Group), the relative figures for CLS' Proposed Leases and Development Plan computed on the 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.	Not applicable
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not applicable
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.	342.9[(1)]

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

Notes:

(1) Based on the Estimated Total Investment Costs of S$69,010,000 to be incurred for the Proposed Leases and the Company's market capitalisation of approximately S$20,125,000 as at 13 April 2023.

5.2 As the relative figures under Rule 1006(c) of the Listing Manual in relation to the Proposed Leases and Development Plan exceeds 100%, the Proposed Leases and Development Plan was deemed to be a "very substantial acquisition" pursuant to Rule 1015 of the Listing Manual. The Company had submitted an application to the SGX-ST for the Waiver as mentioned above in paragraph 1.

6. FINANCIAL EFFECTS OF CLS' PROPOSED LEASES AND DEVELOPMENT PLAN

6.1 Assumptions

6.1.1 The *pro forma* financial effects of CLS' Proposed Leases and Development Plan as set out below are for illustrative purposes only, and are neither indicative of the actual financial effects of the Proposed Leases and Development Plan nor representative of the future financial performance and position of the Group after entering into CLS' Proposed Leases and Development Plan.

6.1.2 The *pro forma* financial effects of CLS' Proposed Leases and Development Plan are based on the latest announced audited consolidated financial statements of the Group for financial year ended 31 March 2022 and have been prepared on the following assumptions:

(a) For the purpose of illustrating the financial effects of the Proposed Leases and Development Plan on the NTA per share of the Group, it is assumed that the Proposed Leases and Development Plan has been entered into on 31 March 2022;

(b) For the purpose of illustrating the financial effects of the Proposed Leases and Development Plan on the EPS of the Group, it is assumed that the Proposed Leases and Development Plan has been entered into on 1 April 2021;

(c) S$58,658,500 of the Estimated Total Investment Costs will be 85% financed by bank borrowings; and

(d) No earnings and expenses resulting from the Proposed Leases and Development Plan have been taken into consideration for the purpose of calculating the financial effects as the Proposed Leases and Development Plan will still be under construction as at 31 March 2022 had the Proposed Leases been entered into on 1 April 2021, save as set out in paragraph 7.3 below.

The assumptions set out above have been made purely for the purposes of calculating the financial effects of CLS' Proposed Leases and Development Plan and are subject to change.

6.2 Net tangible assets ("**NTA**") per share

On the bases and assumptions set out above, the *pro forma* effect of CLS' Proposed Leases and Development Plan on the NTA[(1)] of the Group is as follows:

	Before entering into the Proposed Leases and Development Plan	**After entering into the Proposed Leases and Development Plan**
NTA (S$'000)	51,390	51,390
NTA per Share (S$)[(1)]	13.28	13.28

Note:-

(1) Computed based on (i) the NTA of the Group; and (ii) 387,026,748 shares, being the total number of shares in issue as at 31 March 2022 (excluding treasury shares and subsidiary holdings).

6.3 Earnings per share ("**EPS**")

On the bases and assumptions set out above, the *pro forma* effect of CLS' Proposed Leases and Development Plan on the EPS of the Group is as follows:

	Before entering into the Proposed Leases and Development Plan	**After entering into the Proposed Leases and Development Plan**
Profit attributable to Shareholders (S$'000)	3,106	1,703
EPS (S$)	0.81	0.44

Notes:-

(1) Computed based on (i) the net profit after tax attributable to Shareholders; and (ii) 387,026,748 shares, being the weighted average number of shares issued for the year ended 31 March 2022 (excluding treasury shares and subsidiary holdings).

(2) The adjusted EPS of the Group takes into account the sum of S$1,403,000, comprising (a) S$1,170,000, being the interest on bank loan of S$58,658,500 at an interest of 5.0% per annum and on the basis that S$23,400,000 has been disbursed; (b) S$117,000, being the depreciation of right-of-use leased asset; and (c) S$116,000, being the finance cost of lease liabilities.

6.4 Gearing Ratio

Assuming that CLS' Proposed Leases and Development Plan had been entered into on 31 March 2022, the impact of the Proposed Leases and Development Plan on the gearing of the Group is as follows:

	Before entering into the Proposed Leases and Development Plan	**After entering into the Proposed Leases and Development Plan**
Borrowings (S$'000)	69,343	128,002
Shareholders' Funds (S$'000)	64,492	64,492

Debt to Equity Ratio	1.08	1.98

Notes:-

"Gearing" is computed based on the ratio of Proposed Borrowings to Shareholders' Funds.

The expression "Proposed Borrowings" refers to the amounts expressed in Singapore dollars of liabilities (excluding contingent liabilities) arising from borrowings from financial institution and non-financial institution lenders.

The expression "Shareholders' Funds" refers to the amounts expressed in Singapore dollars represented by the aggregate of the issued and paid-up capital, capital reserve, assets revaluation reserve, foreign currency translation reserve, fair value adjustment reserve and revenue reserves of the Group.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

7.1 The interests of the the Directors and Substantial Shareholders as at the Latest Practicable Date, as recorded in the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders respectively, are as follows:

	Shareholding			
	Direct Interest	**%**	**Deemed Interest**	**%**
Directors				
Low Weng Fatt [(1)]	50,883,708	13.15	662,500	0.17
Siah Boon Hock	10,824,901	2.80	-	-
Chew Mun Yew	-	-	-	-
Chew Choy Seng	-	-	-	-
Lim Yew Si	-	-	-	-
Substantial Shareholders (excluding Directors)				
Yap Beng Geok Dorothy[(2)]	35,244,083	9.11	7,945,912	2.05

Note:-

(1) Low Weng Fatt is deemed to be interested in the 662,500 Shares held by his spouse, Chua Kim Eng.

(2) Yap Beng Geok Dorothy is deemed to be interested in the 7,945,912 Shares held by her spouse, Cheong Tuck Nang.

7.2 Save their respective shareholdings in the Company as disclosed above, none of the Directors, Substantial Shareholders, or Controlling Shareholders have any interest, direct or indirect, in the Proposed Leases and Development Plan.

8. SERVICE AGREEMENTS

No person will be appointed on the Board in connection with the Proposed Leases and Development Plan and no service contracts in relation thereto will be entered by CLS.

BY ORDER OF THE BOARD

Low Weng Fatt
Managing Director and Chief Executive Officer
18 May 2023