

RESPONSE TO SGX QUERIES::

Issuer & Securities

Issuer/ Manager

CHASEN HOLDINGS LIMITED

Securities

CHASEN HOLDINGS LIMITED - SG1X55941717 - 5NV

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Response to SGX Queries

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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 change in the box below)

Please refer to the attachment.

Attachments

[Chasen - Annc - Response to SGX Queries - FY Results 2022.pdf](#)

Total size =27K MB

RESPONSE TO SGX'S QUERY TO THE COMPANY'S FULL YEAR RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Board of Directors of Chasen Holdings Limited (the "**Company**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in its email of 28 June 2022 relating to the Company's full year announcement for the financial year ended 31 March 2022 ("**FY2022**") released on 30 May 2022. The Company wishes to provide clarification as follows:

Query 1:

It is noted that the non-current trade receivables amounting to \$271,000 as at 31 March 2022. Please disclose:

- (i) the nature of the non-current receivables;**
- (ii) the reasons why these trade receivables remain uncollected after at least 1 year; and**
- (iii) the Board's assessment of the recoverability of the non-current trade receivables.**

Company's Response to Query 1:

- (i) The non-current receivable is trade in nature, which the Group's subsidiary billed the customer for the services provided.
- (ii) The customer, which is a joint-venture partner, requested financial assistance to pay beyond one year and the Group agreed to the request.
- (iii) The customer has been paying the outstanding amount by monthly instalment and the Board assessed that the customer will fulfil the monthly obligation.

Query 2:

It is noted that the current trade receivables amounting to \$48.6 million as at 31 March 2022. Please disclose:

- (i) a breakdown of the Group's receivables;**
- (ii) aging of the Group's trade receivables;**
- (iii) details of the Group's underlying transactions of its other receivables and the general terms of the transactions;**
- (iv) the Company's plans to recover the trade and other receivables;**
- (v) whether they are major customer(s) and whether the Company continues to transact with these customer(s);**
- (vi) the Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables; and**
- (vii) the Board's assessment of the recoverability of the remaining trade and other receivables.**

Company's Response to Query 2:

(i) Breakdown of the Group's receivables is as follows:

	S\$'000
Third parties	53,802
Retention receivables	458
Less: Loss allowance on trade receivables	(5,658)
Total	48,602[^]

[^] The Group's receivables of S\$48.6 million represent about three months' worth of revenue.

(ii) Aging of Group's receivables is as follows:

	Trade receivables					Total
	Current	Past due 1 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 90 days	
Total gross carrying amount (S\$'000)	34,208	8,143	2,076	773	9,331	54,531
Loss allowance (S\$'000)	-	-	-	-	(5,658)	(5,658)
Net carrying amount (S\$'000)	34,208	8,143	2,076	773	3,673	48,873

Breakdown:

Non-current trade receivable	271
Current trade receivable	48,602
Total	48,873

(iii) Details of the Group's underlying transactions of its other receivables are as follows:

	S\$'000
Current	
Deposits paid	3,097
Other receivables	7,923
Less: Loss allowance on other receivables	(483)
	7,440
Prepayments for service fees	4,385
Other prepayments	1,936
	6,321
	16,858
Total	16,858

The general terms of the following transactions are as follows:

- a) Deposit paid would be refundable upon termination of services or contract.
- b) Other receivables would be payable according to the contractual terms.
- c) Prepayments would be utilized according to the month when the service is performed or received.

(iv) Company's plans to recover the trade and other receivables

Company has established collection procedures for receivables.

Reminder letters and follow-up phone calls would be sent/made to chase for collection, especially for overdue accounts. If there is a lack of response from customers, demand letter will be sent by the Company. If the collection is still not forthcoming, demand letter will be issued by Company's lawyers to the customers. Legal action would be taken if no payment is received after the demand letter is sent.

The receivables would be written-off when there is evidence that debts would not be recoverable.

(v) Whether they are major customer(s) and whether the Company continues to transact with these customer(s);

Yes. The Company continues to transact with these major customer(s).

(vi) Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and recognizes an impairment or loss allowance for expected credit losses ("ECL") on the receivables according to the risk of default.

The credit risk is assessed by reviewing the change in the risk of a default occurring over the expected life of the receivables.

The Company uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that receivable has increased significantly since initial recognition, the Company measures the loss allowance for the receivable at an amount equal to the lifetime of ECL.

Based on the above, the Board is of the view that the methodologies used to determine the value of the impairment of the trade and other receivables are reasonable.

(vii) Board's assessment of the recoverability of the remaining trade and other receivables

As per (vi) above, the Board has assessed the Management's examination of the recoverability of trade and other receivables individually and collectively based on the age of debts to identify any expected credit losses and will continue to have oversight on the progress of the recoverability of the remaining trade and other receivables.

Query 3:

Given the Group's significant current bank loans of \$41.7 million and cash and bank balance of only \$19.1 million (inclusive of approximately \$3.0 million which is pledged) and noting that the Company has operating cashflow of \$10.3 million in the year ended 31 March 2022, please disclose:

- (i) The Board's assessment whether the Company's current assets are adequate to meet the Company's short term liabilities, including its bases of assessment; and**
- (ii) How the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.**
- (iii) Whether there are any cross default or deed of cross guarantee clauses in the contractual terms of the existing lending facilities.**
- (iv) Details on any other assets that have been used as collateral, apart from restricted cash and the collateral mentioned in Note 14.**

Company's Response to Query 3:

- (i) Board's assessment on whether the Company's current assets are adequate to meet the Company's short term liabilities, including its bases of assessment**

The Company's current assets of S\$93.8 million would be adequate to meet the Company's short-term liabilities of S\$78.6 million as there would be a net monthly inflow of receipts from operations.

- (ii) How the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.**

The Company has been making regular repayment of the loan and will continue to do so using the cash generated from the operations. Most of these loans are revolving credit facilities, which match the profile of our projects.

- (iii) Whether there are any cross default or deed of cross guarantee clauses in the contractual terms of the existing lending facilities.**

Yes.

- (iv) Details on any other assets that have been used as collateral, apart from restricted cash and the collateral mentioned in Note 14.**

There are no other assets that have been used as collateral, apart from restricted cash and the collateral mentioned in Note 14.

By Order of the Board

**Low Weng Fatt
Managing Director and CEO**

1 July 2022