

Asset Acquisitions and Disposals::Disposal of 37% interest in Eons Global Holdings Pte Ltd - Execution of Sale and Purchase Agreement

Issuer & Securities

Issuer/ Manager	CHASEN HOLDINGS LIMITED
Securities	CHASEN HOLDINGS LIMITED - SG1X55941717 - 5NV
Stapled Security	No

Announcement Details

Announcement Title	Asset Acquisitions and Disposals
Date & Time of Broadcast	21-Nov-2018 17:30:51
Status	New
Announcement Sub Title	Disposal of 37% interest in Eons Global Holdings Pte Ltd - Execution of Sale and Purchase Agreement
Announcement Reference	SG181121OTHRCS87
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	<p>@CHL - Disposal of shares in EGH 21112018.pdf</p> <p>Total size =65K</p>

Like 0

Tweet

G+

Share

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

DISPOSAL OF 37% INTEREST IN EONS GLOBAL HOLDINGS PTE. LTD.
— **EXECUTION OF SALE AND PURCHASE AGREEMENT**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Chasen Holdings Ltd. (the “**Company**”) wishes to announce that the Company and its wholly-owned subsidiary, Global Technology Synergy Pte. Ltd. (the “**Vendor**”), have entered into a conditional sale and purchase agreement (the “**SPA**”) with Gong Hanxian (“**Gong**”) and Macherie Jewellery (S) Pte. Ltd. (the “**Purchaser**”) (the Company, the Vendor, Gong and the Purchaser are collectively referred to as the “**Parties**”), pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase 37% of the issued and paid-up capital of EONS Global Holdings Pte. Ltd. (“**EGH**”), which is 40% owned by the Vendor and accounted for by the Vendor as a financial asset at fair value through other comprehensive income, for an aggregate cash consideration of RMB25 million (the “**Consideration**”) equivalent to approximately S\$4.94 million at the exchange rate of RMB5.0560 to S\$1.00, upon the terms and subject to the conditions of the SPA (the “**Disposal**”).

2. RATIONALE FOR THE PROPOSED DISPOSAL

The Board considers that the Disposal is in the interest of the Company and in line with the Company’s strategic plan to rationalise its investments, taking into consideration the financial positions and business prospects of the EGH.

3. INFORMATION ON THE PURCHASER AND EGH

3.1 Purchaser

The Purchaser is an investment holding company incorporated in Singapore on 26 October 2016. The issued and paid-up capital of the Purchaser is S\$10,000. Gong is a director and the sole shareholder of the Purchaser.

The Purchaser currently holds an equity interest of 60% in EGH, acquired from the Vendor in 2017.

Gong is a PRC national with substantial local business interests in Jilin City, People’s Republic of China (the “**PRC**”) where the operation of EGH’s wholly-owned subsidiary, Eons Global Water (JL) Co., Ltd (“**EGW**”) is located. Gong and his immediate family members reside in Singapore. Since April 2016, Gong through a framework agreement with the Company, has been working to resolve the operational issues of EGW with the local authorities with a view to launching its full scale commercial operations. Gong through his interactions with the local authorities is sufficiently confident of success to want to take a stake in the business of EGW through its Singapore holding company EGH.

3.2 EGH

EGH is a company which is 40% owned by the Vendor and accounted for by the Vendor as a financial asset at fair value through other comprehensive income. It was incorporated in Singapore on 14 January 2008. EGH's principal activities are in the provision of management consultancy services to EGW, its operating subsidiary in Jilin City, PRC.

EGW is a company incorporated in the PRC and is a wholly-owned subsidiary of EGH. EGW currently owns the rights to operate the Industrial Water Purification Plant including the Sewage Treatment Plant Branch, an affiliate branch of EGW in Jilin City in PRC.

4. **TERMS OF THE DISPOSAL**

4.1 Disposal

Subject to the terms and conditions of the SPA, the Vendor shall sell to the Purchaser and the Purchaser agrees to acquire from the Vendor, 370,000 ordinary shares in EGH ("**Sale Shares**"), comprising 37% of the issued and paid-up share capital in EGH.

4.2 Consideration

4.2.1 The Consideration shall be satisfied in cash and shall be paid by the Purchaser to the Vendor in the following stages:

- (a) RMB2,500,000 on or before 13 December 2018 (the "**Tranche 1 First Part Payment**"), equivalent to approximately S\$0.49 million at the exchange rate of RMB5.0560 to S\$1.00;
- (b) RMB10,000,000 on or before 30 May 2019 (the "**Tranche 1 Final Payment**"), equivalent to approximately S\$1.98 million at the exchange rate of RMB5.0560 to S\$1.00; and
- (c) RMB12,500,000 on or before 13 December 2019 (the "**Tranche 2 Payment**"), equivalent to approximately S\$2.47 million at the exchange rate of RMB5.0560 to S\$1.00.

4.2.2 The Consideration was arrived at after arm's length negotiations between the Purchaser and the Company, and on a willing buyer and willing seller basis, after taking into account, *inter alia*, the carrying value of the 37% of the issued and paid-up capital in EGH owned by the Vendor and accounted for by the Vendor as a financial asset at fair value through other comprehensive income as at 30 September 2018 of S\$4.28 million, equivalent to approximately RMB21.7 million at the exchange rate of RMB5.0560 to S\$1.00.

4.3 Collateral

4.3.1 As collateral for the Tranche 2 Payment, the Purchaser shall pledge to the Vendor 3,500,000 shares of Shenzhen Zhonghao (Group) Co., Ltd ("**Zhonghao**"), a company listed on the Shenzhen Stock Exchange with trading code 400011, for a value of RMB12,500,000 (the "**Collateral**"), in respect of the Tranche 2 Payment. The Parties shall enter into a share pledge agreement in connection with the Collateral (the "**Share Pledge Agreement**").

4.3.2 In the event the traded share price of Zhonghao falls below RMB3.85 per share for more than 3 consecutive trading days (the "**Relevant Period**"), the Purchaser shall, within one month of the last day of the Relevant Period, deposit cash to make up the value of the Tranche 2 Payment to be held in escrow at a bank account to be nominated by the Purchaser (the "**Escrow Account**"), failing which the Vendor shall be entitled to demand from the Purchaser the immediate payment in full of the Tranche 2 Payment of RMB12,500,000.

- 4.3.3 Any fees incurred in connection with the Escrow Account and/or the appointment of an escrow agent (if required) (the “**Escrow Agent**”) shall be borne by the Purchaser.
- 4.3.4 Upon receipt of the Tranche 2 Payment from the Purchaser on or before 13 December 2019, the Vendor shall return the collateral of 3,500,000 Zhonghao shares to the Purchaser or its nominee(s), and shall also instruct the Escrow Agent (if applicable) to release the cash in the Escrow Account (if any) to the Purchaser.
- 4.3.5 If the Purchaser fails to make the Tranche 1 First Part Payment to the Vendor on or before 13 December 2018 or the Tranche 1 Final Payment to the Vendor on or before 30 May 2019 the full amount of the Consideration shall become immediately due and payable by the Purchaser to the Vendor, and the Vendor shall be entitled to demand from the Purchaser the immediate payment in full of the Consideration, including the disposal of the 3,500,000 Zhonghao shares pledged for the Tranche 2 Payment.
- 4.3.6 If the Purchaser fails to make the Tranche 2 Payment to the Vendor on or before 13 December 2019, and the Vendor is unable to sell the 3,500,000 Zhonghao shares in the market within one month from 13 December 2019, the Vendor shall be entitled to demand from the Purchaser the immediate payment in full of the Tranche 2 Payment and proceed with legal action, and the Purchaser shall bear any legal costs as may be incurred by the Vendor.

4.4 Guarantee

- 4.4.1 In consideration of the Vendor agreeing to sell the Sale Shares to the Purchaser, Gong irrevocably and unconditionally guarantees the due and punctual payment by the Purchaser of the Consideration, comprising the Tranche 1 First Part Payment, Tranche 1 Final Payment, and the Tranche 2 Payment to be paid to the Vendor on or before 13 December 2018, 30 May 2019 and 13 December 2019 respectively, and in this regard will execute (a) a personal guarantee governed by Singapore laws and (b) a personal guarantee governed by PRC laws (collectively, the “**Personal Guarantees**”).
- 4.4.2 Gong hereby agrees that in the event of any default in the Purchaser’s payment of the full amount of the Consideration, Gong shall, upon demand by the Vendor, cause forthwith to pay the full amount of the Consideration to the Vendor.
- 4.4.3 The Personal Guarantees shall be continuing guarantees and shall remain in full force and effect until the full amount of the Consideration has been paid to the Vendor, and may be enforced against Gong without any demand being made on or proceedings taken against the Purchaser.

4.5 Share Transfer

Upon receipt of the Tranche 2 Payment on or before 13 December 2019, the Vendor shall transfer the Sale Shares to the Purchaser or its nominee(s) (the “**Transfer Date**”).

4.6 Resignation from Directorship

Upon the Vendor’s receipt of the Tranche 1 First Part Payment on or before 13 December 2018 Mr. Siah Boon Hock shall resign as a director of (a) EGH; and (b) EGW, and the Purchaser shall no longer be obliged to submit any financial report to the Vendor.

4.7 Review of Shareholding

The Parties shall review the transfer to the Purchaser of the balance 30,000 shares representing 3% interest of the issued and paid-up share capital of EGH after a period of 3 years from the date of the Term Sheet (i.e. 13 September 2021).

5. **RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING RULES**

5.1 Under Chapter 10 of the Listing Rules, transactions which are classified under any of the four categories specified in Rule 1004 of the Listing Rules will trigger certain obligations on the Company.

5.2 The relative figures computed on the relevant bases set out in Rule 1006 of the Listing Rules in respect of the Disposal and based on the latest announced financial statements of the Group for the period ended 30 September 2018 after taking into Paragraph 4.2.2 are as follows:

Listing Rule	Relative Figures
Rule 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.	6.2% ⁽¹⁾
Rule 1006(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not applicable as the assets to be disposed is accounted for as financial asset at fair value through other comprehensive income.
Rule 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.	16.8% ⁽²⁾
Rule 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 as this is not an acquisition transaction.
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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable as the Company is not disposing a mineral, oil and gas asset.

Note:

1. The carrying amount of 37% interest in the issued and paid-up capital in EGH owned by the Vendor as financial asset at fair value through other comprehensive income as at 30 September 2018 is S\$4.28 million. The net assets of the Group as at 30 September 2018 is S\$68.82 million.
2. Pursuant to Rule 1002(5) of the Mainboard Rules, "market capitalisation" is calculated by the number of issued and paid-up shares of the Company (excluding treasury shares), amounting to 387,026,748 shares as at 30 September 2018, multiplied by the volume weighted average price of the Company's shares on 19 November 2018, being the market day preceding the date of the SPA. The Company's market capitalisation is approximately S\$29.41 million derived by multiplying the issued share capital of the Company of 387,026,748 shares by the volume weighted average price of such shares transacted on 19 November 2018, of S\$0.076.

6. PROCEEDS FROM THE DISPOSAL

The net sale proceeds from the Disposal, after deducting all costs and expenses is estimated to be approximately S\$4.94 million or equivalent to approximately RMB25 million at the exchange rate of RMB 5.0560 to S\$1.00. The proceeds from the Disposal will be used for working capital purposes of the Group. The carrying value of the Sale Shares owned by the Vendor and accounted for by the Vendor as financial asset at fair value through other comprehensive income as at 30 September 2018 is S\$ 4.28 million. Accordingly, the Company is anticipating that there would be a gain of S\$0.66 million arising from the Disposal to be recorded in the equity account instead of the statement of profit and loss when the transaction is completed on 13 December 2019.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 Bases and Assumptions

For the purposes of illustration only, the pro forma financial effects of the Disposal taken as a whole are set out below. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2018, being the most recently completed financial year, and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Disposal.

7.2 NTA

For illustrative purposes only, the pro forma financial effects of the Disposal on the Group's NTA per share, assuming that the Disposal had been completed on 31 March 2018, being the end of the most recently completed financial year, are set out below:

	As at 31 March 2018	
	Before Disposal	After Disposal
NTA (S\$ '000)	70,142	70,802
Number of shares issued (excluding treasury shares as at 31 March 2018 ('000))	382,976	382,976
NTA per Share (SG cents)	18.3	18.5

7.3 EPS

For illustrative purposes only, the pro forma financial effects of the Disposal on the consolidated earnings of the Group, assuming that the Disposal had been completed on 1 April 2017, being the beginning of the most recently completed financial year, are set out below:

	For the financial year ended 31 March 2018	
	Before Disposal	After Disposal
Profits attributable to shareholders (S\$ '000)	5,486	5,486
Weighted average number of shares for FY2018	371,320	371,320
Earnings per Share (SG cents)	1.48	1.48

There is no impact on the earnings per share of the Company for the most recently completed financial year, assuming that the Disposal had been effected at the beginning of that financial year as the investment in EGH is accounted for as financial asset at fair value through other comprehensive income.

8. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for their respective shareholding interests, if any, in the Company, none of the directors or controlling shareholders or substantial shareholders of the Company have any interest, direct or indirect, in the Disposal.

9. **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 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. **CAUTIONARY STATEMENT**

The Company wishes to highlight that completion of the Disposal is subject to conditions precedents being fulfilled and there is no certainty or assurance that the SPA will be completed or that no changes will be made to the terms of the SPA.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

11. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Disposal as appropriate or when there are developments on the same.

12. SERVICE AGREEMENT

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

BY ORDER OF THE BOARD

Low Weng Fatt
Managing Director and Chief Executive Officer
21 November 2018