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Change in Capital :: Rights Issue :: PROPOSED RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE

* 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 *	PROPOSED RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE
Specific shareholder's approval Required? *	No
Description	Please see attached.

Attachments
 [Annct_Proposed_Rights_Issue.pdf](#)

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

This Announcement has been reviewed by the Company's sponsor, KW Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The 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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PROPOSED RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 72,747,081 NEW ORDINARY SHARES (THE "RIGHTS SHARES") IN THE CAPITAL OF CHASEN HOLDINGS LIMITED ("THE COMPANY") AT AN ISSUE PRICE OF S\$0.13 FOR EACH RIGHTS SHARE, WITH UP TO 36,373,540 FREE DETACHABLE WARRANTS ("WARRANTS"), EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY AT AN EXERCISE PRICE OF S\$0.30 FOR EACH NEW SHARE ("NEW SHARE") ON THE BASIS OF TWO (2) RIGHTS SHARES WITH ONE (1) FREE WARRANT FOR EVERY FOUR (4) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The Board of Directors ("**Board**") of the Company wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue of up to 72,747,081 Rights Shares at an issue price of S\$0.13 for each Rights Share ("**Issue Price**"), with up to 36,373,540 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the exercise price of S\$0.30 ("**Exercise Price**"), on the basis of two (2) Rights Shares with one (1) Warrant for every four (4) existing Shares held by shareholders of the Company ("**Shareholders**") as at the time and date to be determined by the directors of the Company ("**Directors**") for the purpose determining the Shareholders' entitlements ("**Books Closure Date**"), fractional entitlements to be disregarded ("**Rights cum Warrants Issue**").

The Rights Shares will be issued pursuant to the authority granted by the share issue mandate approved by Shareholders at the annual general meeting held on 24 July 2009 ("**Share Issue Mandate**"). The Share Issue Mandate authorised, *inter alia*, the Directors to allot and issue shares and convertible securities of not more than 100% of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a *pro rata* basis to all Shareholders must not be more than 50% of the issued share capital of the Company.

2. PRINCIPAL TERMS OF THE RIGHTS CUM WARRANTS ISSUE

Based on the Company's existing issued and paid-up share capital of 145,494,162 Shares (excluding treasury shares) as at the date of this announcement, up to 72,747,081 Rights Shares with up to 36,373,540 Warrants will be issued pursuant to the Rights Issue. The full subscription of the Rights Shares with the Warrants will represent up to 75% of the Company's existing issued share capital as at the date of this announcement.

Entitlements to subscribe for the Rights Shares with Warrants will be renounceable and are expected to be tradeable on the CataList of the Singapore Exchange Securities Trading Limited ("SGX-ST") over a period to be determined by the Board in compliance with the rules of the Listing Manual Section B: Rules of CataList. Entitled Shareholders (as defined herein) will be at liberty to accept, decline or otherwise renounce or trade their provisional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

The Rights Shares will be payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* for any dividends, rights, allotments or other distributions that may be declared or paid, except for those declared before the date of issue of the Rights Shares.

Fractional entitlements to the Rights Shares with Warrants, if any, will be disregarded and will together with the provisional allotments of Rights Shares with Warrants which are not taken up for any reason, be aggregated and allocated to satisfy applications for excess Rights Shares with Warrants (if any) or be disposed of or otherwise dealt with in such manner as the Board may, in its absolute discretion deem fit, in the interests of the Company subject to applicable laws and the Listing Manual Section B : Rules of CataList. In the allotment of excess Rights Shares with Warrants, preference will be given to the rounding of odd lots and substantial Shareholders and Directors will rank last in priority.

The Issue Price represents a discount of approximately 72.04% to the closing price of S\$0.465 for each Share on 9 February 2010, being the immediate market day prior to the date of the announcement.

The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form and will be listed and traded on the CataList of the SGX-ST under the book-entry (scripless) settlement system, upon the listing of and quotation for the Warrants on the CataList of the SGX-ST, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each board lot of Warrants will consist of 1,000 Warrants or such other board lot size which the SGX-ST may require. Each Warrant will, subject to the terms and conditions governing the Warrants to be set out in an instrument constituting the Warrants ("**Deed Poll**"), carry the right to subscribe for one (1) New Share at the Exercise Price of S\$0.30, at any time during the period commencing on and including the date of issue of the Warrants and expiring on the date immediately preceding the fifth (5th) anniversary of such date of issue ("**Exercise Period**"). The Exercise Price and the number of Warrants will be subject to adjustments under certain circumstances in accordance with the Deed Poll. Any Warrant remaining unexercised at the end of the Exercise Period shall lapse and cease to be valid for all purposes.

The Exercise Price represent a discount of approximately 35.48% to the closing price of S\$0.465 for each Share on 9 February 2010, being the immediate market day prior to the date of this announcement.

The New Shares to be issued upon the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save that they shall not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which is before the relevant date of exercise of the Warrants save as may be otherwise provided in the Deed Poll.

As at the date of this announcement, 819,500 grants of awards under the Chasen

Performance Share Plan have been granted and not vested. Save for the above, there are no outstanding warrants or convertibles that are dilutive in nature. The Company will make adjustments with respect to the outstanding awards made under the Chasen Performance Share Plan to take into account the Rights cum Warrants Issue so that holders thereof will not be adversely affected thereby. Details of such adjustments, if any, will be communicated separately to holders of such awards.

The terms and conditions of the rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in an offer information statement to be lodged by the Company with the Monetary Authority of Singapore (“MAS”) in connection with the Rights cum Warrants Issue (“**Offer Information Statement**”) and to be dispatched to Entitled Shareholders.

3. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS CUM WARRANTS ISSUE

The Rights cum Warrants Issue is proposed to Shareholders whose registered addresses with the Company or the Central Depository (Pte) Limited (“CDP”), as the case may be, are in Singapore as at the Books Closure Date or who have, at least five (5) market days prior to the Books Closure Date, provided to the Company or the CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Entitled Shareholders**”).

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights cum Warrants Issue will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) market days prior to the Books Closure Date, provided to the Company or the CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”).

If it is practicable to do so, arrangements may be made, at the discretion of the Company, for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil paid” on the CataList as soon as practicable after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The final terms and conditions of the Rights cum Warrants Issue will be contained in the circular to shareholders (“Circular”) and the Offer Information Statement to be dispatched by the Company to Entitled Shareholders in due course.

4. PURPOSE OF THE RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

Assuming full subscription of the Rights cum Warrants Issue, the estimated gross proceeds from the Rights Shares will be approximately S\$9.46 million. If all the Warrants are exercised, the Company is expected to receive further proceeds of approximately S\$10.91 million.

The purpose of the Rights cum Warrants Issue is to enable the Company to fund future growth, future acquisitions and investments and working capital.

The Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the Directors considers that it is in the interests of the Company to raise additional funding through the Rights cum Warrants Issue in order to enlarge the Company’s capital base, increase liquidity of the shares in the market, provide funds for future acquisitions and for general corporate purposes and working capital.

As and when the Warrants are exercised, the proceeds arising therefrom may, at the discretion of the Directors, be applied towards repayment of borrowings, investment purposes, working capital and/or such other purposes as the Directors may deem fit.

Pending deployment of the net proceeds for the aforesaid uses, the net proceeds of the Rights cum Warrants Issue may be deposited with banks or financial institutions and/or used for investment in short-term money market and/or debt instruments, as the Directors may deem fit in the best interests of the Group.

The Directors are of the opinion that, after taking into consideration the present bank facilities and net proceeds of the Rights cum Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

The Company will make an announcement as to the use of proceeds as and when such proceeds are materially disbursed and further, provide a status report on the specific use of such proceeds in its annual report.

5. APPROVALS

The Rights cum Warrants Issue is subject to, *inter alia*,:-

- a. the approval in-principle of the SGX-ST for the listing of and quotation for the Rights Shares and the Warrants on the SGX-ST;
- b. the lodgement of the Offer Information Statement in respect of the Rights cum Warrants Issue with the Monetary Authority of Singapore.

The Company will be submitting its application to the Sponsor and/or the Exchange for permission to deal in, and for the listing and quotation of, the Rights Shares, the Warrants and New Shares on the CataList in due course.

The OIS will be lodged on Catalodge and dispatched to Entitled Shareholders in due course in due course after, *inter alia*, the approval in-principle of the Sponsor, the SGX-ST and the approval of the Shareholders at the EGM have been obtained.

6. RESPONSIBILITY STATEMENT

- 6.1 The Directors of the Company (including those who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

Low Weng Fatt
Managing Director
10 February 2010