

ASSET ACQUISITIONS AND DISPOSALS::PROPOSED ACQUISITION OF PROPERTY

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CHASEN HOLDINGS LIMITED

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Submitted By (Co./ Ind. Name)

Low Weng Fatt

Designation

Managing Director and CEO

Description (Please provide a detailed description of the event in the box below)

Please refer to the attachment.

Attachments

[CHL%20-%20Ann Acquisition%20of%20Property%20.pdf](#)

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PROPOSED ACQUISITION OF PROPERTY

The Board of Directors of Chasen Holdings Limited (the "**Company**") wishes to announce that the Company and its indirect subsidiary, City Zone Express Bonded Warehouse Sdn. Bhd. (Company No. 1257633-V) ("**CZEBW**") have on 2 July 2020 entered into a sale and purchase agreement (the "**SPA**") with Star Electronics Sales & Services Sdn. Bhd. (Company No. 447016-U) of 99A, Solok Bayan Lepas, Kawasan Perindustrian Bayan Lepas, FTZ, 11900 Pulau Pinang (the "**Vendor**") to purchase for a parcel of industrial land held under Pajakan Negeri Hakmilik No. 6693, Lot No. 14639, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang together with all industrial buildings erected thereon bearing postal address of 99A, Solok Bayan Lepas, Kawasan Perindustrian Bayan Lepas, Fasa 4, 11900 Bayan Lepas, Pulau Pinang (the "**Property**") for a total purchase consideration of RM40,000,000.00 (Ringgit Malaysia Forty million only, equivalent to SGD13,029,316 based on an exchange rate of SGD1.00 : RM3.07 as at 2 July 2020) (the "**Consideration**"), upon the terms and conditions as stipulated in the SPA (hereinafter referred to as the "**Proposed Acquisition**").

1. INFORMATION ON CITY ZONE EXPRESS BONDED WAREHOUSE SDN. BHD. AND THE VENDOR

CZEBW is a wholly-owned subsidiary of City Zone Express Sdn. Bhd., which is a subsidiary of Ruiheng International Pte Ltd. Ruiheng International Pte Ltd is a wholly-owned subsidiary of the Company. The principal activity of CZEBW is to carry out bonded warehousing, transportation, freight forwarding, rigging and others related logistics.

The Vendor is a private company incorporated in Malaysia, and is engaged in the wholesale distribution of electrical apparatus and equipment wiring supplies.

2. RATIONALE FOR THE PROPOSED ACQUISITION

The rented premises currently occupied by the CZE Group are nearly at full capacity and there is limited space for further expansion. The Proposed Acquisition will enable the CZE Group to be able to cater to market demands.

The Proposed Acquisition is part of the Group's strategic plans for the purpose of expanding its bonded warehousing facilities for the CZE Group, to support the warehousing, transportation, freight forwarding, rigging and other related logistics businesses in the South East Asia region.

The Property is strategically located near Penang International Airport.

3. CONDITIONS PRECEDENT

The obligation of the parties to complete the transaction is subject to the fulfilment of, *inter alia*, the following conditions:

- (a) the approval from the shareholders of the Company being obtained for the Proposed Acquisition;
- (b) the Vendors obtaining the relevant consents from the Penang State Authority and the Penang Development Corporation for the Proposed Acquisition;

- (c) in the event that the condition in paragraph 3(a) is not met, the Vendor will refund the monies paid to CZEBW within 7 working days of the Vendor's receipt of a written notification from CZEBW informing the Vendor that the condition was not met; and
- (d) in the event that the condition in paragraph 3(b) is not met, either party shall be entitled to terminate the SPA by a notice in writing to the other party within 14 days of the expiry of the period of 3 months from the date of the SPA or such further period as the Vendor and CZEBW may mutually agree to.

4. CONSIDERATION

The Consideration was arrived at after arm's length negotiations between the CZEBW and the Vendor on a willing-buyer and willing-seller basis, taking into account, amongst other factors, the prevailing market conditions and the market value of the Property, as well as the valuation of the Property, based on the valuation report on the Property dated 4 February 2020 issued by One Asia Property Consultants (Pg) Sdn. Bhd. (the "**Valuation Report**"), which has been appointed by the Company as the independent property valuer to value the Property.

The Consideration shall be satisfied by

- (a) 1% earnest fee payable as down payment which will form part of the 10% deposit;
- (b) the balance deposit of RM3,600,000.00 to be paid upon the execution of the SPA; and
- (c) the balance of the purchase price of RM36,000,000.00 to be paid to the Vendor within 3 months from the date on which the Vendor fulfils the conditions precedent set out in the SPA (the "**Completion Date**").

In the event CZEBW requires an extension of time to pay the balance RM36,000,000, the Vendor shall grant CZEBW an automatic extension of one month from the Completion Date to make payment, with interest of 7% per annum calculated on a daily basis from the Completion Date until the date of payment.

CZEBW shall retain an amount equivalent to 3% of the Consideration towards the payment of real property gains tax in Malaysia.

5. VALUATION AND SOURCE OF FUNDS

Based on the Valuation Report, the market value of the Property is approximately RM41,000,000, based on its existing physical condition with vacant possession. The valuation was commissioned by the CZEBW.

The Proposed Acquisition will be funded entirely through internal sources and bank financing. CZEBW has obtained a financing facility of RM36,000,000 from CIMB Bank Berhad to finance the Proposed Acquisition, and a charge over the Property will be registered in favour of CIMB Bank Berhad.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1. Assumptions

The *pro forma* financial effects of the Proposed Acquisition as set out below are for illustrative purposes only, and are neither indicative of the actual financial effects of the Proposed Acquisition nor representative of the future financial performance and position of the Company upon the completion of the Proposed Acquisition.

6.2. Net Tangible Assets (“NTA”)

Assuming that the Proposed Acquisition was completed on 31 March 2019 and based on the latest announced consolidated financial statements of the Group for the financial year ended 31 March 2019, the Proposed Acquisition would have the following pro forma impact on the consolidated NTA⁽¹⁾ of the Group:-

	As at 31 March 2019	
	NTA of the Group (S\$'000)	NTA per share (Singapore cents)
Before the Proposed Acquisition	59,984	15.43
After the Proposed Acquisition	59,984	15.43

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 2019 (excluding treasury shares and subsidiary holdings).

6.3. Consolidated Earnings Per Share (“EPS”)

Assuming that the Proposed Acquisition was completed on 1 April 2018 and based on the latest announced consolidated financial statements of the Group for the financial year ended 31 March 2019, the Proposed Acquisition would have the following pro forma impact on the consolidated EPS⁽¹⁾ of the Group:-

	Financial Year ended 31 March 2019	
	Net Profit after Tax (S\$'000)	EPS - Basic (Singapore cents)
Before the Proposed Acquisition	5,374	1.39
After the Proposed Acquisition	5,586	1.45

Notes:-

- (1) Computed based on (i) the net profit after tax attributable to Shareholders; and (ii) 385,795,062 shares, being the weighted average number of shares issued for the year ended 31 March 2019 (excluding treasury shares and subsidiary holdings).
- (2) Assuming the Proposed Acquisition was completed on 1 April 2018, being the start of FY2019, it would generate an estimated net profit after tax attributable to Shareholders of S\$212,000.

7. RELATIVE FIGURES

Based on the financial statements for the period ended 31 December 2019 (being the latest announced unaudited consolidated financial statements of the Group), the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006

		Relative Figures in %
Rule 1006(a)	The net asset value of the Property to be disposed of, compared with the Group's net asset value	Not Applicable
Rule 1006(b)	The net profit / (loss) attributable to the Property acquired or disposed of, compared with the Group's net profits	17.2% ⁽¹⁾⁽²⁾

Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	58.6%
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable
Rule 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) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests, as set out in Rule 1002(3)(b) of the Listing Manual.
- (2) Assuming the Proposed Acquisition was completed on 1 April 2018, it would generate an estimated net profit of S\$388,000.

As the relative figures under Rule 1006(b) of the SGX-ST Listing Manual exceed 20%, the Proposed Acquisition constitutes a major transaction as defined in Chapter 10 of the SGX-ST Listing Manual. Accordingly, the Proposed Acquisition is subject to the approval of the Shareholders.

8. DIRECTORS AND CONTROLLING SHAREHOLDERS' INTEREST

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, save for their respective shareholdings in the Company.

9. DIRECTORS' SERVICE CONTRACTS

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

10. CIRCULAR TO SHAREHOLDERS

The Company will convene an extraordinary general meeting ("**EGM**") to seek the approval of the Shareholders for the Proposed Acquisition and a circular to Shareholders setting out further information on the Proposed Acquisition, together with the notice of EGM to be convened, will be despatched to Shareholders in due course.

11. DOCUMENTS FOR INSPECTION

Copies of the SPA, Valuation Report and annual report of the Company for FY2019 are available for inspection during normal business hours at the Company's registered office at 18 Jalan Besut, Singapore 619571, for a period of three (3) months from the date of this announcement.

In view of the movement restrictions pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020, access to the registered office of the Company may not be possible during this period. Shareholders who wish to inspect the above documents should contact the Company so that arrangements can be made.

By Order of the Board

**Low Weng Fatt
Managing Director and CEO**

2 July 2020