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**Acquisitions and Disposals :: Discloseable Transaction :: ACQUISITION OF CAITONG INVESTMENTS PTE. LIMITED**

\* Asterisks denote mandatory information

Name of Announcer *	CHASEN HOLDINGS LIMITED
Company Registration No.	199906814G
Announcement submitted on behalf of	CHASEN HOLDINGS LIMITED
Announcement is submitted with respect to *	CHASEN HOLDINGS LIMITED
Announcement is submitted by *	Chew Kok Liang
Designation *	Company Secretary
Date & Time of Broadcast	17-Feb-2010 17:43:59
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**>> Announcement Details**

The details of the announcement start here ...

Announcement Title *	ACQUISITION OF CAITONG INVESTMENTS PTE. LIMITED
Description	Please see attached.

**Attachments**

 CHL\_Annct\_Acquisition\_of\_CTI.pdf  
 Total size = **50K**  
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**CHASEN HOLDINGS LIMITED**  
(Company Registration No. 199906814G)  
Incorporated in the Republic of Singapore

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**ACQUISITION OF SHARES IN CAITONG INVESTMENTS PTE. LIMITED**

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*This announcement has been reviewed by the Company's sponsor, KW Capital Pte. Ltd., for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The details of the contact person for the Sponsor is: -*

*Name: Mr Hoon Tai Meng (Registered Professional, KW Capital Pte. Ltd.)  
Address: 80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624  
Tel: 6238 3377*

The Board of Directors of Chasen Holdings Limited (the "Company") wishes to announce that the Company has entered into a sale and purchase agreement (the "Agreement") with Messrs Thor Chin Keong and Tay Hung Cheow (the "Vendors"), Caitong Investments Pte. Limited. ("CTI") and the Company's 60%-owned subsidiary Hup Lian Engineering Pte. Ltd. ("Hup Lian") on 9 February 2010 to acquire 30% equity interest in CTI (the "CTI Shares") held by the Vendors (the "Transaction") for a consideration of S\$5,000,000 (the "Consideration").

The net tangible asset value of 30% equity interest in CTI is S\$300,000. The Consideration was arrived at on a willing buyer willing seller basis and based on the potential earnings of the Hai An infrastructure project to be undertaken by CTI.

**Information on CTI**

CTI (Company Registration Number 200718710G) is a private company incorporated in Singapore with a paid up and issued capital of S\$1,000,000 and having its registered office at 531 Upper Cross Street #03-39 Hong Lim Complex, Singapore 050531. The Vendors collectively own the entire issued and paid-up capital of CTI. CTI was incorporated to undertake the Hai An project ("Hai An Project") in the Jiangsu Province, People's Republic of China ("PRC"). Phase 1 of the Hai An Project consists mainly infrastructure development including a man-made freshwater lake, wastewater treatment system, road works for the entire 164 square kilometre township as well as the construction of 4,000 public housing units.

**Rationale for the Transaction**

The acquisition of the CTI Shares is to facilitate the combination of complementary capabilities of the Company and the Vendors to pursue, secure and execute infrastructure related projects in PRC. The Company would, through its subsidiary Hup Lian, provide project management services to execute the projects secured by the Vendors.

**Consideration**

The Consideration is determined on a willing buyer willing seller basis and arrived at after arm's length negotiations between the Company and the Vendors. The Consideration shall be paid by the Company to the Vendors in the following manner: -

- (i) The sum of S\$1,000,000 in cash payable to the Vendors ("First Tranche") upon the signing of the Agreement and on completion of the Transaction, which shall take place on the date of the Agreement or as soon as practicable thereafter whereupon the Vendors shall transfer 300,000 CTI shares, representing 30% of the equity of CTI, to the Company and/or its nominated subsidiaries. As at the date of this announcement, the First Tranche has been paid to the Vendors and documents to effect the transfer of the 300,000 CTI Shares to the Company has been executed;
- (ii) The sum of S\$3,000,000 in cash payable to the Vendors ("Second Tranche") upon the successful fund raising of not less than US\$50 million by CTI's subsidiary;
- (iii) "X" number of new shares in Hup Lian (the "Hup Lian Shares") to be issued to the Vendors ("Third Tranche") upon the completion of the legal and financial due diligence on CTI ("Completion Date");

(The date of payment of the Second Tranche and the date of issue of the Hup Lian Shares under the Third Tranche shall collectively be referred to as the "Further Payment Dates").

For the purposes of (iii) above, "X" is the number of new shares in Hup Lian worth S\$1,000,000 calculated based on the audited NTA of Hup Lian as at 31 March 2010 ("Audited NTA"). It is expected that there would be a S\$1,000,000 contribution to the net profit after income tax ("NPAT") of Hup Lian by 31 March 2010 from the infrastructure project to be undertaken by CTI. In the event that there is no profit contribution from the said project, or such contribution will not be recognised for the purposes of the audited financial statements of Hup Lian for the financial year ending 31 March 2010, for the purposes of calculating "X", there would be a 15% premium on the Audited NTA of Hup Lian (the "Increased NTA").

Upon the completion of the legal and financial due diligence on CTI, Hup Lian shall issue to the Vendors 231,181 Hup Lian Shares and in the event that (i) the calculation of "X" in accordance with the formula above results in a higher number of Hup Lian Shares, Hup Lian shall proceed to issue the shortfall in the number of Hup Lian Shares to the Vendors as soon as practicable. Conversely, in the event that (ii) the calculation of "X" in accordance with the formula above results in a lower number of Hup Lian Shares, Hup Lian shall proceed to cancel the number of Hup Lian Shares issued to the Vendors which represent the difference between 231,181 and "X".

### **Conditions Precedent**

The obligation of the Company to pay the Second and Third Tranche to the Vendors is conditional upon the fulfillment of the following conditions: -

- (a) Satisfactory Due Diligence. The results of such legal and/or financial due diligence investigations on CTI conducted by the Company and its advisors, being satisfactory to the Company in its absolute discretion.
- (b) Representations and Covenants. The warranties contained in the Agreement shall be true in all material respects on and as of the Further Payment Dates with the same force and effect as though made on and as of the Further Payment Dates. The Vendors, CTI and the Company shall on the Further Payment Dates have performed and complied with all covenants and agreements required by the Agreement to be performed or complied with by the Vendors, CTI and/or the Company (as the case may be) on, or prior to, the Further Payment Dates.
- (c) Consents and Approvals. All required consents shall have been obtained without restrictions or limitations whatsoever unacceptable to the Company, including the

approval of the directors of CTI to the transactions contemplated under the Agreement and such required consents being in full force and effect, and (i) the Company and (ii) the Vendors (as the case may be) shall have been furnished with evidence reasonably satisfactory to it of the granting of such required consents.

- (d) Further Acts. The Vendors and the Company shall on the Further Payment Dates execute such further documents and do such further acts and things, as may be required so that full effects shall be given to the provisions of the Agreement and the transactions contemplated under the Agreement.
- (e) Outstanding Liabilities: The discharge of all outstanding liabilities of CTI and its subsidiaries by the Vendors prior to the Further Payment Dates of the Agreement. If any liability cannot be discharged prior to the Further Payment Dates due to any technical difficulty, such liabilities shall be taken off the books of CTI or its subsidiaries by the Vendors.

### **Salient Terms**

The salient terms include, *inter alia*, the following: -

1. The Vendors shall facilitate the appointment of a nominee from the Company on the Board of Directors of CTI upon Completion of the Agreement and shall only remove the nominee from the Board when requested to do so by the Company. The Vendors undertake to also appoint a nominee from the Company as a signatory to all cheques and bank documents issued by CTI and its subsidiaries.
2. The Vendors shall, notwithstanding Completion and/or payment of the Second Tranche or Third Tranche continue to undertake the responsibility for liaising with the relevant PRC officials for purposes of securing and executing any project(s) referred to in the Agreement.
3. The Company shall be responsible for managing the successful execution of infrastructural or construction related projects secured by CTI in the PRC while the Vendors shall be responsible for sourcing and securing such projects as well as obtaining the funding required to successfully execute projects so secured.
4. The Company agrees to undertake to extend to CTI a cash advance of up to S\$500,000, as working capital upon request by the Vendors from the date of signing of the Agreement. This cash advance shall be repaid by CTI to the Company upon successful fund raising by CTI. In the event this cash advance is not repaid, CTI shall pay interest to the Company at the Company's annual bank borrowing rate, plus an additional 1% from the date the advance is made to CTI until the date of repayment to the Company.
5. The Vendors as majority shareholders in CTI shall grant to the Company both drag along and tag along rights to exit its shareholdings in CTI.

### **Financing and Financial Effects of the Transaction**

The cash portion of the Transaction will be funded through internal sources and the expected proceeds from the proposed Rights Issue. Please refer to the Company's announcement dated 10 February 2010 on the proposed Rights Issue.

As noted above, it is expected that there may be a S\$1,000,000 profit contribution from the Hai An Project.

The financial effects of the Transaction are as set out below. The financial effects are shown for illustrative purposes only and do not necessarily reflect the exact future financial position and performance of the Company and its subsidiaries (the “Group”).

(a) Net Tangible Assets (“NTA”) Per Share

Assuming that the Transaction was completed on 31 March 2009 and based on the Group’s audited consolidated financial statements for financial year ended 31 March 2009, the Transaction would have the following proforma impact on the consolidated NTA of the Group:-

	As at 31 March 2009	
	NTA of the Group (S\$)	NTA per share (Singapore cents)
Before the Transaction	33,418,000	23.1
After the Transaction	28,718,000	19.8

(b) Consolidated earnings per share (“EPS”)

Assuming that the Transaction had been completed on 1 April 2008 and based on the Group’s audited consolidated financial statements for financial year ended 31 March 2009, the Transaction would have the following proforma impact on the consolidated earnings per share of the Group:-

	Financial Year Ended 31 March 2009	
	Net Loss after Tax (S\$)	EPS - Basic (Singapore cents)
Before the Transaction	3,877,000	1.75
After the Transaction	3,877,000	1.75

The relative figures computed on the bases set out in Rules 1006(a) to Rule 1006(d) of the SGX-ST Listing Manual – Section B: Rules of Catalyst are as follows:-

		Relative Computation (%)
(i)	Net assets value of assets to be disposed of compared to the Group’s net asset value.	Not Applicable
(ii)	Net profits attributable to the assets to be acquired or disposed of, compared with the Group’s net profits as at 31 December 2009	Not Applicable
(iii)	Aggregate value of consideration given or received, compared with the Company’s market capitalization based on total number of issued shares excluding treasury shares	7.14
(iv)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Nil

As the relevant relative computations did not exceed 75%, the approval of the Company’s shareholders is not required for the Transaction. This announcement is made under Rule 1010 of the Listing Manual – Section B: Rules of Catalyst.

**Interest of Directors and Controlling Shareholders**

None of the Directors and Substantial Shareholders of the Company has any interest, directly or indirectly, in the Transaction.

**Agreement Available for Inspection**

A copy of the Agreement will be made available for inspection during normal business hours at the Company's registered office for a period of 3 months from the date of this announcement.

**ON BEHALF OF THE BOARD**

**Low Weng Fatt**  
**Managing Director**  
17 February 2010