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**Acquisitions and Disposals :: Discloseable Transaction, Changes in Company's Interest :: UPDATES ON SUBSIDIARY IN PEOPLE'S REPUBLIC OF CHINA**

\* 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
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**>> Announcement Details**

The details of the announcement start here ...

Announcement Title *	UPDATES ON SUBSIDIARY IN PEOPLE'S REPUBLIC OF CHINA
Description	Please see attached.

**Attachments**
 [Chasen\\_Annct\\_HLE\\_SFEMC.pdf](#)

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

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**UPDATES ON SUBSIDIARY IN PEOPLE'S REPUBLIC OF CHINA**

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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: -*

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1) ACQUISITION OF 2 COMPANIES BY HUP LIAN ENGINEERING PTE LTD ("HLE")

The Board of Directors of the Company wishes to announce that its 60% owned subsidiary HLE had entered into a share transfer agreement (the "Share Transfer Agreement") with Mr Yang Daxue (the "Vendor") on 15 June 2010 to acquire 100% equity interest in Shanghai ZhuangHe Construction Co., Ltd ("Shanghai ZhuangHe") and Shanghai FengChuang M & E Equipment Co., Ltd ("FengChuang M&E") held by the Vendor (the "Transaction").

**Information on Shanghai ZhuangHe and FengChuang M&E**

Shanghai ZhuangHe and FengChuang M&E are dormant companies as at the date of acquisition.

Shanghai ZhuangHe is a limited liability company established by Mr Wang Yikang on behalf of Mr Yang Daxue, with a registered capital of RMB3,000,000 having its registered office at HengQiaoSiTuan Town, FengXian District, Shanghai, PRC. FengChuang M&E is a limited liability company established by Mr Yang Daxue, with registered capital of RMB1,000,000 having its registered office at No. 8 HuBin Road, Unit 126, FengXian Sub-District Shanghai Chemical Industrial District, PRC.

**Rationale for the Transaction**

The sole asset of FengChuang M&E is its ownership of 16% of Shanghai FengChuang Enterprise Management Consultant Co Ltd ("SFEMC"). SFEMC is a joint venture company in

which HLE owns the remaining 84% of its equity. As a result of this acquisition SFEMC would become a wholly owned subsidiary of HLE.

Shanghai ZhuangHe has a construction business license and would be the vehicle through which construction projects in PRC secured by SFEMC would be executed. The acquisition of Shanghai ZhuangHe and FengChuang M&E was to enable SFEMC to undertake and execute projects and provide services such as design, engineering, steel fabrication and installation to both the Chinese domestic and export markets.

It is the intention of the Company to restructure the corporate shareholdings of HLE in the PRC by converting Shanghai ZhuangHe and FengChuang M&E into wholly owned subsidiaries of SFEMC.

### **Consideration**

The Consideration for the Transaction is US\$137,600, determined on a willing buyer willing seller basis and arrived at after arm's length negotiations between the Company and the Vendor. It also takes into consideration the amount of registered capital of US\$137,600 paid up by the Vendor and a commitment by the Vendor to deliver a profit after tax of not less than S\$1million each year for the first 3 years of SFEMC operation. The net asset value of Shanghai ZhuangHe and FengChuang M&E as at 15 June 2010 was US\$137,600.

The Consideration shall be satisfied by the issue of 375,000 new shares in HLE, valued at US\$137,600, upon the completion of the Share Transfer Agreement. As a result, the Company would own 51% of the enlarged equity of HLE.

When SFEMC achieves a net profit after tax of not less than S\$1million in its first year of operation HLE would issue a further 156,250 new HLE shares valued at S\$468,750 to the Vendor. Should the profit after tax for any of the three years be less than S\$1million there would be adjustment to the Vendor's shareholding in HLE in accordance with an agreed formula.

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

The Transaction will be funded entirely through the issue of new shares in HLE.

The Transaction is not expected to have any material impact on the earning or net tangible asset value of the Company and the Group for the current financial year ending 31 March 2011.

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 Catalist 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	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	0.8%
(iv)	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

As the relevant relative computations did not exceed 5%, the aforesaid transaction is not a discloseable transaction under Part VI of Chapter 10 of the SGX-ST Listing Manual – Section B: Rules of Catalist and the approval of the Company's shareholders is not required.

This announcement is made under Rule 704(14)(d) of the Listing Manual – Section B: Rules of Catalist.

#### **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.

#### **2) AWARD OF CONTRACTS TO SHANGHAI FENGCHUANG ENTERPRISE MANAGEMENT CONSULTANT CO., LTD ("SFEMC")**

The Board of Directors of the Company wishes to announce that SFEMC had been awarded the following contracts ("Contracts").

<b>Nature of Contracts</b>
Design and build Zheng He Factory in Feng Xian, PRC with an estimated contract value of RMB37million to be completed by June 2011
Design and build ALC Brick Factory in Feng Xian, PRC with an estimated contract value of RMB70million to be completed by July 2011

The Contracts are entered into in the ordinary course of business and barring unforeseen circumstances, it is expected that the Contracts will have a positive impact on the earnings and net tangible assets of the Group for the year ending 31 March 2011.

None of the directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the Contracts.

**ON BEHALF OF THE BOARD**

**Low Weng Fatt**  
**Managing Director**  
29 July 2010