

[Print this page](#)**Miscellaneous**

\* 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	18-Aug-2008 17:19:20
Announcement No.	00056

**>> Announcement Details**

The details of the announcement start here ...

Announcement Title \*

PROPOSED NOTES ISSUE

Description

Please see attached.

**Attachments** [CHL Annct Notes Issue Lodgment of OIS.pdf](#) [CHASENHLDGSLTDLODGMNT\\_COPY\\_080808.pdf](#)Total size = **1178K**  
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**CHASEN HOLDINGS LIMITED**  
**(Company Registration No. 199906814G)**  
**Incorporated in the Republic of Singapore**

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**PROPOSED NOTES ISSUE**

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**Lodgment of Offer Information Statement**

The Board of Directors of Chasen Holdings Limited (the "**Company**") wishes to announce that the Offer Information Statement dated 8 August 2008 ("**Offer Information Statement**") in relation to the Proposed Notes Issue was lodged with the Monetary Authority of Singapore on 8 August 2008.

Copy of the Offer Information Statement is as attached herewith.

By order of the Board

Low Weng Fatt  
Managing Director

18 August 2008

*Omega Capital Limited was the financial adviser to the Company in relation to the acquisition of Chasen Logistics Services Limited completed in February 2007.*

**OFFER INFORMATION STATEMENT DATED 8 AUGUST 2008**  
(Lodged with the Monetary Authority on 8 August 2008)

**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES  
(OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES)  
REGULATIONS 2005**

**OFFER INFORMATION STATEMENT**

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**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX, OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

A copy of this offer information statement ("**Offer Information Statement**") has been lodged with the Monetary Authority of Singapore (the "**Authority**"). The Authority assumes no responsibility for the contents of this Offer Information Statement. Lodgement of this Offer Information Statement with the Authority does not imply that the Securities and Futures Act (Cap. 289 of Singapore), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the securities being offered for investment.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the Conversion Shares (defined below) which may be issued following the conversion of the Notes into Shares on the SGX-Catalist.

The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Offer Information Statement. Such approval in-principle granted by the SGX-ST for the Conversion Shares, the admission to the SGX-Catalist and the dealing in, the listing of and quotation for the Conversion Shares are not to be taken as an indication of the merits of the Company, its subsidiaries, the Notes or the Conversion Shares.

No Notes or Conversion Shares upon conversion of the Notes shall be issued, allotted or allocated on the basis of this Offer Information Statement later than six months after the date of lodgment of this Offer Information Statement.

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**CHASEN HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore on 2 November 1999)  
(Company Registration Number: 199906814G)

**PROPOSED ISSUE OF UNSECURED NON-INTEREST BEARING CONVERTIBLE NOTES DUE 2011 IN AGGREGATE PRINCIPAL AMOUNT OF UP TO S\$30 MILLION, EACH TRANCHE DUE ON THE MATURITY DATE (AS DEFINED HEREIN) AND THE PROPOSED ISSUE OF CONVERSION SHARES ARISING FROM THE CONVERSION OF THE NOTES**

This Offer Information Statement has been prepared solely in relation to the issue of the Notes and the Conversion Shares to the Noteholders and shall not be relied upon by any other person or for any other purpose.

The existing Shares of the Company are quoted on the SGX-Catalist. Purchasers of the Notes, Pacific Capital Investment Management Limited (the “**Subscriber**”) or Conversion Shares issued by the Company upon conversion of the Notes should, before deciding whether to so subscribe, read carefully this Offer Information Statement in its entirety in order to make an informed assessment of the assets and liabilities, profits and losses, financial position, risk factors, performance and prospects of the Company and the Group, and the rights and liabilities attaching to the Notes and Conversion Shares. They should also make their own independent enquiries and investigations of any bases and assumptions upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in the light of their personal circumstances (including financial and taxation affairs). It is recommended that such persons seek professional advice from their legal, financial, tax and other professional adviser before deciding whether to acquire the Notes or the Conversion Shares.

No person has been authorised to give any information or to make any representations, other than those contained in this Offer Information Statement in connection with the issue of the Notes or the Conversion Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company or the Group. Neither the delivery of this Offer Information Statement, nor the issue of the Notes or the Conversion Shares shall, under any circumstances, constitute a continuing representation, or give rise to any implication, that there has been no change in the affairs of the Company or the Group, or any of the information contained herein since the date hereof. Where such changes occur after the date hereof and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. All persons intending to purchase the Notes or the Conversion Shares (upon conversion of the Notes) should take note of any such announcement and, upon the release of such announcement or lodgement of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

The Company is not making any representation to any person regarding the legality of any purchase of the Notes or the Conversion Shares from Pacific Capital Investment Management Limited under any investment or any other laws or regulations. No information in this Offer Information Statement should be considered to be a business, legal or tax advice. Each prospective purchaser of the Notes or the Conversion Shares should consult his own professional or other adviser for business, legal or tax advice regarding investment in the Notes or converting the Notes into Conversion Shares.

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## **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

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All statements contained in this Offer Information Statement, statements made in press releases and oral statements that may be made by the Company or its officers, Directors or employees acting on its behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words that have a bias towards the future or, are, forward-looking such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s expected financial position, business strategy, plans and future prospects of the Group’s industry are forward-looking statements. These forward-looking statements, including statements as to the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Offer Information Statement regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual, future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks and uncertainties that may cause the Group’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Information Statement, undue reliance must not be placed on these statements. The Group’s actual results may differ materially from those anticipated in these forward-looking statements. Neither the Company nor any other person represents or warrants that the Group’s actual future results, performance or achievements will be discussed in those statements.

Further, the Company disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. Where such development, events or circumstances occur after the lodgment of this Offer Information Statement with the Authority and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. The Company is also subject to the provisions of the Listing Manual regarding corporate disclosure.

## CORPORATE INFORMATION

<b>Board of Directors</b>	:	Low Weng Fatt	Managing Director
		Siah Boon Hock	Executive Director
		Yap Koon Bee @ Louis Yap	Non-Executive Director
		Ng Jwee Phuan @ Frederick (Eric)	Lead Independent Director
		Tan Chong Huat	Independent Director
		Tan Sin Huat, Dennis (alternate to Tan Chong Huat)	Independent Director
		Yap Beng Geok Dorothy (alternate to Yap Koon Bee @ Louis Yap)	Non-Executive Director
<b>Registered Office</b>	:	18 Jalan Besut Singapore 619571	
<b>Company Secretary</b>	:	Chew Kok Liang, LLB	
<b>Share Registrar</b>	:	Boardroom Corporate & Advisory Services Pte Ltd 3 Church Street #08-01 Samsung Hub Singapore 049483	
<b>Note Registrar</b>	:	Boardroom Corporate & Advisory Services Pte Ltd 3 Church Street #08-01 Samsung Hub Singapore 049483	
<b>Legal Adviser to the Company</b>	:	Genesis Law Corporation 112 Robinson Road #07-02 Singapore 068902	

## DEFINITIONS

For the purposes of this Offer Information Statement, the following definitions shall, unless the context otherwise requires, having the following meanings:

### General

- “Accounts”* : Audited consolidated accounts of the Company for the year ended 31 March 2008 and thereafter the most recent unaudited interim accounts of the Company as delivered to the SGX-ST
- “Act”* : Companies Act (Chapter 50) of Singapore, as amended and supplemented from time to time
- “Authority” or “MAS”* : The Monetary Authority of Singapore
- “Board”* : The board of Directors of the Company as at the date of this Offer Information Statement
- “Business Day”* : A day, ending at 5.00 p.m.(Singapore time), on which the SGX-ST is open for trading
- “CDP”* : The Central Depository (Pte) Limited
- “Circular”* : Circular to the Shareholders dated 16 July 2008
- “Closing Date”* : In respect of each Tranche of the Notes, the date on which such Tranche of the Notes is subscribed and issued pursuant to the Subscription Agreement
- “Closing Day Price”* : The volume weighted average price of the Shares on the SGX-ST for such Business Day PROVIDED THAT if there has been no trading in the Shares on a particular day, the Closing Day Price means the volume weighted average price of the Shares on the preceding Business Day. For the purpose of the Subscription Agreement, Closing Day Price shall be rounded down to a maximum of four (4) decimal places
- “Closing Share Price”* : The last reported transaction price of the Shares on the SGX-ST for such Business Day PROVIDED THAT if there has been no trading in the Shares on a particular day, the Closing Share Price means the last reported transaction price of the Shares on the preceding Business Day. For the purpose of the Subscription Agreement, Closing Share Price shall be rounded down to a maximum of four (4) decimal places
- “Company” or Chasen”* : Chasen Holdings Limited
- “Completion Date”* : Each and any of the Completion Dates, as applicable
- “Conversion”* : The conversion of the Notes held by the Noteholders into Conversion Shares in accordance with the terms of the Subscription Agreement, and subject to the Conditions

<i>“Conversion Date”</i>	: The date on which the faxed Conversion Notice is received by the Company (as evidenced by the transmission report of the Noteholder’s facsimile machine) (or the next Business Day if the Conversion Notice is received by the Company after 6.00 p.m. Singapore time)
<i>“Conversion Notice”</i>	: The notice by the Noteholder to the Company of its intention to exercise its Conversion Right in the form substantially as set out in Schedule 5 (Part B) of the Subscription Agreement
<i>“Conversion Price”</i>	: The price at which each Converted Share will be issued upon Conversion as is stipulated by the Conditions
<i>“Conversion Right”</i>	: The right of a Noteholder to convert any Notes into Shares
<i>“Conversion Shares”</i>	: Such number of new Shares to be issued by the Company to the Subscriber upon conversion of the Notes in accordance with the provisions in the Subscription Agreement, of which such number of new shares shall not in aggregate exceed 7,349,707,931 new Shares equivalent to 50% of the issued share capital of the Company
<i>“Current Market Price”</i>	: The last reported transaction price of the Shares on the SGX-ST for such Business Day PROVIDED THAT if there has been no trading in the Shares on a particular day, the Current Market Price means the last reported transaction price of the Shares on the preceding Business Day
<i>“Directors”</i>	: The directors of the Company as at the date of this Offer Information Statement
<i>“EGM”</i>	: The extraordinary general meeting of the Company held on 31 July 2008
<i>“EPS”</i>	: Earnings per share
<i>“FP2007”</i>	: Financial period from 1 January 2006 to 31 March 2007
<i>“FY”</i>	: Financial year ended or ending (as the case may be) 31 March
<i>“FY2005”</i>	: Financial year commenced 1 January 2005 and ended 31 December 2005
<i>“Group”</i>	: The Company and its Subsidiaries (as defined in section 5 of the Act)
<i>“Latest Practicable Date”</i>	: 31 July 2008, being the latest practicable date prior to the lodgment of this Offer Information Statement with the Authority
<i>“Listing Approval”</i>	: (1) the approval of the SGX-ST for the issuance of the Conversion Shares upon conversion of any of the Notes pursuant to the Conditions;  (2) the clearance of the draft circular to Shareholders by the SGX-ST; and  (3) the approval in-principle of the SGX-ST for the listing of the Conversion Shares.

<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST, as amended or modified from time to time
<i>“Maturity Date”</i>	:	The date falling three years from the date the first Tranche of the Notes is subscribed and issued
<i>“Net Borrowings”</i>	:	Total Borrowings, net of cash and cash equivalents. Total Borrowings means, without duplication, at any time, as stated in the financial statements (i) all obligations of the Company or any of its Subsidiaries for borrowed money, (ii) all obligations of the Company or any of its Subsidiaries to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iii) all obligations of the Company or any of its Subsidiaries as lessee which are capitalised in accordance with the accounting principles under which the financial statements are prepared, (iv) all obligations of the Company or any of its Subsidiaries to purchase securities or other property that arise out of or in connection with the sale of the same or substantially similar securities or property and (v) all borrowings of others guaranteed by the Company or any of its Subsidiaries. For the avoidance of doubt, “Net Borrowings” excludes the Notes
<i>“Net Worth”</i>	:	At any time, as stated in the Accounts, the aggregate of the amounts shown in the Accounts as paid up or credited as paid up on the issued share capital of the Company and standing to the credit of the contributed surplus account and retained earnings and other capital and revenue reserves and includes minority interests therein; less any amount which is attributable to any debit balance in its statement of profit and loss as shown in the relevant Accounts to the extent not already charged against retained earnings
<i>“Notes”</i>	:	Any or all of the unsecured non-interest bearing convertible notes due 2011, of up to an aggregate of S\$30,000,000 (in thirty equal Tranches of S\$1,000,000, at an issue price of 100% of the principal amount of the Notes to be issued pursuant to the provisions in the Subscription Agreement and the Terms and Conditions
<i>“Note Certificate”</i>	:	The certificate evidencing ownership to the Notes which are to be issued to all Noteholders pursuant to the Conditions
<i>“Noteholders” and (in relation to a Note) “Noteholder”</i>	:	Persons in whose names the Notes are registered on the register of Noteholders
<i>“Notes Issue”</i>	:	The issue by the Company of the Notes to the Subscriber
<i>“Notes Issue Price”</i>	:	In relation to each Tranche of the Notes, as the case may be, the amount equivalent to 100% of the principal amount of the Notes for such Tranche
<i>“Note Registrar”</i>	:	Boardroom Corporate Advisory Services Pte Ltd
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Information Statement”</i>	:	This offer information statement and all documents attached hereto, including any supplementary or replacement document which may be issued by the Company in connection with the Note Issue

“p.a.”	: Per annum
“Parties”	: The parties to the Subscription Agreement, being the Company and the Subscriber
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	: The Securities and Futures Act, Chapter 289 of Singapore
“SGX-Catalist”	: The sponsor supervised board of the SGX-ST
“SGX-Sesdaq”	: Stock Exchange of Singapore Dealing and Automated Quotation System
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares in the Register of Members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“Shares”	: Ordinary shares in the capital of the Company
“Subscriber” or “Pacific Capital”	: Pacific Capital Investment Management
“Subscription Agreement”	: The subscription agreement dated 7 August 2008 entered into between the Company and Pacific Capital (as Subscriber) by which the Company agreed to issue the Notes and Pacific Capital agreed to subscribe for the Notes on the terms and conditions set out therein
“Subsidiaries”	: The meaning ascribed to it in Section 5 of the Act
“Substantial Shareholder”	: A substantial shareholders of the Company as defined under Section 81 of the Act
“Terms and Conditions”	: The terms and conditions of the Notes substantially in the form as set out in Schedule 4 of the Subscription Agreement
“Trading Day”	: A day when the SGX-ST is opened for dealing business
“Tranche”	: Each and any of the initial Tranche and the subsequent Tranches, each having any aggregate principal amount of S\$1,000,000 or such other amount as the Parties may agree

#### **Currencies, Units and Others**

“S\$” and “Singapore cents”	: Singapore dollars and cents, respectively
“RM”	: Malaysian Ringgit
“RMB”	: Renminbi
“US\$”	: United States dollars
“%” or “per cent”	: Per centum or percentage

The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Act.

Unless otherwise stated in this Circular, any term defined under the Act, the SFA, the Listing Manual or the Singapore Code on Take-Overs and Mergers (the “**Code**”) shall, where applicable, have the meaning assigned to it under the Act, the SFA, the Listing Manual or the Code as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference to a time of day and to dates in this Offer Information Statement is to Singapore time and dates unless otherwise stated.

Where any word or expression is defined in this Offer Information Statement, such definition shall extend to the grammatical variations and cognate expressions of such word or expression.

The total of figures listed in certain tables included in this Offer Information Statement may not be the same as the arithmetic addition of the figures. Any discrepancies therefore are due to rounding.

References to the share capital and financial information of the Company contained in this Offer Information Statement has not been adjusted for any subsequent consolidation of Shares.

## INTRODUCTION

The Company has on 7 August 2008 entered into the Subscription Agreement with the Subscriber whereby the Company proposed to issue unsecured non-interest bearing convertible notes due 2011 in aggregate principal amount of up to S\$30 million to the Subscriber.

Pacific Capital's principal business is fund management and it handles investments on a discretionary basis. It is based out of the United Kingdom and is exempted from license under the Markets in Financial Instruments Directive 2004/39/EC. None of its directors and substantial shareholders are related to or associated with any of the Company's Directors or Substantial Shareholder. Pacific Capital, its directors and substantial shareholders do not currently own shares in the Company, whether directly or indirectly.

## SUMMARY OF THE TERMS OF THE SUBSCRIPTION AGREEMENT

Subject to the terms and conditions of the Subscription Agreement, the Company shall issue the Notes at the Notes Issue Price as and when the Subscriber subscribes for the Notes.

The Noteholders has the discretion anytime from and including the respective Closing Dates of the Tranches up to the close of the business on the day falling seven Business Days prior to the Maturity Date (the "**Conversion Period**"), to decide on the Conversion Dates. The Noteholders shall give Conversion Notices to the Company informing the Company of its intention to convert the relevant Notes and the Company shall issue and allot the Conversion Shares to the Noteholders within three Business Days from the date of the relevant Conversion Notices.

Subject to Condition 10.2 of the Terms and Conditions, the Subscriber undertakes to convert any and all outstanding Notes before the Maturity Date in accordance with Clause 2.3.1 of the Subscription Agreement. For the avoidance of doubt, the Subscriber shall not have the right to require the Company to redeem any of the Notes.

The number of Shares to which a holder is entitled on conversion of the Notes shall be determined by dividing the aggregate principal amount of the Notes held by the applicable Conversion Price (as defined below), determined as hereinafter provided, in effect on the relevant Conversion Date.

The price, at which each Conversion Share shall be issued upon conversion (the "**Conversion Price**") shall be, at the option of the Noteholder, either:

- (i) 125% of the simple average of the traded Closing Share Price per Share for the 30 Business Days immediately prior to:
  - (a) in respect of the first Tranche Notes, the date of the Subscription Agreement; and
  - (b) in respect to the subsequent Tranches, the respective Closing Dates

(the "**Fixed Conversion Price**"), subject to adjustment in the manner provided under the heading "Adjustments to the Fixed Conversion Price"; or

- (ii) 90% of the simple average of the Closing Share Price per Share on any five consecutive Business Days (as may be selected by the Noteholder) during the 30 Business Days immediately preceding the relevant Conversion Date (the "**Floating Conversion Price**")

whichever shall be deemed more favourable to the Noteholder.

For the above purpose, the Conversion Price shall be rounded down to a maximum of four (4) decimal places.

Approval in-principle was granted by the SGX-ST for the listing and quotation of the Conversion Shares on 14 July 2008.

The in-principle approval granted by SGX-ST for the listing and quotation of the Conversion Shares is not an indication of the merits of the Company, its securities, its Subsidiaries, its associated companies, the Notes Issue, the Notes and the Conversion Shares.

**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS)  
(SHARES AND DEBENTURES) REGULATIONS 2005**

**PART II: IDENTITY OF DIRECTORS, ADVISERS AND AGENTS**

**Directors**

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**1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity**

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<b>Name of Directors</b>	<b>Address</b>	<b>Position</b>
Low Weng Fatt	5 Sennett Lane Singapore 466893	Managing Director
Siah Boon Hock	7 Joo Hong Road Singapore 548373	Executive Director
Yap Koon Bee @ Louis Yap	725 Ang Mo Kio Ave 6 #02-4144 Singapore 560725	Non-Executive Director
Yap Beng Geok Dorothy (Alternate to Yap Koon Bee @ Louis Yap)	40 Jalan Selaseh Seletar Hills Estate Singapore 808454	Non-Executive Director
Ng Jwee Phuan @ Frederick (Eric)	8 Lakme Street Singapore 456905	Lead Independent Director
Tan Chong Huat	5B Adam Road #05-01 Singapore 289882	Independent Director
Tan Sin Huat, Dennis (alternate to Tan Chong Huat)	83 Hillview Avenue #03-07 Singapore 669583	Independent Director

**Advisers**

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**2. Provide the names and addresses of -**  
**(a) the issue manager to the offer, if any;**  
**(b) the underwriter to the offer, if any; and**  
**(c) the legal adviser for or in relation to the offer, if any.**

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Issue Manager	:	Not applicable
Underwriter	:	Not applicable
Legal Adviser	:	Genesis Law Corporation 112 Robinson Road #07-02 Singapore 068902

## Registrars and Agents

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### 3. Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.

Singapore Share Registrar and Share Transfer Agent : Boardroom Corporate Advisory Services Pte Ltd  
3 Church Street  
#08-01 Samsung Hub  
Singapore 049483

Note Registrar : Boardroom Corporate Advisory Services Pte Ltd  
3 Church Street  
#08-01 Samsung Hub  
Singapore 049483

Transfer Agent : Not applicable

Receiving bankers : Not applicable

## PART III: OFFER STATISTICS AND TIMETABLE

### Offer Statistics

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#### 1. For each method of offer, state the number of the securities being offered.

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The Company has on 7 August 2008 entered into the Subscription Agreement with the Subscriber whereby the Subscriber has the right to subscribe for the Notes with an aggregate principal amount of S\$30,000,000. The Notes are issuable by the Company in 30 successive Tranches each having an aggregate principal amount of S\$1,000,000.

The Subscriber undertakes to subscribe for the Tranche 1 to Tranche 30 Notes; provided that the Closing Day Price at any day during the tenure is at or above S\$0.0075 (or such other price as may be agreed in writing between the Parties).

Notwithstanding that the Closing Day Price on such periods referred to in Clause 2.1(b) of the Subscription Agreement is less than S\$0.0075 (or such other price as may be agreed in writing between the Parties), the Subscriber may at its own discretion, proceed with the subscription of the Notes.

The Subscriber shall not be obliged to subscribe for any subsequent Tranche of the Notes in the event that the Company is unable at the time of the subscription of such Notes to demonstrate to the satisfaction of the Subscriber that there shall be sufficient or adequate number of Conversion Shares (after taking into account, *inter alia*, the number of Conversion Shares already issued pursuant to the conversion of any Notes and the amount of outstanding Notes) to satisfy the exercise of the conversion rights attached to such Notes.

The Noteholders has the discretion anytime from and including the respective Closing Dates of the Tranches up to the close of the business on the day falling seven Business Days prior to the Maturity Date (the "**Conversion Period**"), to decide on the Conversion Dates. The Noteholders shall give Conversion Notices to the Company informing the Company of its intention to convert the relevant Notes and the Company shall issue and allot the Conversion Shares to the Noteholders within three Business Days from the date of the relevant Conversion Notices.

Subject to Condition 10.2 of the Terms and Conditions, the Subscriber undertakes to convert any and all outstanding Notes before the Maturity Date in accordance with Clause 2.3.1 of the Subscription Agreement. For the avoidance of doubt, the Subscriber shall not have the right to require the Company to redeem any of the Notes.

The number of Shares to which a holder is entitled on conversion of the Notes shall be determined by dividing the aggregate principal amount of the Notes held by the applicable Conversion Price (as defined below), determined as hereinafter provided, in effect on the relevant Conversion Date.

The price, at which each Conversion Share shall be issued upon conversion (the “**Conversion Price**”) shall be, at the option of the Noteholder, either:

- (i) 125% of the simple average of the traded Closing Share Price per Share for the 30 Business Days immediately prior to:
  - (a) in respect of the first Tranche Notes, the date of the Subscription Agreement; and
  - (b) in respect to the subsequent Tranches, the respective Closing Dates

(the “**Fixed Conversion Price**”), subject to adjustment in the manner provided under the heading “Adjustments to the Fixed Conversion Price”; or

- (ii) 90% of the simple average of the Closing Share Price per Share on any five consecutive Business Days (as may be selected by the Noteholder) during the 30 Business Days immediately preceding the relevant Conversion Date (the “**Floating Conversion Price**”)

whichever shall be deemed more favourable to the Noteholder, subject to adjustment in the manner provided for in the Terms and Conditions of the issue of the Notes in the Subscription Agreement.

For the above purpose, the Conversion Price shall be rounded down to a maximum of four (4) decimal places.

It should be noted that as at the date of this Offer Information Statement, both the Fixed Conversion Price and the Floating Conversion Price are not ascertainable at the Latest Practicable Date as they will be based on the future market prices of the Shares during the relevant period. Further, the Fixed Conversion Price in respect of all Tranches will be subjected to price adjustments as set out in the Terms and Conditions. Therefore, it is not possible at the Latest Practicable Date to determine the aggregate number of Conversion Shares that will be issued when the Noteholders converts in full the Notes of all thirty Tranches.

The Issue of the Notes is conditional upon Shareholders’ approval, the approval being granted by the SGX-ST for the listing and quotation of the Conversion Shares and certain condition precedents being fulfilled prior to the subscription by the Subscriber. As at the date of this Offer Information Statement, the Notes Issue was approved by the Shareholders at the EGM. The SGX-ST has also on 14 July 2008, granted its approval-in-principal for the listing and quotation of the Conversion Shares. The approval-in-principle from the SGX-ST is not an indication of the merits of the Notes and the Conversion Shares.

The number of Conversion Shares that will be issued upon conversion will be determined by dividing the principal amount of the Notes to be converted by the Conversion Price in effect at the time of conversion.

The Conversion Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Shares in the capital of the Company. Upon conversion of the Notes into Conversion Shares, the Noteholder is free to sell the Conversion Shares on the SGX-ST.

## Method and Timetable

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2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to -
- (a) the offer procedure; and
  - (b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.
- 

See paragraphs 3 to 7 below.

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3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.
- 

Subject to the terms and conditions of this Agreement, the Company shall issue the Notes at the Notes Issue Price as and when the Subscriber subscribes for the Notes.

The Company shall, issue to the Subscriber and the Subscriber shall subscribe for, Tranche 1 Notes on a specified date, upon the satisfaction of the conditions precedent set out in Clause 8.1 of the Subscription Agreement.

The Subscriber undertakes to subscribe for the Tranche 1 to Tranche 30 Notes; provided that the Closing Day Price at any day during the tenure is at or above S\$0.0075 (or such other price as may be agreed in writing between the Parties).

Notwithstanding that the Closing Day Price on such periods referred to in Clause 2.1(b) of the Subscription Agreement is less than S\$0.0075 (or such other price as may be agreed in writing between the Parties), the Subscriber may at its own discretion, proceed with the subscription of the Notes.

The Subscriber shall not be obliged to subscribe for any subsequent Tranche of the Notes in the event that the Company is unable at the time of the subscription of such Notes to demonstrate to the satisfaction of the Subscriber that there shall be sufficient or adequate number of Conversion Shares (after taking into account, *inter alia*, the number of Conversion Shares already issued pursuant to the conversion of any Notes and the amount of outstanding Notes) to satisfy the exercise of the conversion rights attached to such Notes.

The Company shall be obliged to issue the Notes on the respective Closing Dates of the Tranches. The Subscriber is obliged to subscribe for the Notes in accordance with Clause 2.1 of the Subscription Agreement.

The Noteholders has the discretion anytime from and including the respective Closing Dates of the Tranches up to the close of the business on the day falling seven Business Days prior to the Maturity Date (the "**Conversion Period**"), to decide on the Conversion Dates. The Noteholders shall give Conversion Notices to the Company informing the Company of its intention to convert the relevant Notes and the Company shall issue and allot the Conversion Shares to the

Noteholders within three Business Days from the date of the relevant Conversion Notices.

Subject to Condition 10.2 of the Terms and Conditions, the Subscriber undertakes to convert any and all outstanding Notes before the Maturity Date in accordance with Clause 2.3.1 of the Subscription Agreement. For the avoidance of doubt, the Subscriber shall not have the right to require the Company to redeem any of the Notes.

The number of Shares to which a holder is entitled on conversion of the Notes shall be determined by dividing the aggregate principal amount of the Notes held by the applicable Conversion Price (as defined below), determined as hereinafter provided, in effect on the relevant Conversion Date.

Upon conversion, the Noteholder may at any time sell the Conversion Shares on the SGX-ST.

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**4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.**

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In subscribing for each Tranche, the Subscriber will pay to the Company the principal amount of each Tranche, which is S\$1,000,000. The Company agrees to indemnify and hold the Subscriber harmless against any documentary, stamp or similar transfer tax as well as any other transfer expenses (as may be applicable), on the initial subscription and the delivery of each Tranche of the Notes in accordance with the terms of the Subscription Agreement. When exercising a right of conversion, further payment is not required to be made by a Noteholder for the Conversion Shares.

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**5. State, where applicable, the methods of and time limits for -**

- (a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and**
- (b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.**

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On each Closing Date, the Company shall procure that the name of the Subscriber be entered in the Company's register of Noteholders as the holder of the relevant Tranche of the Notes, the subject matter of that completion, and that there shall be delivered to or to the order of the Subscriber certificates, duly executed and authenticated, made out in the name of the Subscriber or its nominee and representing the aggregate principal amount of that Tranche of the Notes against receipt by the Company of the transmission of the funds. Such certificates shall be substantially in the form set out in Schedule 4 of the Subscription Agreement with such changes as may be approved by the Subscriber and the Company.

The Noteholder shall exercise its Conversion Right by sending a Conversion Notice in accordance with the Subscription Agreement. The Company shall, as soon as practicable, and in any event by 6.00 pm (Singapore time) within three Business Days after the Conversion Date, deliver or cause to be delivered to the order of the person named for that purpose in the relevant Conversion Notice, such delivery to be in accordance with normal practice for settlement of transactions on the SGX-ST, clearance system account credit instructions, together with any such other securities, property or cash required to be delivered on conversion, and such assignments and other documents (if any) as may be required by law to effect the transfer thereof in accordance with the Terms and Conditions.

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**6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**

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Not applicable.

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7. **Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).**
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Not applicable.

#### **PART IV: KEY INFORMATION**

##### **Use of Proceeds from Offer and Expenses Incurred**

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1. **In the same section, provide the information set out in paragraphs 2 to 7 of this Part.**
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Noted.

- 
2. **Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.**
- 

The estimated net proceeds from the Notes Issue, after deducting expenses pertaining to the Notes Issue of approximately S\$1.7million, are approximately S\$28.3 million.

- 
3. **Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.**
- 

The Company shall use the proceeds from the proposed Notes Issue to fund its business expansion plans, for general corporate purposes and for working capital. The Company has the following plans for its business expansion:

- (i) Expansion of the Company's regional logistics services in Malaysia and the Peoples' Republic of China;
- (ii) Regionalisation of its newly acquired non logistics businesses in the engineering sector; and
- (iii) Investment in logistics infrastructure projects in Malaysia, Australia and the Peoples' Republic of China.

Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds may be placed as deposits with financial institutions or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

Upon the satisfaction of the conditions precedent stated in Clause 8.1 of the Subscription Agreement, the Subscriber is obliged to subscribe for all the Notes in accordance with the Subscription Agreement.

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**4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.**

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The proportion of the proceeds from the Note Issue allocated to the principal intended use as set out above, and the estimated amount that will be used to pay for expenses incurred in connection with the Note Issue is set out below:-

<b>Intended Uses</b>	<b>Amount (S\$ million)</b>	<b>% of gross proceeds from Note Issue</b>
To execute the business expansion plans	27.0	90.0%
General working capital for purposes of the Group	1.30	4.4%
Estimated expenses in connection with the Note Issue	1.70	5.6%

The figures quoted above are estimates only and are based on the Company's current business plans and are subject to change depending on circumstances that may arise in the future.

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**5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.**

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The proceeds may be used in future directly or indirectly to acquire or refinance the acquisition of an asset other than in the ordinary course of business, although there are no firm plans for this as at the date of this Offer Information Statement.

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**6. If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.**

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The proceeds may be used in future to finance or refinance the acquisition of another business, although there are no firm plans for this as at the date of this Offer Information Statement.

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**7. If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.**

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The proceeds may be used in future to discharge, reduce or retire the indebtedness of the Group, although there are no firm plans for this as at the date of this Offer Information Statement.

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- 8. In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.**
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Not applicable.

#### **Information on the Relevant Entity**

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- 9a. the address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);**
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Registered office	:	18 Jalan Besut Singapore 619571
Telephone number	:	(65) 6266 5978
Facsimile number	:	(65) 6262 4286

- 
- 9b. the nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;**
- 

#### **OVERVIEW OF CHASEN**

##### **Business of the Company and the Group**

Incorporated in the Republic of Singapore on 2 November 1999 and listed on SGX-Sesdaq (now known as SGX-Catalist) of the Singapore Exchange in February 2007 via a reverse takeover of China Entertainment Sports Ltd, Chasen specialises in providing relocation, packing and warehousing of machinery and equipment for the region's manufacturing industries.

With a well-trained workforce and utilising state-of-the-art material handling and conveyance tools, equipment and facilities, Chasen is the strategic partner in relocating its customers' machinery within their premises, from one location to another within a country, or from one country to another.

The Company's relocation, packing and warehousing services have been engaged for various sophisticated equipment and machinery such as those used in wafer fabrication, TFT display panel production and chip testing and assembly. In addition, Chasen also provides technical services that complement the Company's turnkey relocation solutions to customers in the high-tech electronics industries. To meet the diverse needs of customers, the Company's scope of services has been extended to include engineering services and other capabilities for high growth industries within Singapore and around the region.

The Group is a specialist relocation solutions provider offering specialist manpower equipped with appropriate tools, equipment, material and vehicles to relocate the machinery and equipment used by customers in their manufacturing or other business operations within their premises, from one location to another within a country, or from one country to another country.

**Business activities**

<p><b>Relocation services</b></p>	<p>The Group relocates companies' equipment and machinery to, within, and out of Singapore and around the region. The Group's sophisticated material handling tools are equipped to handle very sensitive machinery and equipment whether it is in clean room or "raised floor" environment.</p>
<p><b>Packing services</b></p>	<p>The Group, through years of experience, has acquired the skill of packing according to original equipment manufacturer ("OEM") specifications. The Group utilizes state-of-the-art packaging material when customers' machinery and equipment need special packing before being transported to their new locations.</p>
<p><b>Warehousing and related services</b></p>	<p>The Group's customers store their machinery and equipment in the Group's warehouses while waiting for installation or shipping. To accommodate bulky and heavy equipment, the Group's warehouses are low-rise with appropriately constructed floors that allow cranes and heavy trucks access to the storage areas.</p> <p>The Group is expanding its facilities for air-conditioned warehousing facilities in Singapore to cater to the customers needs as well as investing in bonded warehouse facilities in the PRC to enhance its competitive edge.</p> <p>The Group had also entered into an arrangement in late 2006 to manage a third party warehouse in the PRC.</p>
<p><b>Equipment repair, maintenance and related technical services</b></p>	<p>Through the Group's subsidiary, REI Technologies Pte Ltd, the Group provides turnkey facilities and engineering solutions, repair and maintenance services of equipment to customers in the high-tech electronics industries such as semiconductors, disk media, thin-film transistor LCD, pharmaceutical and back-end packaging.</p> <p>The Group's scope of business includes engineering service and spares support, parts fabrication and cleaning sales activities to institutions and research facilities. The Group also operates a cryogenic pump refurbishment workshop in Penang, Malaysia.</p>

As at the Latest Practicable Date, the subsidiaries of the Company and their principal activities are as follows:-

<p><b>Name of Company (Country of incorporation/ place of business)</b></p>	<p><b>Principal activities</b></p>	<p><b>Percentage of equity held as at the Latest Practicable Date</b></p>
		%

<b><u>Held by the Company</u></b>		
Chasen Logistics Services Limited (Singapore)	Relocation services, industrial packing, warehousing and specialized transportation	100
Chasen Logistics & Engineering Services Pte Ltd (Singapore)	Investment Holding	100
REI Technologies Pte Ltd (Singapore)	Engineering Services	99
Ruiheng International Pte Ltd (Singapore)	Investment Holding	100
<b><u>CLE Engineering Services Pte Ltd (Singapore)</u></b>	Investment Holding	100
<b><u>Lelecai Pte Ltd (Singapore)</u></b>	Provision of management consultancy services	100
<b><u>Held by Chasen Logistics &amp; Engineering Services Pte Ltd</u></b>		
Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd (PRC)	General activities relating to high value machinery and equipment	100
Chasen Sino-Sin (Beijing) Hi Tech Services Private Ltd (PRC)	General activities relating to high-tech machinery and equipment and relocation services	100
Chasen Logistics (Shanghai) Co. Ltd (People's Republic of China "PRC")	Warehousing Services	70
Chasen Logistics (Xi'an) Co. Ltd (People's Republic of China "PRC")	Warehousing Services	100
<b><u>Held by REI Technologies Pte Ltd</u></b>		
REI Hitech Sdn Bhd (Malaysia)	Providing services on cryogenic pump	100
<b><u>Held by Ruiheng International Pte Ltd (formerly known as Chasen International Pte Ltd)</u></b>		
Chasen Logistics Sdn Bhd (formerly known as THH Logistics Sdn Bhd) (Malaysia)	Provider of logistics and transportation services	100
<b><u>Held by CLE Engineering Services Pte Ltd</u></b>		
Goh Kwang Heng Pte Ltd (Singapore)	Service provider to marine and construction services	65.58
Goh Kwang Seng Scaffolding Pte Ltd (Singapore)	Scaffolding equipment services	51
Hup Lian Engineering Pte Ltd	Engineering and structural steel fabrication supplier and installer	60

- 
- 9c. the general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since –
- (i) the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or
  - (ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;
- 

The general development of the business of the Group over the past three years to the Latest Practicable Date are as follows:

#### **General developments in FY2005<sup>(2)</sup>**

In 2004 and 2005 the Group expanded its business presence from Shanghai and Beijing into other Chinese cities such as Suzhou, Wuxi, Kunshan, Chengdu, Jilin. With expansion of business to the PRC market, the Group provided relocation services to major manufacturers of LCD products such as Shanghai SVA NEC Liquid Crystal Display Co., Ltd, Infovision Optoelectronics (Kun Shan) Co. Ltd and wafer fabrication and support companies such as Infineon Technologies Suzhou Co., Ltd, Semiconductor Manufacturing International (Chengdu) Corporation, Kinetics Process Systems (Shanghai) Ltd and Philips Jilin Semiconductors Company Limited.

On 21 September 2005, Chasen Logistics was converted from a private limited company to a public limited company for the purpose of an initial public offering on the SGX-Sesdaq. On 22 August 2005, the Group was granted the Eligibility-To-List on the SGX-Sesdaq by the SGX-ST. However due to circumstances beyond its control, the Group was unable to complete the listing.

#### **General developments in FP2007<sup>(1)</sup>**

On 24 February 2006, Chasen Logistics acquired Chasen International Pte Ltd (now known as Ruiheng International Pte Ltd), which has a wholly-owned Malaysian subsidiary, THH Logistics Sdn Bhd, for a cash consideration of approximately S\$205,000.

The Group also commenced repair and maintenance and related services through its new subsidiary, REI Technologies Pte Ltd (“**REI Technologies**”). Incorporated on 28 April 2006, REI Technologies which commenced operations in July 2006, provides turnkey facilities and engineering solutions, repair and maintenance services to customers in the high tech electronic industries. This business segment is an extension of the Group’s core business of specialist relocation services and is consistent with the intention to extend the scope of the Group’s services to include businesses with regular income stream in order to even out the revenue flow throughout the year.

On 1 July 2006, REI Technologies entered into a service agreement with Cannon ANELVA Corporation (“**CAC**”), a Japan-based company which manufactures specialised equipment and systems for the thin-film transistor LCD and hard disk industries. REI Technologies would provide service and support to CAC’s customers in Singapore and Malaysia. On 1 August 2006, REI Technologies signed an agreement with CAC whereby REI Technologies would source for manufacturers in Singapore and Malaysia to manufacture equipment parts for CAC’s equipment production needs.

On 31 July 2006, the Group incorporated a new subsidiary, CLE Engineering Services Pte Ltd (“**CLE Engineering**”), which is dormant as at 30 August 2007. CLE Engineering is an investment holding company incorporated for purpose of consolidating Chasen’s future investments in engineering services related businesses.

On 23 August 2006, Chasen Logistics entered into an agreement with Chiang Mun Hoe Alvin (“**Alvin Chiang**”) whereby Chasen Logistics sold to Alvin Chiang 3,000 Shares in REI Technologies, which represented 1% of the total issued and paid up share capital of REI Technologies, for a total cash consideration of S\$3,000. Under the terms of the said agreement, Chasen Logistics has granted a purchase option to Alvin Chiang on or before 28 April 2008, to acquire 117,000 shares in REI Technologies, which represents 39% of the total issued and paid up share capital of REI Technologies, for a total cash consideration of S\$117,000. Alvin Chiang is presently a Director and the General Manager of REI Technologies and has been instrumental in securing the CAC contracts.

On 27 September 2006, Chasen Sino-Sin (Beijing) Hi Tech Services Private Ltd was incorporated in Beijing, the PRC.

On 12 February 2007, Chasen Logistics successfully completed its reverse acquisition of China Entertainment Sports Ltd, a SGX-Sesdaq listed company. The Company changed its name from China Entertainment Sports Ltd to Chasen Holdings Limited with effect from 17 May 2007.

### **General developments in FY2008**

On 2 April 2007, the Board of Directors of Chasen announced, *inter alia*, a proposed capital reduction exercise (“**Capital Reduction Exercise**”) to better reflect the financial position of the Group following the completion of the acquisition of Chasen Group Companies and to facilitate the declaration of dividends in the future. The Capital Reduction Exercise was effective as of 5 July 2007.

On 17 May 2007, the Board of Directors of the Company announced, *inter alia*, that following the approval of shareholders at the Extraordinary General Meeting of the Company held on 16 May 2007, the Company’s change of name to “Chasen Holdings Limited” has been lodged with the Accounting and Corporate Regulatory Authority with effect from 17 May 2007.

On 11 July 2007, the Board of Directors of Chasen announced, *inter alia*, a proposed renounceable non-underwritten rights issue (the “**Rights Issue**”) of rights shares (the “**Rights Shares**”) at an issue price of S\$0.01 (the “**Issue Price**”) each to the Shareholders with registered addresses in Singapore on the basis of one (1) Rights Share for every four (4) existing ordinary Shares in the capital of the Company (the “**Shares**”) held on a books closure date to be determined (the “**Books Closure Date**”), fractional entitlements to be disregarded. The Books Closure Date was 4 September 2007 at 5.00 pm. On 2 October 2007, the Board of Directors of Chasen announced, *inter alia*, that the 1,635,026,863 Rights Shares, which were allotted and issued on 1 October 2007 pursuant to the Rights Issue, have been listed and quoted on the SGX-Sesdaq on 2 October 2007 and trading of the Rights Shares has commenced with effect from 9.00 a.m. on the same date.

On 11 July 2007, the Board of Directors of Chasen announced, *inter alia*, that pursuant to the completion of the reverse takeover exercise, the Company has undertaken a restructuring exercise to consolidate all its businesses under a common investment holding entity, Chasen Holdings Limited. As part of the restructuring exercise, Chasen Logistics Services Limited, the wholly-owned subsidiary of the Company, has transferred 100% of its ownership in REI Technologies Pte Ltd, Ruiheng International Pte Ltd and Chasen Logistics & Engineering Services Pte Ltd to the Company.

On 21 September 2007, the Board of Directors of Chasen announced, *inter alia*, that its wholly-owned subsidiary, Chasen Logistics & Engineering Services Pte Ltd (“**CLES**”), has incorporated the following two subsidiaries in the People’s Republic of China pursuant a joint venture with Zhang Qi Hua (“**ZQH**”), a businessman from Canada:-

1. Chasen Logistics (Shanghai) Co., Ltd  
Registered capital : US\$1,000,000  
Principal activity : Provision of relocation, packing and warehousing services

Equity structure : 70% owned by CLES, 30% owned by ZQH

2. Chasen Logistics (Xi'an) Co., Ltd  
Registered capital : US\$300,000  
Principal activity : Provision of warehousing services  
Equity structure : 70% owned by CLES, 30% owned by ZQH

On 4 December 2007, the Board of Directors of Chasen announced, *inter alia*, that Chasen Logistics Services Limited, the wholly-owned subsidiary of the Company, has transferred 100% of its ownership in CLE Engineering Services Pte Ltd (“**CLE**”) to the Company as part of its corporate restructuring exercise. In addition, after the transfer of ownership, the Company has increased the issued and paid-up capital of CLE from S\$100 to S\$1,000,000.

On 29 January 2008, the Board of Directors of Chasen announced, *inter alia*, that the Company has completed the following acquisitions on 25 January 2008:-

- (a) sale and purchase and investment agreement dated 8 January 2008 with Mr Goh Koon Kang (“**GKK**”) and Goh Kwang Heng Pte Ltd (“**GKHPL**”) pursuant to which the Company has (i) subscribed for an aggregate of 624,490 new ordinary shares in GKHPL, representing approximately 51.0% of the issued and paid up share capital of GKHPL, for a cash consideration of S\$1.68 per subscription shares amounting to an aggregate consideration of approximately S\$1,049,143.20; and (ii) purchased from GKK 156,122 ordinary shares in the issued and paid up capital of GKHPL, representing approximately 12.7% of the issued and paid up share capital of GKHPL, for an aggregate cash consideration of S\$300,000 on the terms and conditions in the GKHPL Agreement.
- (b) sale and purchase and investment agreement dated 8 January 2008 with GKK and Goh Kwang Heng Scaffolding Pte Ltd (“**GKHSPL**”) pursuant to which the Company has subscribed for an aggregate of 104,082 new ordinary shares in GKHSPL, representing approximately 51.0% of the issued and paid up share capital of GKHPL, for a cash consideration of S\$1.44 per subscription shares amounting to an aggregate consideration of approximately S\$149,878.08.

On 29 January 2008, the Board of Directors of Chasen announced, *inter alia*, that its wholly-owned subsidiary, Chasen Logistics & Engineering Services Pte. Ltd. (“**CLES**”), has entered into a joint venture agreement (“**JV Agreement**”) on 23 January 2008 with Ms Huang Meilin (“**HML**”) and Mr Dong Ling (“**DL**”) for the purpose of:

- (i) the formation of a joint venture company (the “**JV Company**”) in Singapore;
- (ii) the formation of a wholly owned foreign enterprise (“**LLC**”) to be registered in the People’s Republic of China (“**PRC**”); and
- (iii) the provision of management and consultancy services for the development and maintenance of software for network, telecommunication, and computer systems; technology consultancy, management consultancy and computer management consultancy by the LLC to Shanghai Dianfa Network Technology Co., Ltd (“**Dianfa**”).

Pursuant to the JV Agreement, Lelecai Pte Ltd (“**LPL**”) has been incorporated with an initial issued and paid up capital of S\$1. LPL will be an investment company, holding 100% shareholding in LLC. HML is a 49% shareholder of Dianfa, which is a company incorporated in People’s Republic of China. Dianfa has entered into an agreement with a branch of a provincial sport lottery center in PRC to, *inter alia*, provide a platform to enable the latter to provide sports and social welfare lottery services in the PRC through the paperless media such as the internet, mobile and land line phone. The provision of management consultancy services by LPL to Dianfa will enable Dianfa to provide such platform and discharge its obligation to provide such a platform to the provincial sports lottery center branch. Under the management and consultancy agreement entered into between LPL and Dianfa on 26 January 2008, Dianfa will pay LPL a monthly retainer fee and 90% of its revenue as consultancy fees and use of its platform. CLES will invest RMB10 million (approximately S\$2million at the exchange rate of S\$1to RMB5) which will enable LLC to purchase the necessary equipment and employ the required technical and

after sales service staff to set up and maintain the required platform and infrastructure to support Dianfa business.

On 4 March 2008, the Board of Directors of Chasen announced, *inter alia*, that the Company has, on 28 February 2008, entered into a Sale and Purchase and Investment Agreement with Sia Keng Cheong, Sia Chiang Hun, Tang Hup Soon, Sia Beng Hock, Sia Son Chiong, Tang Chwee Heng, Ong Kiang Hong and Tan Kian Sin (the "Vendors") and Cheng Chee Chai to acquire 900,000 shares representing 60% of Hup Lian Engineering Pte Ltd ("HLE") from the Vendors for a cash consideration of S\$720,000. In addition, the Company will subscribe for 375,000 new ordinary shares (representing 60% of the increase in capital) in HLE for a cash consideration of S\$300,000. The said Sale and Purchase was completed on 21 April 2008.

#### **General developments in FY2009 up to the Latest Practicable Date**

On 22 April 2008, the Board of Directors of Chasen announced, *inter alia*, that the Company has, agreed to terms of a conditional subscription agreement with Pacific Capital Investment Management Limited – an offshore asset management company based in the United Kingdom - for the issue of up to S\$30 million in convertible notes.

On 5 June 2008, the Board of Directors of Chasen announced, *inter alia*, that it has agreed in principle to invest A\$5.63 million (equivalent to S\$7.37 million based on exchange rate of A\$1 = S\$1.3085) for an approximate 10% stake in an Intermodal Terminal development in Queensland, Australia. The stake would be held through a New Zealand investment holding company, namely, Far Pacific Capital Ltd ("FPC"). The transaction is subject to completion of a definitive agreement between FPC and the promoters of the Intermodal development and due diligence on the project.

On 12 June 2008, the Board of Directors of Chasen announced, *inter alia*, that the Company proposes to undertake a share consolidation of every 100 ordinary shares in the capital of the Company as at a books closure date to be determined by the Directors into one consolidated one (1) share, fractional entitlements to be disregarded.

On 16 July 2008, the Board of Directors of Chasen announced, *inter alia*, that the Company has on 12 June 2008 entered into a sale and purchase and agreement ("**Agreement**") with Mr Ng Boon Liam ("**NBL**"), Lee Chong Keong ("**LCK**"), Soo Siok Moi ("**SSM**") and Mok Chee Kiang ("**MCK**") (collectively, the "**Vendors**") pursuant to which the Company shall acquire the entire issued and paid up capital of CEL Logistics Sdn Bhd ("**CEL**"). The Consideration, which shall be subject to a maximum of RM11,200,000 depending on the Profit After Tax for FY2007 and 2008, shall be satisfied by the issuance and allotment of new ordinary shares ("**Consideration Shares**") in the Company at an issue price of S\$0.015. The Consideration is to be computed and payable as follows:-

- (a) the first tranche be computed at 4 times Profit After Tax for the financial year 2007 subject to a maximum of RM5,600,000, payable on or before Completion Date; and;
- (b) the second and final tranche be computed at 8 times the average Profit After Tax for the financial years 2007 and 2008 less the amount paid in (a) above,

subject to a maximum RM11,200,000, payable within seven (7) days after the audited accounts of CEL for financial year 2008 have been delivered to the Company. Assuming the applicable exchange rate is RM2.30 for S\$1.00, the issue price for each Consideration Share is S\$0.015 and based on this issue price, the maximum aggregate number of Consideration Shares issuable to the Vendors is 324,637,681 Consideration Shares. In the event that there is negative profit, the Company will not be required to issue any shares as Consideration.

#### **Notes:-**

- 1) As the Company completed the reverse acquisition of China Entertainment Sports Ltd on 12 February 2007 and Company has changed the financial period ended 31 December to 31 March, the audited financial period for FP2007 was from 1 January 2006 to 31 March 2007.
- 2) The results of the Group after taking into account the reverse acquisition of China Entertainment Sports Ltd.

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**9d. the equity capital and the loan capital of the relevant entity as at the latest practicable date, showing –**

- (i) in the case of the equity capital, the issued capital; or**
  - (ii) in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;**
- 

As at the Latest Practicable Date, the share and loan capital of the Company comprise:

Paid-up share capital	:	S\$53,264,920
Issued Shares	:	14,699,415,863
Loan Capital	:	Nil

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**9e. where –**

- (i) the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or**
  - (ii) the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;**
- 

Based on information in the Register of Substantial Shareholders maintained by the Company pursuant to Section 88 of the Act as at the Latest Practicable Date, the Substantial Shareholders and the number of Shares in which they have an interest are as follows:

<b>Directors</b>	<b>Direct Interest</b>		<b>Deemed Interest</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Yeo Seck Cheong	1,675,862,055	11.40	-	-

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**9f. any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgment of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;**

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The Directors are not aware of any litigation or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had in the 12 months immediately preceding the date of lodgment of this Offer Information Statement a material effect on the Group's financial position or profitability.

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**9g. where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date –**

- (i) if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or**
  - (ii) if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests; and**
- 

The table below sets out the securities of the Company that have been issued within the 12 months immediately preceding the Latest Practicable Date:

<b>Date of Completion</b>	<b>Issue Price</b>	<b>Number of Securities</b>	<b>Purpose</b>
2 October 2007	\$0.01	1,635,026,863	Rights Issue

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**9h. a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.**

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Save as disclosed in paragraph 9(c) above, neither the Company nor any of its Subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) during the 2 years immediately preceding the date of lodgment of this Offer Information Statement:

- (a) The agreement dated 1 August 2006 entered into between CAC and REI Technologies whereby REI Technologies agreed, inter alia, to source for reliable and capable fabricating companies in Singapore and Malaysia to manufacture equipment parts for CAC's equipment production needs;
- (b) The agreement dated 23 August 2006 entered into between Chasen Logistics and Chiang Mun Hoe Alvin ("Alvin Chiang") whereby Chasen Logistics sold to Alvin Chiang 3,000 shares in REI Technologies for a total cash consideration of S\$3,000 and Chasen Logistics had agreed to sell to Alvin Chiang on or before 28 April 2008 a further 117,000 shares in REI Technologies for a total cash consideration of S\$117,000; and
- (c) The letter of intent dated 20 November 2006 entered into between Chasen Sino-Sin (Beijing) Hi Tech Services Private Ltd ("Chasen Beijing") and Bayer Polyurethanes (Shanghai) Company Limited ("Bayer") read with purchase order no. 30012858 whereby the parties agreed, inter alia, that Chasen Beijing will provide warehouse management services to Bayer of approximately RMB11.0 million.
- (d) The sale and purchase and investment agreement dated 8 January 2008 with Mr Goh Koon Kang ("GKK") and Goh Kwang Heng Pte Ltd ("GKHPL") pursuant to which the Company has (i) subscribed for an aggregate of 624,490 new ordinary shares in GKHPL, representing approximately 51.0% of the issued and paid up share capital of GKHPL, for a cash consideration of S\$1.68 per subscription shares amounting to an aggregate consideration of approximately S\$1,049,143.20; and (ii) purchased from GKK 156,122 ordinary shares in the issued and paid up capital of GKHPL, representing approximately 12.7% of the issued and paid up share capital of GKHPL, for an aggregate cash consideration of S\$300,000 on the terms and conditions in the GKHPL Agreement.
- (e) The sale and purchase and investment agreement dated 8 January 2008 with GKK and Goh Kwang Heng Scaffolding Pte Ltd ("GKHSPL") pursuant to which the Company has subscribed for an aggregate of 104,082 new ordinary shares in GKHSPL, representing approximately 51.0% of the issued and paid up share capital of GKHPL, for a cash consideration of S\$1.44 per subscription shares amounting to an aggregate consideration of approximately S\$149,878.08.
- (f) The Joint Venture Agreement ("JV Agreement") on 23 January 2008 with Ms Huang Meilin ("HML") and Mr Dong Ling ("DL") for the purpose of (i) the formation of a joint venture company (the "JV Company") in Singapore; (ii) the formation of a wholly

owned foreign enterprise (“LLC”) to be registered in the People’s Republic of China (“PRC”); and (iii) the provision of management and consultancy services for the development and maintenance of software for network, telecommunication, and computer systems; technology consultancy, management consultancy and computer management consultancy by the LLC to Shanghai Dianfa Network Technology Co., Ltd.

- (g) The Sale and Purchase and Investment Agreement dated 28 February 2006 with Sia Keng Cheong, Sia Chiang Hun, Tang Hup Soon, Sia Beng Hock, Sia Son Chiong, Tang Chwee Heng, Ong Kiang Hong and Tan Kian Sin (the “Vendors”) and Cheng Chee Chai to acquire 900,000 shares representing 60% of Hup Lian Engineering Pte Ltd (“HLE”) from the Vendors for a cash consideration of S\$720,000. In addition, the Company will subscribe for 375,000 new ordinary shares (representing 60% of the increase in capital) in HLE for a cash consideration of S\$300,000.
- (h) The conditional subscription agreement dated 22 April 2008 with Pacific Capital Investment Management Limited – an offshore asset management company based in the United Kingdom - for the issue of up to S\$30 million in convertible notes.
- (i) The sale and purchase agreement (“Agreement”) dated 12 June 2008 with Mr Ng Boon Liam (“NBL”), Lee Chong Keong (“LCK”), Soo Siok Moi (“SSM”) and Mok Chee Kiang (“MCK”) (collectively, the “Vendors”) pursuant to which the Company shall acquire the entire issued and paid up capital of CEL Logistics Sdn Bhd (“CEL”). The Consideration, which shall be subject to a maximum of RM11,200,000 depending on the Profit After Tax for FY2007 and 2008, shall be satisfied by the issuance and allotment of new ordinary shares (“Consideration Shares”) in the Company at an issue price of S\$0.015. The Consideration is to be computed and payable as follows:-
  - (a) the first tranche be computed at 4 times Profit After Tax for the financial year 2007 subject to a maximum of RM5,600,000, payable on or before Completion Date; and;
  - (b) the second and final tranche be computed at 8 times the average Profit After Tax for the financial years 2007 and 2008 less the amount paid in (a) above,

subject to a maximum RM11,200,000, payable within seven (7) days after the audited accounts of CEL for financial year 2008 have been delivered to the Company. Assuming the applicable exchange rate is RM2.30 for S\$1.00, the issue price for each Consideration Share is S\$0.015 and based on this issue price, the maximum aggregate number of Consideration Shares issuable to the Vendors is 324,637,681 Consideration Shares. In the event that there is negative profit, the Company will not be required to issue any shares as Consideration.

## PART V: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### Operating Results

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1. Provide selected data from -
- (a) the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and
  - (b) any interim income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.
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(a) Please refer to Appendix 1 to this Offer Information Statement.

(b) Not applicable.

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2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:
- (a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;
  - (b) earnings or loss per share; and
  - (c) earnings or loss per share, after any adjustment to reflect the sale of new securities.
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Chasen Holdings had paid a tax exempt (one-tier) dividend of S\$0.00004 per share on 13 December 2007, amounting to \$587,977.

There was no dividend paid out for FP2007.

There was no dividend paid out for FY2005.

#### **Fixed Conversion Price**

For illustration only, assuming the full conversion of the Convertible Notes and the issuance of 4,838,709,677 Shares at each of the financial years/period ended 31 December 2005, 31 March 2007 and 31 March 2008, the basic and diluted consolidated EPS will be as follows:-

	<b>Consolidated EPS before conversion of the Convertible Notes</b>	<b>Consolidated EPS after the conversion of the Convertible Notes <sup>(1)</sup></b>
FY2005	0.0341	0.0245
FP2007	0.0157	0.0113

FY2008	0.0225	0.0167
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**Notes:**

- (1) Assuming full subscription and conversion of the Notes and the issuance of 4,838,709,677 Shares.
- (2) The earnings per Share computed above are based on the net profit after tax for the year attributable to shareholders over the weighted average number of Shares outstanding for each financial year.
- (3) The earnings per share for FY2005, FP2007 and FY2008 were based on the weighted average number of 12,413,793,000, 12,522,226,000 and 13,881,902,432 Shares respectively.

**Floating Conversion Price**

For illustration only, assuming the full conversion of the Convertible Notes and the issuance of 6,666,666,666 Shares at each of the financial years/period ended 31 December 2005, 31 March 2007 and 31 March 2008, the basic and diluted consolidated EPS will be as follows:-

	<b>Consolidated EPS before Conversion of the Convertible Notes</b>	<b>Consolidated EPS after the conversion of the Convertible Notes <sup>(1)</sup></b>
FY2005	0.0341	0.0222
FP2007	0.0157	0.0102
FY2008	0.0225	0.0152

**Notes:**

- (1) Assuming full subscription and conversion of the Notes and the issuance of 6,666,666,666 Shares.
- (2) The earnings per Share computed above are based on the net profit after tax for the year attributable to shareholders over the weighted average number of Shares outstanding for each financial year.
- (3) The earnings per share for FY2005, FP2007 and FY2008 were based on the weighted average number of 12,413,793,000, 12,522,226,000 and 13,881,902,432 Shares respectively.

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**3. In respect of –**

- (a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and**
- (b) any subsequent period for which interim financial statements have been published,**

**provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.**

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**Performance Review For FP2007 vs FY2005**

As the Company completed the reverse acquisition of China Entertainment Sports Ltd on 12 February 2007 and Company has changed the financial period ended 31 December to 31 March, the audited financial period for FP2007 was from 1 January 2006 to 31 March 2007.

Revenue increased by 55.15% from S\$13.4 million in FY 2005 to S\$20.8 million in FP2007 due to the following reasons:-

- Undertaking of major projects for customers such as United Test and Assembly Center Ltd, ST Microelectronics Pte Ltd and Tech Semiconductor Singapore Pte Ltd in Singapore and other

regions;

- Contributions from REI Technologies Pte Ltd (“REI”) which is a newly incorporated subsidiary in Singapore;
- Increase in revenue in PRC region attributed mainly to the Infovision Optoelectronics (Kunshan) Co., Ltd project in Kunshan and the warehouse management service contract in PRC; and
- Increase in the revenue from Malaysia region attributed to the Infineon project in Kulim, Penang.

Cost of sales increased by 95.6% from S\$6.3 million in FY2005 to S\$12.3 million in FP2007 in line with the increase in revenue.

Distribution and selling expenses increased by 112.7% from S\$0.9 million in FY2005 to S\$1.9 million in FP2007 mainly due to higher payroll as well as travel and related expenses as a result of expanded regional operations. In addition, an amount of about S\$0.2 million was attributed to the new operations in Malaysia and REI.

Administrative expenses increased by 76.9% from S\$1.3 million in FY2005 to S\$2.2 million in FP2007 mainly due to higher payroll costs as the Group expanded. In addition, an amount of about S\$0.4 million was attributable to the new operations in Malaysia and REI.

Finance expenses increased by 189.4% from S\$0.07 in FY2005 to S\$0.2 million in FP2007 mainly due to foreign exchange losses arising from the weakening of US\$.

Profit before tax decreased by 43.6% from S\$5.1 million in FY2005 to S\$2.85 million in FP2007 mainly due to reduced gross profit margin, increased expenses and the writing off of goodwill arising from the reverse acquisition.

### **Performance Review For FY2008 vs FP2007**

Revenue increased by 17% from S\$20.8 million in FP2007 to S\$24.2 million in FY2008 due to the following reasons:-

- Higher revenue from packing and warehousing services. The revenue for both services increased 82% and 28% respectively from last financial year.
- Higher revenue from technical services; it increased 33% to S\$5 million from S\$3.76 million in last financial year.
- Revenue from relocation services remained at S\$12.7 million and continued to be the highest revenue contributor to the Group.

As revenue for the previous financial year comprised 15 months of business operation, on a monthly average basis over a 12-month period, the Group’s revenue growth was 45% in FY2008 over FP2007.

Cost of sales increased by 95.6% from S\$12.3 million in FP2007 to S\$14.6 million in FY2008 in line with the increase in revenue.

Distribution and selling expenses increased by 23% from S\$1.9 million in FP2007 to S\$2.3 million in FY2008 mainly due to higher distribution as well as travel and related expenses as a result of expanded regional operations.

Administrative expenses increased by approximately 47% from S\$2.2 million in FP2007 to S\$3.3 million in FY2008. The increase was due mainly to S\$0.3 million incurred in the implementation of Group’s Profit Sharing Scheme for the first time, S\$0.5 million in corporate governance and compliance and other related expenses as a publicly listed company and S\$0.2 million start-up cost on the bonded warehousing business in PRC.

Profit before tax increased by 47.2% from S\$2.9 million in FP2007 to S\$4.2 million in FY2008 which resulted from a \$1.8 million goodwill arising from reverse acquisition that was written off last year.

## **Financial Position**

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4. **Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of –**
    - (a) **the most recent completed financial year for which audited financial statements have been published; or**
    - (b) **if interim financial statements have been published for any subsequent period, that period.**
  5. **The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:**
    - (a) **number of shares after any adjustment to reflect the sale of new securities;**
    - (b) **net assets or liabilities per share; and**
    - (c) **net assets or liabilities per share after any adjustment to reflect the sale of new securities.**
- 

4.
  - (a) Please refer to Appendix 2 to this Offer Information Statement.
  - (b) Not applicable.
5.
  - (a) Please refer to Appendix 4 to this Offer Information Statement.
  - (b) Please refer to Appendix 4 to this Offer Information Statement.
  - (c) Please refer to Appendix 4 to this Offer Information Statement.

## **Liquidity and Capital Resources**

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6. **Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of –**
    - (a) **the most recent completed financial year for which financial statements have been published; and**
    - (b) **if interim financial statements have been published for any subsequent period, that period.**
- 

### **For the most recent completed financial year ended 31 March 2008**

Please refer to Appendix 3 to this Offer Information Statement for further details on the cash flows of the Group.

Net cash used in operating activities was approximately S\$0.2 million in FY2008 due mainly to profit before taxation of approximately S\$2 million, adjustment of non-cash items such as depreciation of property, plant and equipment of approximately S\$1.1 million, increase in trade

and other receivables of approximately S\$5.0 million offset by an increase in trade and other payables of approximately S\$0.4 million and tax paid of approximately S\$0.8 million.

Net cash used in investing activities was approximately S\$7.7 million in FY2008, mainly due to the placement of long term fixed deposit of approximately S\$2.0 million, prepayment in investing activities of approximately \$2.6 million and purchase of plant and equipment for the amount of approximately S\$2.9 million.

Net cash from financing activities was approximately S\$14.4 million due mainly to net proceeds from rights issue which was completed in October 2007.

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- 7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgement of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.**
- 

The Directors are of the opinion that, after taking into consideration the Group's internal resources, present banking facilities and the estimated net proceeds from the Note Issue, the Group has sufficient working capital to meet its present requirements as at the date of lodgment of this Offer Information Statement.

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- 8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide -**
- (a) a statement of that fact;**
  - (b) details of the credit arrangement or bank loan; and**
  - (c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).**
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To the best of the Directors' knowledge, the Group is not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Company's financial position and results or business operations, or the investments by holders of securities in the Company.

#### **Trend Information and Profit Forecast or Profit Estimate**

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- 9. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.**
-

## **Business and financial prospects for the current financial year**

### **Risk Factors**

To the best of the Directors' knowledge and belief, all the risk factors that are material to prospective investors in making an informed judgment on the Group (save for those which have already been disclosed to the general public, in particular, through its annual report for FY2008 and SGXNET announcements) are set out below.

Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Information Statement before deciding whether to invest in the Notes. The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Group, or that the Group may currently deem immaterial, which could affect its operations. In the event that any of these risks materialises, the business, financial condition, results of operations and prospects of the Group could be materially and adversely affected.

#### **Risk factors relating to the Group**

##### ***The Group is reliant on the Singapore market, the markets in the Southeast Asia region and the PRC***

Singapore is currently the main base of operations of the Group. Customers usually come to know the Group when they are setting up or after they have set up operations in Singapore, Southeast Asia and the PRC. The Group works mainly with manufacturers who invest in sophisticated machinery and equipment for their business operation. These machinery and equipment need to be installed at their premises and are relocated whenever their operational base is shifted, either to another part of the same country when their current premises prove inadequate due to expansion of production capacity or to another country for strategic reasons. If there should be a decline in the level of investment activities in Singapore and the region by companies already in Singapore and the region or due to the lack of new businesses investing in Singapore and the region, the volume of business of the Group may be adversely affected.

The relocation business of the Group is affected by general economic conditions in Singapore and the regional markets as well as the cyclical nature of the business of some of its customers. Any adverse change in the economic conditions in this region will have a negative impact on operations. In weak economic conditions or a cyclical downturn, manufacturers may defer the purchase of new machinery and equipment. This will reduce the number and monetary value of relocation projects available for bidding as well as the revenue from the customer maintenance contracts. As a result, revenue of the Group may be adversely affected.

In addition, the Group believes that its customers face intense competition in their industries globally and may have to relocate out of Singapore for strategic reasons. Should these customers relocate to countries where the Group does not have a presence now or in the future, the Group will lose their projects and/or maintenance contracts businesses and accordingly, the business and financial position could be adversely affected.

##### ***The Group is subject to competitive risks from other players in the logistics services industry***

The Group believes that the logistics services industry is highly competitive and it expects to face increased competition from existing players in the transportation and freight forwarding sector of the logistics industry and any new entrants into the market. The Group believes that most transportation and freight forwarding companies already have general purpose trucks and manpower and they may hire or purchase specialized material handling equipment and vehicles such as air cushioned trailers to bid for relocation projects against it. There is no assurance the Group will be able to continue competing successfully with such competitors.

As some of these companies are larger players in the logistics industry, they may have greater resources to keep abreast of technological changes, bigger vehicular fleets, longer operating

histories and greater financial, technical, marketing and other resources, as well as wider access to capital. They may therefore be able to compete more successfully over a longer period of time. Should existing or new competitors offer services at a lower cost or engage in aggressive pricing in order to increase market share, revenue may decline if the Group is not able to match their lower costs or aggressive pricing. This will have an adverse effect on its business, financial performance and financial condition. The Group may have to reduce pricing in order to retain existing customers and attract new customers. A reduction in pricing without any corresponding reduction in costs may adversely affect the profitability of the Group.

***A limited number of customers represent a significant portion of the Group's revenue and the ability to maintain or increase business with these customers will affect the Group***

Major customers of the Group accounted for approximately 56.1%, 50.5% and 43.0% of revenues for the FY2005, FP2007 and FY2008 respectively. There is no assurance that the Group will continue to retain these customers and that they will maintain or increase their current level of business with the Group. Any significant reduction in demand for its services from any of these customers or the termination or non-renewal of existing contracts with them will adversely affect the business, financial condition and results of operations.

***The revenue of the Group is primarily derived from projects secured mainly through the competitive process of invited, negotiated and open tenders. The ability to secure such tenders may subject the Group to significant fluctuations in revenue***

The revenue of the Group is primarily generated by way of projects secured mainly through the competitive process of invited, negotiated and open tenders. The Group also derives revenue from annual maintenance contracts entered into with some customers. Such contracts however do not guarantee a minimum amount of revenue to be earned annually during the life of the contract as it is dependent on the volume of repositioning activities required. The Group's revenue may fluctuate significantly from year to year depending on the number of projects and the value of projects successfully secured, as well as the revenue generated by the maintenance contracts. The number of projects secured and the revenue generated from the maintenance contracts may bear no correlation from one year to another, and this is the inherent risk to which logistics service providers are generally subject to. As such the potential volatility in revenue and failure to secure projects through the competitive process of invited, negotiated and open tenders would adversely affect its revenue and profitability.

***The Group is exposed to potential liability arising from damage to property and injury or death to personnel and/or third parties***

Accidents may occur as a result of traffic accidents, fire, or other material handling incidents which may result in injury or death, or damage to property and/or vehicles involving employees of the Group or third parties.

There is no assurance that accidents resulting in injury to persons, death or damage to property or vehicles will not arise even though the Group complies with the safety requirements under the Factories Act (Chapter 104). The Group may be liable, whether contractually or under the law, for any or all of such loss or damage or injury or loss of life. In the event that the existing insurance policies do not adequately cover the liabilities arising from an accident, the Group would be liable for the claims that are in excess of its insurance coverage and this will adversely affect its financial performance and position.

Disputes may arise between customers and the Group for various reasons including damage to customers' machinery or equipment, omissions or ambiguities in the contract documentation, inadequate or unsatisfactory level of services provided and general non-adherence to the contract specifications. There can be no assurance such disputes will not occur in business and any such disputes or claims may result in undue delays in payment by its customers or in protracted litigation, which may have a negative impact on working capital position. This may in turn have a material negative impact on the Group's financial performance.

In addition, the Group, its contractors and sub-contractors have under certain contracts waived or limited its mutual right of claim or recovery against each other in respect of any loss of or damage to the Group's vehicles, property or equipment, economic loss suffered by the Group, injuries to or death of any persons arising out of any act, omission or default on the part of these contractors or sub-contractors. The Group may also enter into similar contracts with its customers waiving or limiting its mutual right of claim or recovery against each other. In such situations, in the event that there is any loss or damage suffered and the Group is unable to claim or claim in full against the insurers or any third party for such loss or damage, its operations may be adversely affected.

The Group may also be exposed to liabilities for accidents occurring to workers hired by its contractors. Firstly, the contractors may not have provided adequate insurance cover for their workers deployed to the Group's projects and vehicles. Secondly, the compensation payable to such workers resulting from any accident may exceed the amount covered by the Group's extended insurance coverage which includes workers of contractors. If the Group is required to pay any compensation to such workers, its financial performance may be adversely affected.

***The Group operates in industries which require regular upgrading of specialised material handling equipment and vehicles and the skills of manpower to stay competitive***

Specialised material handling equipment and vehicles are used to support the skilled manpower in executing the relocation operations of the Group. Some of its customers' machinery and equipment such as those used in the wafer fabrication industry may be bulky, expensive and sensitive to vibration and inclement weather while being moved from one location to another. This may entail the use of vehicles of heavier tonnage and which are equipped with greater capabilities. In the event that the fleet of general purpose and specialized vehicles, material handling equipment and manpower are unable to meet its customers' requirements, the Group may not be able to compete effectively against its competitors.

To maintain competitive edge, the Group may need to regularly upgrade its specialised relocation equipment to match those offered by competitors. The Group will have to keep abreast of advances in equipment and vehicular construction and relocation techniques, so that it can compete effectively and maintain its market share in this niche market of the logistics industry. Failure to stay ahead of competitors may adversely affect business growth which may lead to an adverse impact on the financial performance of the Group.

***The operations of the Group will be adversely affected if there is any significant downtime of vehicles or equipment***

Any prolonged and significant downtime of its vehicles or equipment caused by unforeseen circumstances, such as accidents, may cause major disruptions to the operations of the Group. This may be so when the Group operates at or close to maximum capacity and such vehicles or equipment have to be sent for extensive repairs instead of being utilised for operations. While the Group has not experienced any such prolonged and significant downtime of its vehicles or equipment in the past, there is no assurance that this will not happen in the future. In the event the Group is affected by such prolonged and significant downtime of its vehicles or equipment, its operations and financial performance may be adversely affected.

***The Group may be liable for loss or damage to customers' property stored in its premises***

As part of its service to customers, the Group provides warehousing facilities to store the materials, machinery and equipment of its customers. In such circumstances the Group is responsible for the safety of these materials, machinery and equipment. In the event that there is any loss of or damage to such materials, equipment and machinery, the Group may be liable for the loss or damage. In such event, if the loss or damage is significant and the insurance does not or is inadequate to cover such loss or damage, the Group may have to compensate customers for any such loss or damage. Consequently the financial position of the Group may

be adversely affected.

***The Group is dependent on skilled local and foreign workers***

The Group needs to hire, train, motivate, retain and manage employees who are skilled in its machinery and equipment relocation operations. In the event that the Group is not able to continue to recruit workers from the Singapore workforce and there is a disruption in the supply of workers from foreign countries, whether due to regulatory changes in these countries, or health quarantine imposed as a result of disease outbreaks, it may have to seek alternate sources of skilled labour. In the event that the Group is not successful in obtaining an alternative supply of labour, its business will be disrupted and the financial performance may be adversely affected.

Labour costs account for a significant portion of total operational costs. In FY2008, it accounted for approximately 40% of the Group's operation costs. In the event there is an increase in labour costs, the financial performance may also be adversely affected,

***The Group's growth must be managed effectively to maintain its competitiveness***

The Group believes that its business is positioned for strong growth over the next few years. For it to continue to manage its growth and expansion, the Group will have to enhance its operational and financial management, as well as expand its fleet of general purpose and specialised vehicles, material handling equipment and storage facilities, and optimizing their utilisation rate.

The Group operates in a capital-intensive industry and the further expansion of its business requires significant additional capital. As part of its future plans, the Group intends to increase and renew its fleet of vehicles and expand facilities overseas. These growth plans are limited by the ability of the Group to secure financing which, in turn, may affect its ability to compete effectively in the industry.

There is no assurance that the increased fleet of vehicles and facilities will lead to increase in profits. In addition, the Group expects to incur depreciation expense and other expenses in connection with the acquisition of new vehicles or facilities to expand its capacity. Expansion will also result in an increase in the fixed costs of its operations. The ability to maintain or increase the profitability of the Group will continue to depend, in part, on its ability to generate increasing revenues and to maintain or increase the utilisation rates of its vehicles and facilities. The usage of its expanded fleet of vehicles and facilities, if not effectively managed, may result in the inefficient use of the vehicles and facilities and this may adversely affect the financial performance of the Group.

From July 2006, the Group, through its subsidiary REI Technologies, provides turnkey facilities and engineering solutions, repair and maintenance services of equipment to customers in the high-tech electronics industries such as semiconductors, disk media, thin film transistor LCD, pharmaceutical and back-end packaging. The business of REI Technologies is on the same value-chain that includes the Group's core specialist relocation services segment. The Directors of Chasen are of the opinion that, given the above factors, REI Technologies shares similar business risks as its core business.

***The Group is reliant on key management personnel***

The Group's continued success is dependent on its ability to retain the services of key management and operational personnel. The loss of their services without adequate replacement or inability to attract and retain qualified personnel will adversely affect operations and ability to grow may be limited. Any loss of its Executive Directors and Executive Officers, for example, Low Weng Fatt, Siah Boon Hock, Yeo Seck Cheong and Cheong Tuck Nang, will adversely affect its profitability and growth as they are instrumental in formulating the corporate strategies and managing business. The Group has not purchased any keyman insurance for its executive Directors and key executive officers to date.

### ***The Group is exposed to the credit risks of its customers***

The Group usually extends to its customers credit terms of between 30 to 90 days. The average debtors aging for FY2005, FP2007 and FY2008 were 92 days, 85 days and 89 days respectively. In the event customers face cash flow problems, it may impair their ability to settle promptly trade debts due to the Group. This will have an adverse impact on the financial performance and financial position of the Group.

### ***Exchange rate fluctuations may affect the Group's earnings***

A portion of overseas revenue is denominated in US dollars, RMB and RM, while costs are denominated in S\$ and RMB. For FY2008, 6% of the Group's revenue was denominated in US dollars, 21% of its revenue was denominated in RMB, and 3% of its revenue was denominated in RM, with the rest in Singapore dollars. For the same period 25% of total costs were denominated in RMB, 3% were denominated in RM while the rest were denominated in S\$. In FY2006, the Group had started operations in Malaysia and therefore earnings derived from the Malaysia operations will be affected by fluctuations in RM against SGD.

The foreign exchange risk arises mainly from the mismatch between the currency of receipts and payments of the Group. To the extent that receipts and payments are not matched in the same currency, the Group may be susceptible to foreign exchange exposure. For example, the Group may incur net foreign exchange losses should any significant adverse changes in the foreign exchange rate of the US\$ and/or RM and/or RMB occur against the S\$. Hence should there be any significant adverse fluctuation in the exchange rate of the S\$ against the US\$ and/or RMB and/or RM, its financial performance may be adversely affected. The Group currently does not have any formal policy to hedge its foreign currency exchange exposure although it may enter into foreign currency forward contracts, where necessary, to hedge its exposure to foreign currency fluctuations. However, there is no assurance that it will be able to successfully hedge all foreign currency exposures.

The accounting books and records of the Group are recorded in Singapore dollars. As such any fluctuation in currency exchange rates will also result in exchange gains or losses arising from transactions carried out in foreign currencies as well as translations of foreign currency monetary assets and liabilities as at the balance sheet dates. All resultant exchange differences are dealt with through the profit and loss account.

### ***Risks associated with overseas operations***

There are risks inherent in doing business overseas. These include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations including collection of receivables, social and political instability, fluctuations in currency exchange rates, longer payment cycles, potentially adverse tax consequences, legal uncertainties regarding the Group's liability and enforcement, cost of compliance with and changes in foreign laws, labour conditions and controls on the repatriation of capital or profits. The Group presently operates in the PRC and Malaysia with plans to further expand its overseas operations. Any of the above risks in the countries can adversely affect the operations there and consequently, the Group's financial performance.

### ***Uncertainties regarding the interpretation and enforcement of PRC laws and regulations***

The PRC legal system is based on statutory law. Under this system, prior court decisions may be cited as persuasive authority but do not have binding precedential effect. Since 1979, the PRC National People Representative Congress and central government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organisation and governance, foreign investment, commerce, taxation and trade. As these laws, regulations and legal requirements are relatively new, and because of the limited volume of published cases and judicial interpretations and the non-binding nature of prior court decisions, the interpretation and enforcement of these laws, regulations and legal requirements involve some uncertainty. These uncertainties could limit the legal protection or recourse

available to the Group.

As the Group currently engages in new projects in the PRC, the Group may, in the future, be involved in disputes with its PRC customers or suppliers due to, among other things, payment delays or defaults for on-going or future projects. In such cases the Group may have to resolve its disputes within the PRC legal system using PRC laws.

***The Group could be subject to the Foreign Investment Committee (“FIC”) guidelines of Malaysia***

The Guidelines for the Regulation of Acquisition of Assets, Mergers and Takeovers (“**FIC Guidelines**”) regulate and prescribe guidelines for, *inter alia*, the acquisition of assets or interests, mergers and takeovers of companies and businesses in Malaysia by any means which will result in ownership and control passing to foreign interests or the acquisition of 15% or more of the voting power by any one foreign or associated group, foreign interests in the aggregate of 30% or more of the voting power of a Malaysian company or business. According to the FIC Guidelines, the general rule is that a Malaysian company must have at least 30% Bumiputera equity, with the remaining 70% to be held by either local Malaysian interest, foreign interest or by both. The FIC Guidelines reflect Malaysia’s national economic policy.

The prevailing judicial opinion in Malaysia is that FIC Guidelines are administrative in nature and they do not have the force of law. There are no penalties for non-compliance of these guidelines and its enforcement is by way of administrative actions. Some government departments require a foreign company to have obtained FIC approval in its applications, for example, employment pass applications for foreign employees, the issuance of certain licences and permits, and tendering for government or government-link projects or contracts. We have not sought approval of the FIC in respect of our shareholding in our Malaysian subsidiary THH Logistics.

Any future changes in law in relation to the existing FIC Guidelines or the introduction of new regulations governing foreign ownership could affect our investments in our Malaysian subsidiary, as we may be required by the Malaysian authorities to restructure our equity interest in our Malaysian subsidiary. This may result in a loss of management and operational control, which would materially and adversely affect the operations and performance of our Group.

***The Share price may be volatile, which may result in substantial losses for Shareholders in the Shares pursuant to the Notes Issue***

The market price of the Shares may fluctuate significantly and rapidly as a result of, *inter alia*, the following factors, some of which are beyond the control of the Group:-

- the success or failure of the Group’s management team in implementing business and growth strategies;
- announcements by the Company of significant contracts, acquisitions, strategic alliances or capital commitments;
- loss of the Group’s major customers or failure to complete significant orders or contracts;
- changes in the Group operating results;
- involvement in litigation;
- an negative publicity on the Group;
- unforeseen contingent liabilities of the Group;
- addition or departure of key personnel;
- fluctuations in share prices of companies with similar business to the Company that are listed in Singapore;
- differences between the actual financial operating results of the Group and those expected by investors;

- foreign economic and stock market conditions; and
- general economic and stock market conditions.

### **Trend information**

In relation to the relocation business, the Directors believe that growth will continue as manufacturing operations relocate from higher to lower cost locations as well as new high- tech plants being built in locations where the Group operates. The Group has positioned itself to take advantage of such business opportunities. The Group's warehouse and packing support business will also benefit from these relocation activities. The Group has also secured a warehouse management service contract in PRC.

For the Technical Services (including repairs and maintenance), the Group's subsidiary REI will continue to expand its services from Singapore to Malaysia. REI is currently also exploring business opportunities in PRC.

To meet the diverse needs of the customers, Chasen's scope of services has been extended to include engineering services and other capabilities for high growth industries within Singapore and around the region.

Barring unforeseen circumstances, the Directors expect the Group to continue to be profitable for the current financial year of FY2009.

### **Risks relating to the Shares**

#### **The Company's Share price may fluctuate**

There is no assurance that the market price for the Shares will not fluctuate significantly and rapidly as a result of certain factors, some of which are beyond the Company's control. Examples of such factors include, inter alia, (i) variation(s) of its operating results; (ii) changes in securities analysts' estimates of the Group's financial performance; (iii) additions or departures of key personnel; (iv) fluctuations in stock market prices and volume; (v) involvement in litigation; and (vi) general economic and stock market conditions.

#### **The Company's Shares may not be traded regularly**

The Shares were not traded on every trading day during the period from August 2007 to July 2008. Please refer to Section 4(d) of Part VI of this Offer Information Statement for further details. There is no assurance that there will be an active trading market for the Company's Shares subsequent to the Note Issue and even if there is, there is no assurance that such active trading market for the Shares will be sustained.

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**10. Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**

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Not applicable.

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**11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.**

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Not applicable.

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**12. Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.**

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Not applicable.

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**13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –**

- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or**
- (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.**

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Not applicable.

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**14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –**

- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or**
- (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.**

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Not applicable.

## Significant Changes

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15. **Disclose any event that has occurred from the end of –**
- (a) **the most recent completed financial year for which financial statements have been published; or**
  - (b) **if interim financial statements have been published for any subsequent period, that period, to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.**
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Saved as disclosed in Part V, Section 9 of this Offer Information Statement and in all public announcements made by the Company, the Directors are not aware of any event which has occurred since 1 April 2008 up to the Latest Practicable Date which may have a material effect on the financial position and results of the Group as provided in the audited financial statements for the financial year ended 31 March 2008 published by the Company on 16 July 2008.

### Meaning of “published”

16. **In this Part, “published” includes publication in a prospectus, in an annual report or on the SGXNET.**

Noted.

## PART VI: THE OFFER AND LISTING

### Offer and Listing Details

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1. **Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgement of the offer information statement, the method by which the offer price is to be determined must be explained.**
- 

Each of the 30 Tranches of the Notes will be issued at the aggregate principal amount of S\$1,000,000.

The Noteholders has the discretion anytime from and including the respective Closing Dates of the Tranches up to the close of the business on the day falling seven Business Days prior to the Maturity Date (the “**Conversion Period**”), to decide on the Conversion Dates. The Noteholders shall give Conversion Notices to the Company informing the Company of its intention to convert the relevant Notes and the Company shall issue and allot the Conversion Shares to the Noteholders within three Business Days from the date of the relevant Conversion Notices.

The number of Shares to which a holder is entitled on conversion of the Notes shall be determined by dividing the aggregate principal amount of the Notes held by the applicable Conversion Price (as defined below) in effect on the relevant Conversion Date.

The price, at which each Conversion Share shall be issued upon conversion (the “**Conversion Price**”) shall be, at the option of the Noteholder, either:

- (i) 125% of the simple average of the traded Closing Share Price per Share for the 30 Business Days immediately prior to:
  - (a) in respect of the first Tranche Notes, the date of the Subscription Agreement; and
  - (b) in respect to the subsequent Tranches, the respective Closing Dates(the “**Fixed Conversion Price**”), subject to adjustment in the manner provided under the Terms and Conditions; or
- (ii) 90% of the simple average of the Closing Share Price per Share on any five consecutive Business Days (as may be selected by the Noteholder) during the 30 Business Days immediately preceding the relevant Conversion Date (the “**Floating Conversion Price**”)

whichever shall be deemed more favourable to the Noteholder.

For the above purpose, the Conversion Price shall be rounded down to a maximum of four (4) decimal places.

As at the date of this Offer Information Statement, the Conversion Price cannot be ascertained as it will be based on future closing prices as quoted by the board of SGX-ST.

Upon conversion, the Conversion Shares will be quoted and listed on the SGX-ST and the sale of such Conversion Shares shall be governed by the rules and practices in respect of similar securities listed on the SGX-ST.

- 
- 2. If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.**
- 

The prices for the issue of the Notes and the conversion prices for the Conversion Shares (based on the formula set out in paragraph 1 above) are pursuant to the terms of the Subscription Agreement between the Company and the Subscriber.

- 
- 3. If –**
- (a) **any of the relevant entity’s shareholders or equity interest-holders have preemptive rights to subscribe for or purchase the securities being offered; and**
  - (b) **the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,**
- indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.**
- 

Not applicable.

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4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange –
- (a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –
    - i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and
    - ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or
  - (b) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –
    - i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and
    - ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;
  - (c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and
  - (d) disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.
- 

- (a) The highest and lowest traded prices and the volume of the Shares traded on the SGX-ST during each of the last 12 calendar months immediately preceding the Latest Practicable Date and for the period from 1 July 2008 to the Latest Practicable Date are as follows:

	Highest Price	Lowest Price	Last Price	Done	Volume of traded Shares
Month	(S\$)	(S\$)	(S\$)		('000)
July 2007	0.025	0.015	0.020		688,273
August 2007	0.020	0.010	0.010		350,226
September 2007	0.020	0.010	0.015		355,367
October 2007	0.020	0.010	0.015		610,659
November 2007	0.020	0.010	0.010		815,038
December 2007	0.015	0.010	0.010		35,882
January 2008	0.015	0.010	0.015		214,417
February 2008	0.015	0.005	0.010		843,540
March 2008	0.010	0.005	0.010		140,886
April 2008	0.010	0.005	0.010		25,179
May 2008	0.010	0.005	0.010		43,085
June 2008	0.010	0.005	0.010		831,389
1 July 2008 to the Latest Practicable Date	0.005	0.005	0.005		43,555

Source: Bloomberg

- (b) The Shares have been listed on the SGX-Sesdaq on 8 August 2000. The Company changed its name from China Entertainment Sports Ltd to Chasen Holdings Limited on 17 May 2007 following the completion of the reverse takeover exercise on 12 February

2007 whereby the Company acquired the entire issued and paid up capital of Chasen Logistics Services Limited.

- (c) Save for the following, there has been no trading suspension of the Shares on the SGX-Catalist during the 3 years immediately preceding the Latest Practicable Date:-
- (i) On 6 February 2007, the Company announced that it has obtained the approval of the members of the Company at an Extraordinary General Meeting held on the same day for the acquisition of the entire issued and paid-up capital of Chasen Logistics Services Limited in accordance with the sale and purchase agreement dated 11 March 2006 and as stated in the circular dated 22 January 2007 (the "Circular"). As stated in the Circular, 1,309,062,350 shares will be placed out by the Company to meet the public float requirements. Pending the finalisation of the placement list, such that the public float requirements may be met, the Board of Directors of the Company announced that the trading of the shares of the Company on the SGX-ST will be suspended from 9.00am on 13 February 2007. On 14 February 2007, the Company announced that the trading of the shares of the Company on the SGX-ST would resume from 9.00am on 15 February 2007.
- (d) Save for 15 April 2008 where there was no trading on the Shares, the Shares are regularly traded on the SGX-Catalist, Please refer to paragraph 4(a) of this Part for the volume of Shares traded during each of the last 12 calendar months immediately preceding the Latest Practicable Date and for the period from 1 April 2008 to the Latest Practicable Date.

- 
- 5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide –**
- (a) **statement of the rights, preferences and restrictions attached to the securities being offered; and**
- (b) **an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.**
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Please see Part III paragraph 1.

#### **Plan of Distribution**

- 
- 6. Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.**
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Not applicable.

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- 7. Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.**
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Not applicable.

## **PART VII: ADDITIONAL INFORMATION**

### **Statements by Experts**

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- 1. Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.**
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Not applicable.

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- 2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert –**
- (a) state the date on which the statement was made;**
  - (b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and**
  - (c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.**
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Not applicable.

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- 3. The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.**
- 

Not applicable.

### **Consents from Issue Managers and Underwriters**

- 
- 4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.**
- 

Not applicable.

### **Other Matters**

- 
- 5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly –**
- (a) the relevant entity's business operations or financial position or results; or**
  - (b) investments by holders of securities in the relevant entity.**
- 

Save as disclosed in this Offer Information Statement, the Directors are not aware of any other matter which could materially affect, directly or indirectly, the Group's business, operations, financial position, or results or investments by holders of securities in the Company.

**PART VIII: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES**

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**Guarantor Entity, Advisers and Agents**

**1. Provide the names and addresses of**

- (a) the arranger of the offer, if any; and**
  - (b) the paying agent of the relevant entity.**
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Not applicable.

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**2. In the case of a guaranteed debenture issue, provide**

- (a) the name and address of the guarantor entity; and**
  - (b) the names and addresses of each of the directors or equivalent persons of the guarantor entity.**
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Not applicable.

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**3. Provide the name and address of the trustee, fiscal agent or any other representative for the debenture holders, and the main terms of the document governing such trusteeship or representation, including provisions concerning the functions, rights and obligations of the trustee, fiscal agent or representative.**

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Not Applicable

**Offer Statistics**

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**4. State**

- (a) the amount of subscriptions that are being sought and, where applicable, the fact that the subscriptions may be reduced;**
  - (b) the nature, denomination and, where applicable, number of the debentures or units of debentures, as the case may be, being offered;**
  - (c) where the debentures or units of debentures, as the case may be, are offered at a discount or premium, the face value of the debentures or units of debentures being offered and the discount or premium; and**
  - (d) the currency of the issue and, if the issue is payable in any currency other than the currency of the issue, this fact.**
- 

(a) Please see Part III paragraph 1.

(b) Please see Part III paragraph 1.

(c) The Notes are offered at the principal amount of the Notes.

(d) The Notes and payments under the Notes are in Singapore dollars.

## Principal Terms and Conditions

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5. Provide the following information on the debentures or units of debentures, as the case may be, being offered:

- (a) the yield, a summary of the method by which that yield is calculated, the issue and redemption prices, the nominal interest rate and –
- (i) if the nominal interest rate is a floating rate, how the rate is calculated; or
- (ii) if several or variable interest rates are provided for, the conditions for changes in the rate;
- 

No interest is payable on the Notes.

Notes Issue Size : An aggregate principal amount of up to S\$30,000,000 comprising 30 equal tranches of S\$1,000,000 each. The Notes will be issued in registered form, serially numbered, in multiples of S\$50,000

Note Issue Price : In relation to each Tranche of the Notes, the amount equivalent to 100% of the principal amount of the Notes for such Tranche.

Structuring Fee : A structuring fee of 5.25% flat (net of all taxes, if any) of the aggregate principal amounts subscribed of each Tranche (which shall be deducted by the Subscriber directly from the subscription moneys payable to the Company upon drawdown of each respective Tranche).

Redemption : The Notes which are not redeemed or purchased, converted or cancelled by the Company will be redeemed by the Company at 100% of their principal amount on the Maturity Date.

All Notes which are redeemed or converted will forthwith be cancelled by the Company and may not be reissued or resold.

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(b) the date from which interest accrues and the interest payment dates;

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Not applicable.

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(c) the procedures for, and validity period of, claims to payment of interest and repayment of the principal sum;

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Please see Part VIII paragraph 5(a). Further, If any of the following events occurs:

- (a) there is default by the Company in the payment of the principal in respect of the Notes or any of them when and as the same ought to be paid and such default is not remedied by the Company within five days banks are open for business in Singapore (“**Bank Business Days**”);
- (b) there is default by the Company in the performance or observance of any covenant, condition, provision or obligation contained in the Notes and on its part to be performed or observed (other than the covenant to pay the principal in respect of any of the Notes) and such default continues for the period of five days next following the service by any Noteholder on the Company of notice requiring the same to be remedied;
- (c) the Net Borrowings, excluding the S\$30 million to be disbursed by the Subscriber to the Company upon the full subscription of the Notes, to Net Worth shall not exceed 100%;

- (d) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation the terms of which have previously been approved in writing by Noteholders holding 51% or more of the outstanding principal amount of Notes or which is approved by the Shareholders, as the case may be, and upon which the continuing corporation effectively assumes the entire obligations of the Company, as the case may be, under the Notes;
- (e) save as disclosed in the Disclosure Letter to the Subscription Agreement, a resolution is passed or an order of a court of competent jurisdiction is made that any Subsidiary be wound up or dissolved otherwise than (i) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganization (other than as described in (ii) below) the terms of which have previously been approved in writing by Noteholders holding 51% or more of the outstanding principal amount of Notes, (ii) for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction with or into the Company or another Subsidiary of the Company, or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Company and/or any Subsidiary are distributed to the Company and/or such Subsidiary;
- (f) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company or any Subsidiary;
- (g) save as disclosed in the Disclosure Letter to the Subscription Agreement, (i) the Company or any Subsidiary without any lawful cause stops payment (within the meaning of any applicable bankruptcy law) or is unable to pay its debts as and when they fall due or (ii) the Company or any Subsidiary (otherwise than for the purposes of such a consolidation, amalgamation, merger, reconstruction or reorganisation as is referred to in paragraph (d) or (e) above) ceases or through an official action of the board of directors of the Company or any Subsidiary, as the case may be, threatens to cease to carry on business and such action has a material adverse effect on the Company and/or any Subsidiary;
- (h) proceedings shall have been initiated against the Company or any Subsidiary under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of five Bank Business Days;
- (i) the Company or any Subsidiary shall initiate or consent to proceedings seeking with respect to itself adjudication of bankruptcy or a decree of commencement of composition or reorganisation or other similar procedures or the appointment of an administrator or other similar official under any applicable bankruptcy, reorganization or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors;
- (j) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Company or any Subsidiary, which is material in its effect upon the operations of either the Company or such Subsidiary, as the case may be, and is not discharged within five days thereof;
- (k) the delisting of the Shares on the SGX-ST or a suspension of trading other than pursuant to a very substantial acquisition or reverse takeover under Clause 1015 of the Listing Manual, of such shares on the SGX-ST for a period of five consecutive Bank Business Days or more;
- (l) the Group's Net Worth is less than S\$30 million at any time; or
- (m) any credit facilities granted to the Company or any of its subsidiaries are withdrawn, terminated or suspended for any reason whatsoever, and such action has a material adverse effect on the Company or any Subsidiary,

then any Note may, by notice in writing given to the Company at its registered address by the Noteholder, be declared immediately due and payable whereupon it shall become immediately due and payable at 110% of its principal amount without further formality.

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**(d) the final repayment date and any early repayment of dates, specifying whether exercisable at the option of the relevant entity or of the holder of the debentures or units of debentures;**

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Please see Part VIII paragraph 5(c).

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**(e) details of arrangements for the amortization or early redemption of the debentures or units of debentures, as the case may be including procedures to be adopted;**

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Please see Part VIII paragraph 5(a).

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**(f) a description of any subordination or seniority of the issue to other debts of the relevant entity already incurred or to be incurred;**

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The obligations of the Company under the Subscription Agreement and the Notes rank at least *pari passu* with all other unsecured and unsubordinated indebtedness of the Company (with the exception of any obligations which are mandatorily preferred by law and not by contract to be specified or in the event of the Company's winding up).

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**(g) the rights conferred upon the holders of the debentures or units of debentures, as the case may be, including rights in respect of interest and redemption;**

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Please see Part VIII paragraphs (a) to (e).

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**(h) the particulars of any security;**

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Not applicable.

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**(i) the particulars of any significant covenant, including those concerning subsequent issues of other forms or series of debentures or units of debentures;**

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### **Condition 3 of the Terms and Conditions**

Under Condition 3 of the Terms and Conditions, neither the Company nor any of its Subsidiaries shall, for as long as any of the Notes remains outstanding, create or allow the creation of any mortgage, charge, pledge or any other security interest upon the whole or any part of its property or assets, present or future, in order to secure, for the benefit of holders of any existing or future notes issue (or to secure for the benefit of holders thereof any guarantee or indemnity or other like obligation in respect thereof) without according to the Notes at the same time, either the same security as is created or is outstanding in respect of such future notes issue (or such guarantee or indemnity or other like obligation in respect thereof) or such other security or guarantee as is not materially less beneficial to the Noteholders or as the Noteholders holding 75% or more of the outstanding principal amount of Notes shall approve.

### **Condition 9.1 of the Terms and Conditions**

Under Condition 9.1 of the Terms and Conditions, the Company hereby covenants with and undertakes to the Noteholders that, so long as any of the Notes are outstanding:

- (i) it will keep available free from pre-emptive or other rights for the purpose of effecting the conversion of the Notes such number of its authorised but unissued Shares to satisfy fully the Conversion Right under the outstanding Notes and will ensure that all Shares delivered upon conversion of Notes pursuant to the Terms and Conditions will be duly authorised, validly issued, fully-paid and unencumbered Shares;
- (ii) it will not close its register of Shareholders for more than 12 Business Days in a calendar year (and only in accordance with Conditions 8.9 to 8.14 of the Terms and Conditions) or take any other action which prevents the transfer of its Shares generally unless, as permitted under Singapore law and the Articles of Association of the Company as then in effect, the Notes may be converted legally into Shares and the Shares issued upon conversion may (subject to any limitation imposed by law and, to the extent required by law, the Company's Articles of Association) be transferred (as between transferor and transferee although not as against the Company) at all times during the period of such closure or while such other action is effective, nor take any action which prevents conversion of the Notes or the issue of Shares in respect thereof;
- (iii) it will give notice to the Noteholders in accordance with Condition 15 of the Terms and Conditions as soon as practicable after it effects any change of its financial year or establishment or change of the record date for the payment of any annual cash dividend or interim dividend;
- (iv) it will use (a) its best endeavours to procure the maintenance of listing of all the issued and outstanding Shares on the SGX-ST and (b) its best endeavours to obtain and maintain a listing on the SGX-ST for the Shares which will be allotted on the exercise of the Conversion Right;
- (v) it will not create or issue any class of share capital other than (i) Shares and (ii) treasury shares as defined in Section 4(1) of the Act, without giving notice to the Noteholders in accordance with Condition 15 of the Terms and Conditions at least 14 days prior to the date of such creation or issue;
- (vi) if any offer is made to all holders of Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons associated or acting in concert with the offeror) to acquire all, or a portion of the Shares and such offer comes to the knowledge of the Company, it will give notice of such offer to the Noteholders in accordance with Condition 15 of the Terms and Conditions within 14 days after obtaining such knowledge;
- (vii) it will in the case of any consolidation or amalgamation of the Company with, or merger of the Company into, any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or in the case of any sale or transfer of all or substantially all of the assets of the Company, it shall forthwith give notice to the Noteholders of such event in accordance with Condition 15 of the Terms and Conditions and it shall cause the corporation formed by such consolidation or amalgamation or the corporation into which the Company shall have merged or the corporation which shall have acquired such assets, as the case may be, to execute a deed providing that such corporation will assume obligations to the holder of each Note then outstanding analogous to all of the obligations of the Company under the Notes, including the right (during the period such Note shall be convertible) to convert such Note into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares into which such Note could be converted immediately prior to such consolidation, amalgamation, merger, sale or transfer. Such deed shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in Condition 8.15 of the Terms and Conditions. The above provisions shall apply in the same way to any subsequent consolidations, amalgamations, mergers, sales or transfers;

- (viii) if it is a party to any transaction referred to in (vii) above, it will use its reasonable endeavours to obtain all consents which may be necessary or appropriate under Singapore law to enable the relevant continuing corporation to give effect to the arrangement as provided in (vii) above; and
- (ix) it will not take any action which would result in an adjustment of the Fixed Conversion Price if, after giving effect thereto, the Fixed Conversion Price would (but for the provisions of Condition 8.23 of the Terms and Conditions) be decreased to such an extent that the Shares to be issued on exercise of the Conversion Right could not, under any applicable law then in effect, be legally issued as fully-paid and unencumbered.

#### **Conditions 9.2 to 9.4 of the Terms and Conditions**

Under Conditions 9.2 to 9.4 of the Terms and Conditions, during the tenure of the Notes, the Company or any relevant listed Subsidiary may carry out any additional fund-raising exercises (including but not limited to rights issues, share placements or issuance of other instruments but excluding bank borrowings) ("**Fund-raising Exercise**") PROVIDED THAT, in respect of any proposed Fund-raising Exercise, the Company shall, and the Company shall procure that the relevant listed Subsidiary shall, offer and, if subscribed, sell the securities (except for rights issues or any issues in respect of which the Company is restricted from so doing by law, the Listing Manual or any other applicable regulations) (the "**Securities**") to Noteholders in accordance with the Terms and Conditions prior to offering the Securities to any other person (the "**Right of First Refusal**"); and PROVIDED FURTHER THAT the Company shall not, without the prior written notification of the Subscriber, issue (i) any bonds or notes ranking higher in seniority to the Notes; or (ii) any Convertible Securities (save and except for bonus warrants issued in connection with a rights issue), for as long as any Notes remain outstanding. The Subscriber will unconditionally waive its Right of First Refusal in the event the Fund-raising Exercise is intended to be carried out to a strategic business investor. For the avoidance of doubt, as used herein, a strategic business investor shall refer to an investor who (i) is not a pure financial investor; and (ii) is either in the same industry as the Company or in an upstream or a downstream industry of the Company or in an industry which complements that of the Company; and (iii) who is able to add value to the Group's business and/or operations.

The Right of First Refusal may be exercised from and including the date of receipt by Noteholders of a notice (the "**First Right of Refusal Notice**") in writing from the Company setting out the details of such offer to and including the date falling their Business Days thereafter (the "**Exercise Period**"). To indicate that it wishes to exercise the Right of First Refusal, a Noteholder (an "**Exercising Noteholder**") shall notify the Company in writing at any time during the Exercise Period that it wishes to exercise the Right of First Refusal. If during the Exercise Period, the Company receives notices from Noteholders holding not less than 50% of the aggregate principal amount of the Notes outstanding indicating they wish to exercise the Right of First Refusal (a "**Valid Exercise**"), the Company or the relevant listed Subsidiary shall issue to each Exercising Noteholder, and each Exercising Noteholder shall subscribe, such Securities in the proportion of each Exercising Noteholder's holding of Notes relative to the principal amount of all the outstanding Notes held by all the Exercising Noteholders (unless otherwise agreed between the Noteholders). For the avoidance of doubt, on a Valid Exercise, the Company will issue, and the Exercising Noteholders will subscribe for, the entire issue of the relevant Securities.

If there is no Valid Exercise during the Exercise Period, the Right of First Refusal shall be deemed not to have been exercised by any Noteholder, but the Noteholders shall have the right to participate in any such private placement of the Securities (the "**Right of Participation**"), from and including the date of expiry of the Exercise Period to and including the date of expiry of the private placement offer (the "**Participation Period**"), in accordance with the Terms and Conditions.

### **Condition 9.5 of the Terms and Conditions**

Under Condition 9.5 of the Terms and Conditions, without limitation to the Right of First Refusal described above, the Company or any Subsidiary may offer and sell Equity-linked Securities at any time PROVIDED THAT the Company will, as soon as practicable, give a notice in writing (the “**Invitation Notice**”), which for the avoidance of doubt, may be contained in or attached to a First Right of Refusal Notice or a Right of Participation Notice to the Noteholders of the terms and timetable of such new Equity-linked Securities and will, upon receiving the Noteholder’s notice (the “**Exchange Notice**”) electing to exchange their outstanding Notes for the new Equity-linked Securities (the “**Replacement Equity-linked Securities**”), within ten Business Days from the date of the Exchange Notice, make all necessary arrangements to enable Noteholders, at their option, to exchange their Notes for Replacement Equity-linked Securities, on the same terms as those of such new Equity-linked Securities (including the maturity date). Any Noteholder electing to exchange its outstanding Notes shall exchange all (but not part of) the outstanding Notes held by the Noteholder for the Equity-linked Securities (being of a principal amount equal to the principal amount of such outstanding Notes).

If the Equity-linked Securities are not allotted and issued within ten Business Days from the date of the Exchange Notice, the obligation of the Company to make arrangements for the issue and delivery of the Replacement Equity-linked Securities in exchange for the Notes which are the subject of an Exchange Notice shall be postponed to the date of issue and delivery of the Securities.

The Conversion Right of a Note in respect of which an Exchange Notice has been served may not be exercised between the date of the Exchange Notice and the date of delivery of the Replacement Securities. If following the service of an Exchange Notice, the issue of the Securities does not proceed in accordance with the timetable stated in the Invitation Notice, the Company shall give notice to all Noteholders as soon as practicable, and the Conversion Rights shall become exercisable in accordance with the terms of the Notes from the date of such notice.

### **Condition 9.16 of the Terms and Conditions**

The Company hereby covenants with and undertakes to the Noteholders that, so long as the Conversion Right is, or is capable of being, exercisable, if:

- (i) the Company shall authorise the granting or issue or offer to the holders of Shares of rights or warrants to subscribe for or purchase any Shares or any securities convertible into or exchangeable for Shares;
- (ii) the Company shall make a Stock Split, or pay or make any cash or other distribution in respect of Shares, other than an annual dividend or an interim dividend;
- (iii) there shall be any consolidation or re-classification of the Shares;
- (iv) there shall be any consolidation, merger or amalgamation to which the Company is a party (other than a consolidation, merger or amalgamation in which the Company is the continuing corporation);
- (v) there shall be the sale or transfer of all or substantially all of the assets or business of the Company; or
- (vi) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company,

the Company shall, subject to the provisions of the Listing Manual being complied with, forthwith give notice thereof to the Noteholders in accordance with the Listing Manual.

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**(j) where applicable, a statement as to whether or not the relevant entity has any right to create additional charges over any of the assets subject to a charge to secure the repayment of the debentures or units of debentures, as the case may be, which will rank in priority to or *pari passu* with the second-mentioned charge and, if there is such a right, particulars of its nature and extent;**

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Not applicable.

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**(k) the nature and scope of any guarantee, surety or commitment intended to ensure that the issue will be duly serviced with regard to both the principal sum of and the interest on the debentures or units of debentures, as the case may be;**

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Not applicable.

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**(l) any legislation under which the debentures or units of debentures, as the case may be, have been created, and the governing law and the competent courts in the event of litigation;**

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The Subscription Agreement is governed by and construed in accordance with the laws of Singapore and the Parties have irrevocably submitted to the non-exclusive jurisdiction of the courts of Singapore for any disputes arising in connection with the Subscription Agreement.

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**(m) definition of events constituting defaults and effect upon acceleration of maturity of the debentures or units of debentures, as the case may be; and**

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Please see Condition 13 of the Terms and Conditions.

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**(n) provisions for modifications of terms and conditions of the debentures or units of debentures, as the case may be.**

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Under Condition 16 of the Terms and Conditions, any modification by the Company of the Notes (including the Terms and Conditions) or any waiver or authorisation of any breach or proposed breach by the Company of the Notes requires the written approval of holders of 51% or more of the aggregate principal amount of Notes then outstanding.

### **Credit Rating**

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**6. If the relevant entity, its guarantor entity or the debentures or units of debentures being offered have been given a credit rating by a credit rating agency, disclose the name of the credit rating agency, the credit rating (including whether it is a short-term or long-term credit rating), whether or not the relevant entity, its guarantor entity or any of their related parties had paid any fee or benefit of any kind to the credit rating agency in consideration for the credit rating, and the date on which the credit rating was given.**

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Not Applicable.

### **Secured Debentures**

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**7. Provide, in relation to an offer of secured debentures or certificates of debenture stock, a summary by the auditors of the relevant entity showing, in tabular form**

**(a) the aggregate value of the tangible assets owned by the relevant entity;**

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- (b) the aggregate value of the tangible assets owned by each, or jointly owned by two or more, of its guarantor entities; and
- (c) the aggregate value of the tangible assets jointly owned by the relevant entity and one or more of its guarantor entities, which have been charged to secure the repayment of all or any moneys payable in respect of the secured debentures or certificates of debenture stock, including an explanation of any adjustment made for the purpose of providing a true and fair view of those assets.
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Not applicable.

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**8. Show also, in the summary**

- (a) the amounts outstanding of the aggregate amounts borrowed by the relevant entity and by each of its guarantor entities, distinguishing between those amounts outstanding which will rank for repayment in priority to the amount under the proposed issue and those amounts outstanding which will rank for repayment *pari passu* with the amount under the proposed issue;
- (b) where any charge is for a liability the amount of which may vary from time to time, the actual amount of the liability as at the date on which the summary is made and any further amount which may be advanced under that charge; and
- (c) the aggregate amount of advances by the relevant entity to related corporations or related entities of the relevant entity, distinguishing between advances which are secured and advances which are unsecured.
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Not applicable.

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**9. The auditors of the relevant entity may explain or qualify, by way of notes or otherwise, any of the matters set out in the summary.**

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Not applicable.

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**10. Where the tangible assets referred to in paragraph 7 of this Part are in the form of property, provide information on a report of the valuation of the interest of the relevant entity and each of its guarantor entities in each property charged, showing the nature and extent of the interest of the relevant entity and of each of its guarantor entities, such report to be made not more than 6 months before the date of lodgement of the offer information statement by an independent qualified valuer.**

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Not applicable.

## **PART IX: ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES**

### **Information on Convertible Debentures**

- 
- 1. Provide information concerning the nature of the securities, equity interests or property offered by way of conversion, exchange, subscription or purchase and the rights attached thereto including, in particular, the voting rights, entitlement to share in profits and, in the event of liquidation, any surplus and any other special rights.**
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The Conversion Shares from the Notes rank *pari passu* with existing Shares of the Company.

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**2. Provide information on the terms, conditions and procedures for conversion, exchange, subscription or purchase and details of the circumstances under which they may be amended, including the following information:**

**(a) the total number or value of securities, equity interests or property which is the subject of the conversion, exchange, subscription or purchase;**

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All Notes issued under the Note Issue are convertible into Conversion Shares, which shall not in aggregate exceed 7,349,707,931 new Shares equivalent to 50% of the issued share capital of the Company.

**(b) the period during which the conversion, exchange, subscription or purchase right may be exercised and the date on which this right commences;**

---

Subject to and upon compliance with the Terms and Conditions, any Note may be converted into duly authorised, validly issued, fully-paid and unencumbered Shares, at the option of the Noteholder, at any time, from and including the respective dates on which they are issued and registered up to the close of business on the day falling one week prior to the Maturity Date.

**(c) the amount payable on the exercise of the conversion, exchange, subscription or purchase right;**

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When exercising a right of conversion, no further payment needs to be made for the issue of Conversion Shares.

**(d) any arrangement for the transfer or transmission of the conversion, exchange, subscription or purchase right;**

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Please refer to Condition 4 of the Terms and Conditions.

**(e) the rights of the holders of the debentures or units of debentures in respect of the conversion, exchange, subscription or purchase right on the liquidation of the entity the securities, equity interests or property of which is the subject of the conversion, exchange, subscription or purchase;**

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Please see Condition 9.6 of the Terms and Conditions.

**(f) any arrangement for the variation in the subscription price of the securities, equity interests or property which is the subject of the conversion, exchange, subscription or purchase, or in the exercise price of the convertible debentures, or in the number or value of securities, equity interests or property which is the subject of the conversion, exchange, subscription or purchase, in the event of any alteration in the capital of the entity the securities, equity interests or property of which is the subject of the conversion, exchange, subscription or purchase; and**

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Please see Conditions 8.16 and 8.22 of the Terms and Conditions.

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- (g) if there is no established market for the securities, equity interests or property which is the subject of the conversion, exchange, subscription or purchase, the manner of determining the subscription or exercise or conversion price, including who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.
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The Shares are listed on the SGX-Catalist.

**PART X: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE**

Not applicable.

**APPENDIX 1: AUDITED CONSOLIDATED INCOME STATEMENTS OF THE GROUP  
FOR FY2005, FP2007 AND FY 2008**

	<b>Audited</b>		
	<b>FY2005<sup>(2)(3)</sup></b>	<b>FP2007<sup>(1)</sup></b>	<b>FY2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Revenue	13,397	20,786	24,224
Cost of Sales	(6,288)	(12,301)	(14,615)
<b>Gross (loss)/profit</b>	<b>7,109</b>	<b>8,485</b>	<b>9,609</b>
Other operating income	162	526	501
	<b>7,271</b>	<b>9,011</b>	<b>10,110</b>
Distribution and selling expenses	(881)	(1,874)	(2,313)
Administration expenses	(1,264)	(2,236)	(3,284)
Other operating expenses	-	(79)	(208)
Finance costs	(66)	(112)	(105)
Goodwill arising from reverse acquisition written off	-	(1,856)	-
<b>Profit before income tax</b>	<b>5,060</b>	<b>2,854</b>	<b>4,200</b>
Income tax credit/(expense)	(825)	(892)	(1,131)
<b>Profit for the financial year/period</b>	<b>4,235</b>	<b>1,962</b>	<b>3,069</b>
Net profit for the financial year/period attributable to:			
Shareholder of the Company	4,235	1,961	3,125
Minority interest	-	1	(56)
Weighted average number of ordinary shares in issue	12,413,793,000	12,522,226,000	13,881,902,432
Earnings per share (cents)			
<b>Basic and diluted</b>	<b>0.0341</b>	<b>0.0157</b>	<b>0.0225</b>

**Notes:-**

- 1) As the Company completed the reverse acquisition of China Entertainment Sports Ltd on 12 February 2007 and Company has changed the financial period ended 31 December to 31 March, the audited financial period for FP2007 was from 1 January 2006 to 31 March 2007.
- 2) The proforma results for the Group taking into account the reverse acquisition of China Entertainment Sports Ltd.
- 3) The weighted average number of Shares in issue has been adjusted in FY2004 and FY2005 following the reverse acquisition on 12 February 2007.

**APPENDIX 2: AUDITED BALANCE SHEET OF THE GROUP AS AT 31 MARCH 2008**

	<b>Audited As at 31 March 2008 S\$'000</b>
<b>Non current assets</b>	
Property, plant and equipment	8,724
Fixed deposits	2,000
Financial assets available for sale	200
Club membership	60
Other receivables, deposits and prepayments	978
Investments in subsidiaries	-
Goodwill	520
	<hr/> 12,482 <hr/>
<b>Current assets</b>	
Trade receivables	8,847
Other receivables, deposits and prepayments	3,409
Cash and cash equivalents	13,218
	<hr/> 25,474 <hr/>
<b>Current liabilities</b>	
Bank loan (secured)	236
Trade payables	2,208
Other payables and accruals	1,790
Obligations under hire purchase contracts	265
Income tax payable	865
	<hr/> 5,364 <hr/>
<b>Net current assets</b>	<hr/> 20,110 <hr/>
<b>Net current liabilities</b>	
Bank loan (secured)	874
Obligations under hire purchase contracts	613
Deferred income tax liabilities	50
	<hr/> 1,537 <hr/>
<b>Net assets</b>	<hr/> 31,055 <hr/>
<b>Equity</b>	
Equity attributable to equity holders of the Company	
Share capital	23,737
Foreign currency translation reserves	(290)
Retained profits/(Accumulated losses)	7,011
	<hr/> 30,458 <hr/>
<b>Total equity</b>	30,458
Minority interest	597
Total equity	<hr/> 31,055 <hr/>

**APPENDIX 3: CONSOLIDATED CASH FLOW STATEMENT OF THE GROUP FOR THE  
FINANCIAL YEAR ENDED 31 MARCH 2008**

	<b>Audited 31 March 2008 S\$'000</b>
<b>Cashflows from operating activities:-</b>	
Profit before income tax	4,200
<b>Adjustments for:</b>	
Depreciation of property, plant and equipment	1,101
Gain on disposal of property, plant and equipment	(86)
Goodwill arising from reverse acquisition written off	-
Interest income	(126)
Interest expenses	74
	<hr/>
	5,163
Trade and other receivables	(5,045)
Trade and other payables	411
	<hr/>
Cash generated from operations	529
Income tax paid	(759)
	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	<b>(230)</b>
	<hr/>
<b>Cash flows from investing activities</b>	
Placement of long term fixed deposits	(2,000)
Acquisition of subsidiaries, net of cash acquired	(311)
Proceeds from partial disclosure of investment in a subsidiary	-
Prepayment in investing activities	(2,600)
Purchase of plant and equipment	(2,949)
Proceeds from disposal of plant and equipment	102
Purchase of club membership	(60)
Interest received	126
	<hr/>
<b>Net cash used in investing activities</b>	<b>(7,692)</b>
	<hr/>
<b>Cashflows from financing activities</b>	
Proceeds from rights issue, net	15,925
Interest paid	(74)
Repayments of bank loan	(591)
Repayments of hire purchase contracts	(309)
Dividend paid	(587)
Pledge fixed deposits placed with banks	(12)
Proceed from the minority interest	74
	<hr/>
<b>Net cash - from financing activities</b>	<b>14,426</b>
	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>6,504</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>6,099</b>
<b>Effect of exchange rate at end of year</b>	<b>(75)</b>
	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>12,528</b>
	<hr/>
<b>Cash and cash equivalents comprise:</b>	
Cash and bank balance	5,442
Fixed deposits	7,776
	<hr/>
	13,218
<b>Less: Fixed deposits pledged</b>	<b>(690)</b>
	<hr/>
	12,528
	<hr/>

## APPENDIX 4: ILLUSTRATION OF THE FINANCIAL EFFECTS OF THE NOTES ISSUE

On 12 June 2008, the Directors announced the Company intends to proceed with a share consolidation whereby the Company will consolidate every 100 existing ordinary Shares in the capital of the Company into one new Share (the “**Share Consolidation**”) subject to, *inter alia*, the receipt of the in-principle approval of the SGX-ST for the listing and quotation of the Shares arising from the Share Consolidation and the approval of Shareholders.

On 2 July 2008, the SGX-ST approved in-principle the listing and quotation of the Shares on the SGX-ST arising from the Share Consolidation, subject to Shareholders’ approval. Shareholders should note that in-principle approval by SGX-ST is not to be taken as an indication of the merits of the Share Consolidation.

The issued share capital of the Company as at the Latest Practicable Date is S\$53,264,920 comprising 14,699,415,863 Shares. Following the implementation of the Share Consolidation, the Company will have an issued and paid-up capital of S\$53,264,920 divided into approximately 146,994,158 new Shares. For purposes of illustration, the Company has set out herewith the financial effects calculations before and after the Share Consolidation.

### **Scenario 1: Illustration assuming the Notes are converted based on the Fixed Conversion Price.**

**Shareholders are to note that the financial effects are prepared subject to the following assumptions and for purposes of illustration only.**

#### **Assumptions:**

1. The Notes will be converted at the Fixed Conversion Price. We have used the Closing Day Price per Share of S\$0.005 as at the Latest Practicable Date in our calculation.
2. The Conversion Price per Share is S\$0.0062<sup>1</sup> ie approximately 125% of the Closing Share Price per Share based on the Fixed Conversion Price computed as at the Latest Practicable Date.
3. The Notes are issued on 31 March 2008 and are fully converted on the same day of their issue.
4. The Subscriber will subscribe up to the aggregate amount of the converted shares value of S\$30,000,000.
5. Issue expenses amount to S\$1,705,000.
6. In calculating Gearing, funds from the issue of the Notes are used are for business expansion and not reduction of debt.

#### **Note:**

<sup>1</sup> Shareholders are to note that the conversion price is rounded down to four (4) decimal places.

a. **Share Capital**

	Before Share Consolidation				After Share Consolidation			
	Group		Company		Group		Company	
	No. of Shares	S\$	No. of Shares	S\$	No. of Shares	S\$	No. of Shares	S\$
Issued and paid up share capital as at 31 March 2008	14,699,415,863	23,737,000	14,699,415,863	53,265,000	146,994,158	23,737,000	146,994,158	53,265,000
Number of Conversion Shares arising from conversion of the Notes	4,838,709,677	30,000,000	4,838,709,677	30,000,000	48,387,096	30,000,000	48,387,096	30,000,000
Enlarged share capital after conversion of the Notes	19,538,125,540	53,737,000	19,538,125,540	83,265,000	195,381,254	53,737,000	195,381,254	83,265,000
Conversion shares issued upon conversion of Notes as a percentage of the existing issued and paid up share capital	33%		33%		33%		33%	
Conversion Shares issued upon conversion of Notes as a percentage of the enlarged issued and paid up share capital	25%		25%		25%		25%	

b. **Earnings per Share**

	Before Share Consolidation	After Share Consolidation
	As at 31 March 2008	As at 31 March 2008
	Group	Group
	S\$ ('000)	S\$ ('000)
Profit after tax	3,069	3,069
Estimated issue expenses arising from issue of the Notes	(1,705)	(1,705)
Adjusted profit after tax after issue but before conversion of the Notes	1,364	1,364

**Before issue of the Notes**

Profit after tax before issue of the Notes	3,069	3,069
No. of Shares in issue <sup>(1)</sup>	13,881,902,432	138,819,024
Earnings per Share (in cents)	0.0221	2.2108

**Before conversion but after issue of the Notes**

Adjusted profit after tax after issue of Notes but before conversion of the Notes	1,364	1,364
No. of Shares in issue	13,881,902,432	138,819,024
Earnings per Share (in cents)	0.0098	0.9826

**After conversion of the Notes**

Adjusted profit after tax after conversion of the Notes	1,364	1,364
No. of Shares in issue	18,720,612,109	187,206,120
Earnings per Share (in cents)	0.0073	0.7286

Note:

(1) The calculation of EPS is based on the number of weighted average number of shares.

<b>c. <u>NTA</u></b>	<b>Before Share Consolidation</b>		<b>After Share Consolidation</b>	
	<b>As at 31 March 2008 Group S\$ ('000)</b>	<b>As at 31 March 2008 Company S\$ ('000)</b>	<b>As at 31 March 2008 Group S\$ ('000)</b>	<b>As at 31 March 2008 Company S\$ ('000)</b>
NTA as at end of the period	29,938	53,872	29,938	53,872
Estimated issue expenses arising from issue of the Notes	<u>(1,705)</u>	<u>(1,705)</u>	<u>(1,705)</u>	<u>(1,705)</u>
Adjusted NTA after issue but before conversion of the Notes	28,233	52,167	28,233	52,167

Effect of conversion of the Notes	30,000	30,000	30,000	30,000
Adjusted NTA after conversion of the Notes	58,233	82,167	58,233	82,167
<b><i>Before issue of the Notes</i></b>				
No. of Shares in issue	14,699,415,863	14,699,415,863	146,994,158	146,994,158
NTA per Shares (in cents)	0.2037	0.3665	20.3668	36.6491
<b><i>Before conversion but after issue of the Notes</i></b>				
Adjusted NTA after issue of the Notes but before conversion of the Notes	28,233	52,167	28,233	52,167
No. of Shares in issue	14,699,415,863	14,699,415,863	146,994,158	146,994,158
NTA per Shares (in cents)	0.1921	0.3549	19.2069	35.4892
<b><i>After conversion of the Notes</i></b>				
Adjusted NTA after conversion of the Notes	58,233	82,167	58,233	82,167
No. of Shares in issue	19,538,125,540	19,538,125,540	195,381,254	195,381,254
NTA per Shares (in cents)	0.2980	0.4205	29.8048	42.0547

**d. Gearing**

	<b>Before Share Consolidation As at 31 March 2008 Group S\$ ('000)</b>	<b>After Share Consolidation As at 31 March 2008 Company S\$ ('000)</b>
Total interest-bearing borrowings as at end of the period	1,988	-
Increase in total interest-bearing borrowings resulting from issue of the Notes	30,000	30,000
Adjusted total interest-bearing borrowings after issue of the Notes	31,988	30,000

Decrease in Total Net Borrowings resulting from conversion of the Notes	<u>(30,000)</u>	<u>(30,000)</u>
Adjusted Total Net Borrowings after conversion of the Notes	1,988	-
Shareholders funds as at the end of the period	30,458	53,872
Estimated issue expenses arising from issue of the Notes	<u>(1,705)</u>	<u>(1,705)</u>
Adjusted shareholders' funds after issue of the Notes but before conversion of the Notes	28,753	52,167
Conversion of the Notes	<u>30,000</u>	<u>30,000</u>
Adjusted shareholders' funds after conversion of the Notes	58,753	82,167
<b><i>Gearing (times)</i></b>		
After conversion of the Notes	0.0338	0.0000

**Scenario 2: Illustration assuming the Notes are converted based on the Floating Conversion Price.**

**Shareholders are to note that the financial effects are prepared subject to the following assumptions and for purposes of illustration only.**

**Assumptions:**

1. The Notes will be converted at the Floating Conversion Price. We have used the average of the Closing Day Price per Share of S\$0.005 as at the Latest Practicable Date in our calculation.
2. The Conversion Price per Share is S\$0.0045<sup>1</sup> ie approximately 90% of the Closing Share Price per Share based on the Floating Conversion Price computed as at the Latest Practicable Date.
3. The Notes are issued on 31 March 2008 and are fully converted on the same day of their issue.
4. The Subscriber will subscribe up to the aggregate amount of the converted shares value of S\$30,000,000.
5. Issue expenses amount to S\$1,705,000.
6. In calculating Gearing, funds from the issue of the Notes are used are for business expansion and not reduction of debt

**Note:**

<sup>1</sup> Shareholders are to note that the conversion price is rounded down four (4) decimal places.

**a. Share Capital**

	Before Share Consolidation				After Share Consolidation			
	Group		Company		Group		Company	
	No. of Shares	S\$	No. of Shares	S\$	No. of Shares	S\$	No. of Shares	S\$
Issued and paid up share capital as at 31 March 2008	14,699,415,863	23,737,000	14,699,415,863	53,265,000	146,994,158	23,737,000	146,994,158	53,265,000
Number of Conversion Shares arising from conversion of the Notes	6,666,666,666	30,000,000	6,666,666,666	30,000,000	66,666,666	30,000,000	66,666,666	30,000,000
Enlarged share capital after conversion of the Notes	21,366,082,529	53,737,000	21,366,082,529	83,265,000	213,660,824	53,737,000	213,660,824	83,265,000
Conversion shares issued upon conversion of Notes as a percentage of the existing issued and paid up share capital	45%		45%		45%		45%	
Conversion Shares issued upon conversion of Notes as a percentage of the enlarged issued and paid up share capital	31%		31%		31%		31%	

**b. Earnings per Share**

	<b>Before Share Consolidation</b>	<b>After Share Consolidation</b>
	<b>As at 31 March 2008 Group S\$ ('000)</b>	<b>As at 31 March 2008 Group S\$ ('000)</b>
Profit after tax	<u>3,069</u>	<u>3,069</u>
Estimated issue expenses arising from issue of the Notes	<u>(1,705)</u>	<u>(1,705)</u>
Adjusted profit after tax after issue but before conversion of the Notes	1,364	1,364
<b><i>Before issue of the Notes</i></b>		
Profit after tax before issue of the Notes	3,069	3,069
No. of Shares in issue <sup>(1)</sup>	13,881,902,432	138,819,024
Earnings per Share (in cents)	0.0221	2.2108
<b><i>Before conversion but after issue of the Notes</i></b>		
Adjusted profit after tax after issue of Notes but before conversion of the Notes	1,364	1,364
No. of Shares in issue	13,881,902,432	138,819,024
Earnings per Share (in cents)	0.0098	0.9826
<b><i>After conversion of the Notes</i></b>		
Adjusted profit after tax after conversion of the Notes	1,364	1,364
No. of Shares in issue	20,548,569,098	205,485,690
Earnings per Share (in cents)	0.0066	0.6638

Note:

(1) The calculation of EPS is based on the number of weighted average number of shares.

c. <u>NTA</u>	Before Share Consolidation		After Share Consolidation	
	As at 31 March 2008 Group S\$ ('000)	As at 31 March 2008 Company S\$ ('000)	As at 31 March 2008 Group S\$ ('000)	As at 31 March 2008 Company S\$ ('000)
NTA as at end of the period	29,938	53,872	29,938	53,872
Estimated issue expenses arising from issue of the Notes	<u>(1,705)</u>	<u>(1,705)</u>	<u>(1,705)</u>	<u>(1,705)</u>
Adjusted NTA after issue but before conversion of the Notes	28,233	52,167	28,233	52,167
Effect of conversion of the Notes	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Adjusted NTA after conversion of the Notes	58,233	82,167	58,233	82,167
<b><i>Before issue of the Notes</i></b>				
No. of Shares in issue	14,699,415,863	14,699,415,863	146,994,158	146,994,158
NTA per Shares (in cents)	0.2037	0.3665	20.3668	36.6491
<b><i>Before conversion but after issue of the Notes</i></b>				
Adjusted NTA after issue of the Notes but before conversion of the Notes	28,233	52,167	28,233	52,167
No. of Shares in issue	14,699,415,863	14,699,415,863	146,994,158	146,994,158
NTA per Shares (in cents)	0.1921	0.3549	19.2069	35.4892
<b><i>After conversion of the Notes</i></b>				
Adjusted NTA after conversion of the Notes	58,233	82,167	58,233	82,167
No. of Shares in issue	21,366,082,529	21,366,082,529	213,660,824	213,660,824
NTA per Shares (in cents)	0.2725	0.3846	27.2549	38.4567

d. **Gearing**

	<b>Before Share Consolidation</b>	<b>After Share Consolidation</b>
	<b>As at 31 March 2008 Group S\$ ('000)</b>	<b>As at 31 March 2008 Company S\$ ('000)</b>
Total interest-bearing borrowings as at end of the period	1,988	-
Increase in total interest-bearing borrowings resulting from issue of the Notes	<u>30,000.00</u>	<u>30,000.00</u>
Adjusted total interest-bearing borrowings after issue of the Notes	31,988.00	30,000.00
Decrease in Total Net Borrowings resulting from conversion of the Notes	<u>(30,000.00)</u>	<u>(30,000.00)</u>
Adjusted Total Net Borrowings after conversion of the Notes	1,988.00	-
Shareholders funds as at the end of the period	30,458	53,872
Estimated issue expenses arising from issue of the Notes	<u>(1,705)</u>	<u>(1,705)</u>
Adjusted shareholders' funds after issue of the Notes but before conversion of the Notes	28,753	52,167
Conversion of the Notes	<u>30,000</u>	<u>30,000</u>
Adjusted shareholders' funds after conversion of the Notes	58,753	82,167
<b><i>Gearing (times)</i></b>		
After conversion of the Notes	0.0338	0.0000

## APPENDIX 5: TERMS AND CONDITIONS IN RESPECT OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which will appear on each Note Certificate:

This Note is one of the series of registered unsecured non-interest bearing notes due 2011 each with a principal value of S\$50,000 amounting in aggregate to a sum of up to S\$30,000,000 (each the "Note" and collectively the "Notes") pursuant to the Subscription Agreement dated 7 August 2008 between Chasen Holdings Limited (the "Company") and Pacific Capital Investment Management Limited having its place of business at 39 St James Street, London SWA 1JD (as subsequently amended, modified and/or supplemented) (the "Agreement").

The issue of the Notes were authorised by the approval of the Shareholders dated 31 July 2008. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Agreement.

Copies of the Agreement are available for inspection by Noteholders at the registered office of the Company. Noteholders are deemed to have notice of all the provisions of the Agreement and are entitled to the benefit of and bound by its provisions where they are stated to apply to Noteholders.

### 1. DEFINITIONS

1.1 In these terms and conditions, except where the context otherwise requires, the following words or expressions shall have the following respective meanings:

"**Bank Business Day**" means any day on which banks are open for business in Singapore.

"**Business Day**" shall mean a day (which ends at 5.00 pm Singapore time) on which the SGX-ST is open for trading in Singapore.

"**Capital Distribution**" means (a) any distribution of assets in specie charged or provided for in the accounts of the Company for any financial period (whenever paid or made and however described) but excluding a distribution of assets in specie in lieu of, and to a value not exceeding, 110% of the cash dividend which would not have constituted a Capital Distribution under (b) below (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalisation of reserves); and (b) any cash dividend or distribution of any kind charged or provided for in the accounts of the Company for any financial period (whenever paid or made and however described) unless:

(aa) and to the extent that it does not, when taken together with any dividend or distribution in cash or any distribution of assets in specie previously made or paid in respect of any financial period after 31 March 2008, exceed an amount equal to the aggregate of the consolidated cumulative net profits less the aggregate of any consolidated net losses (after taxation but including any net realised gains (less any losses) made on the disposal of investments and extraordinary items) attributable to the members of the Company in respect of financial periods ending after 31 March 2008 as shown in the audited consolidated accounts of the Company, for such periods (PROVIDED THAT consolidated net profits shall exclude any amount arising as a result of any reduction of share capital, share premium account or capital redemption reserve but shall, subject thereto, include any profit transferred from any reserve); or

(bb) (if it would exceed such amount available under (aa)) and to the extent that (1) it would exceed such amount and (2) the rate of that dividend or distribution, together with all other dividends or distributions on the class of capital in question charged or provided for in the accounts of the Company for that period, does not exceed the aggregate rate of dividend or distribution on such class of capital charged or provided

for in the accounts of the Company for the immediately preceding financial period. In computing such rates, the value of distributions in specie shall be taken into account and such adjustments as are in the opinion of the auditors of the Company appropriate to the circumstances shall be made (including adjustments in the event that the lengths of such financial periods differ); or

- (cc) it comprises a purchase or redemption of share capital of the Company, provided, in the case of purchases of Shares by the Company, that the average price (before expenses) on any one day in respect of such purchases does not exceed by more than 5% the current market price per Share either (i) on that day, or (ii) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Business Day immediately preceding the date of such announcement

"**CDP**" means The Central Depository (Pte) Limited.

"**Closing Date**" means the date on which such tranche of the Notes is subscribed and issued pursuant to the Subscription Agreement

"**Closing Share Price**" means the last reported transaction price per Share of the Shares on the SGX-ST for any Business Day PROVIDED THAT if there has been no trading in the Shares on that day, the Closing Share Price means the last reported transaction price per share of the Shares for the preceding Business Day. For the purpose of this Agreement, Closing Share Price shall be rounded down to a maximum of four (4) decimal places.

"**these Conditions**" means these terms and conditions as may from time to time be amended, supplemented or altered, and "**Condition**" followed by a number refers to the relative numbered paragraph of these Conditions.

"**Delivery Date**" means the date on which the Company delivers or causes to be delivered the Conversion Shares to be credited to the securities account designated by the Noteholder.

"**Designated Office**" means the office of the Company's share registrar in Singapore.

"**Depositor**" means a person being a Depository Agent or holder of a securities account maintained with CDP (but does not include a holder of a sub-account maintained with a Depository Agent).

"**Depository Agent**" means an entity registered with CDP for the purpose of maintaining securities sub-accounts for its own account and for the account of others.

"**Group**" means the Company and all its Subsidiaries.

"**Listing Manual**" means the listing manual of the SGX-ST.

"**Maturity Date**" means a date falling thirty six (36) months from the Closing Date of Tranche 1 Notes.

"**Note Issue**" means any issue of notes, notes or other similar securities of the Company or any Subsidiary (as defined in Condition 13) to any other person but shall not include the indebtedness constituted by loan agreements from lenders not involving the issue of notes, notes or other similar securities.

"**Noteholders**" and (in relation to a Note) "**Noteholder**" means the person in whose name a Note is registered on the register of Noteholders.

"**Securities Account**" means a securities account maintained by a Depositor with CDP but does not include a securities sub-account.

"**SGX-ST**" means the Singapore Exchange Securities Trading Limited.

**"Stock Split"** means any kind of stock split in relation to the Shares, including a bonus share distribution, a stock dividend or a sub-division of Shares.

**"Subsidiary"** shall have the meaning ascribed to it in Condition 13.

1.2 Any reference to:

**"Current Market Price"** bears the same definition as the Closing Share Price;

**"outstanding Notes"** refers to all the Notes issued other than:

- (a) those which have been redeemed or in respect of which Conversion Rights have been exercised and which have been cancelled in accordance with the Conditions;
- (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 6, if any, after such date) have been duly paid to the relevant Noteholder or in accordance with its instructions;
- (c) those mutilated or defaced Notes which have been surrendered in exchange for replacement Notes pursuant to Condition 14;
- (d) for the purpose only of determining how many Notes are outstanding and without prejudice to their status for any other purpose, those Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Notes have been issued pursuant to Condition 14; or
- (e) those which have been purchased and cancelled as provided in Condition 10.

1.3 Unless the context otherwise requires, words (including words defined herein) denoting the singular number only shall include the plural and vice versa. The words **"written"** and **"in writing"** include any means of visible reproduction.

1.4 References to a **"day"** means a calendar day.

1.5 All capitalised terms defined in the Agreement shall have the same meanings when used herein.

1.6 In these Conditions, unless the context or subject otherwise requires:

- (a) The headings herein are for convenience only and shall not affect the interpretation hereof.
- (b) Unless the context otherwise requires, references to natural persons shall include bodies corporate, and the use of any gender shall include all genders.
- (c) References to "Recitals", "Conditions", "Appendices" and "Schedules" are to be construed as references to the recitals, conditions and appendices of, and schedules to, these Conditions.
- (d) Any reference to a statutory provision shall include such provision as from time to time modified or re-enacted and any rules and regulations made in pursuance thereto as from time to time modified or re-enacted after the date of these Conditions and shall also include any provision in any other statute which replaces that present statutory provision.

## **2. FORM AND DENOMINATION**

- 2.1 The Notes are issued in registered form in multiples of S\$50,000 and are serially numbered. The aggregate principle amount of the Notes is limited to S\$30,000,000,
- 2.2 A Certificate will be issued by execution in manual or facsimile form by a duly authorised officer of the Company to each Noteholder in respect of its registered holding of each Note.

## **3. NEGATIVE PLEDGE**

Except in the ordinary course of its respective businesses and subject to the prior written consent (which consent shall not be unreasonably withheld or delayed) of the Subscriber, neither the Company nor any of its Subsidiaries shall, for as long as any of the Notes remains outstanding, create or allow the creation of any mortgage, charge, pledge or any other security interest upon the whole or any part of its property or assets, present or future, in order to secure, for the benefit of holders of any existing or future Notes Issue (or to secure for the benefit of holders thereof any guarantee or indemnity or other like obligation in respect thereof) without according to the Notes at the same time, either the same security as is created or is outstanding in respect of such Notes Issue (or such guarantee or indemnity or other like obligation in respect thereof) or such other security or guarantee as is not materially less beneficial to the Noteholders or as the Noteholders holding 75% or more of the outstanding principal amount of Notes shall approve.

## **4. TITLE**

Title to the Notes shall be evidenced by registration in the register of Noteholders which the Company shall keep. The Company may (except as otherwise required by law) deem and treat the person in whose name a Note is registered as the absolute owner thereof (whether or not such Note shall be overdue and notwithstanding any notice of ownership, trust or any interest therein or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment thereof or on account thereof and the Company shall not be liable for so treating the person as the absolute owner.

## **5. STATUS AND TRANSFERABILITY**

- 5.1 The Notes will when issued constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Company, ranking *pari passu* and rateably without any preference among themselves, and, subject as mentioned above and save as otherwise provided under any applicable laws or regulations, equally with all other present and future unsecured obligations (other than subordinated obligations, if any) of the Company from time to time outstanding except for obligations accorded preference by mandatory provisions of applicable law. No application shall be made for a listing of the Notes.
- 5.2 The Notes are non-transferable and non-assignable. The Noteholder shall not assign, transfer, mortgage, charge, sell, Encumber or sublicense any of its rights, benefits and powers hereunder, or sub-contract or otherwise delegate any of its obligations and liabilities hereunder, except with the prior written consent of the Company.

## **6. INTEREST**

No interest shall be payable on the Notes.

## 7. PAYMENT

- 7.1 Payments (where applicable) in respect of the principal of the Notes will be made to the registered Noteholder by a cheque made out in Singapore dollars and drawn on, or by transfer to a Singapore Dollar account maintained by the payee with, a bank in Singapore (details of which shall have been notified to the Company at least three (3) Business Day before the date of payment), subject in all cases to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 11. Cheques shall be sent to the address of the Noteholder appearing on the register of Noteholders by ordinary prepaid post and at the risk of the Noteholder. The Noteholders shall surrender all Certificates to the Company no later than five (5) Business Days from the payment of the principal amount at maturity.
- 7.2 If the due date for payment of any amount of principal in respect of any Note is not a Bank Business Day, then the holder thereof shall not be entitled to payment of the amount due until the next following Bank Business Day and no other payment will be made as a consequence of the due date not being a Bank Business Day.

## 8. CONVERSION

- 8.1 The right of a Noteholder to convert any Notes hereunder is hereinafter called the "**Conversion Right**". Subject to and upon compliance with these Conditions, any Note may be converted into duly authorised, validly issued, fully-paid and unencumbered Shares, at the option of the Noteholder thereof, at any time, from and including the dates on which the Note is issued and registered in accordance with the Agreement (the "**Conversion Commencement Date**") up to the close of business (at the place where the Note is deposited for conversion, namely, Singapore) on the 7<sup>th</sup> Business Day prior to the Maturity Date (the "**Conversion Period**").
- 8.2 The number of the Conversion Shares to which a holder is entitled on conversion of the Notes shall be determined by dividing the aggregate principal amount of the Notes to be converted by the applicable Conversion Price (as defined below), determined as hereinafter provided, in effect on the relevant Conversion Date (as defined below).
- 8.3 Subject as provided in Condition 8.1, fractions of a Share will not be issued on conversion and no adjustment or cash payment will be made in respect thereof. Conversion Shares issued upon conversion pursuant to Condition 8.1 shall rank pari passu in all respects with all other existing Shares in issue at the Conversion Date and be entitled to all dividends and other distributions the record date of which falls on a date on or after the Conversion Date.
- 8.4 The price at which each Share shall be issued upon conversion (the "**Conversion Price**") shall be either:
- (a) 125% of the simple average of the Closing Share Price for the thirty (30) Business Days immediately prior to:
    - (i) in respect of the Tranche 1 Notes, the date of the Subscription Agreement; and
    - (ii) in respect to the subsequent Tranches of the Notes, the respective Closing Dates of each tranche,(the "**Fixed Conversion Price**"), subject to adjustment in the manner provided in Condition 8.16; or
  - (b) 90% of the simple average of the Closing Share Price on any five (5) consecutive Business Days (as selected by the relevant Noteholder) during the thirty (30) Business Days immediately preceding the relevant Conversion Date (as defined below) (the "**Floating Conversion Price**")

as selected at the discretion of the Noteholder at the time of exercising the Conversion Right in respect of the relevant Tranche of the Notes.

For the avoidance of doubt, for the purpose of determining the Floating Conversion Price, the relevant Noteholder shall be deemed to have knowledge of the Closing Share Price for each of the thirty (30) Business Days immediately preceding the relevant Conversion Date.

- 8.5 For the purpose of this Condition 8.4, the Conversion Price shall be rounded down to a maximum of four (4) decimal places.
- 8.6 The delivery of Shares upon the exercise of any Conversion Right of any Notes under these Conditions shall be effected by crediting the Securities account held with a Depositor designated by the Noteholder .
- 8.7 The Company shall promptly take all necessary action to effect the delivery of Shares to be issued upon the exercise of any Conversion Right under these Conditions.
- 8.8 As used in this Condition 8, the expression "**Shares**" means:
- (a) ordinary shares in the capital of the Company, together with shares of any class or classes resulting from any Stock Split, consolidation or re-classification thereof, which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, and
  - (b) fully-paid and unencumbered shares of any other class or classes in the share capital of the Company which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company and which have the same nominal value as the shares described in Condition 8.8(a) above.
- 8.9 The Noteholder shall exercise its Conversion Right under this Condition 8 by sending, via facsimile on the Conversion Date (as defined below) at the Noteholder's own expense a completed and signed notice of conversion in the form as set out in Schedule 5 (Part B) to the Agreement (the "**Conversion Notice**") to the Company, and then deliver or mail to the Company an original copy of the Conversion Notice together with the relevant Certificates by 11.30 am (Singapore time) on the Business Day following the Conversion Date (as defined in Condition 8.11). The Company shall acknowledge receipt by fax to the sender of the Conversion Notice by 5 pm (Singapore time) on the Conversion Date. Failure of the Company to deliver such an acknowledgement shall not affect the validity of the Conversion Notice provided that the relevant Noteholder shall retain a mechanical or electronically generated confirmation of the successful transmission of such fax. Once given, the Conversion Notice shall be irrevocable and shall not be withdrawn without the consent in writing of the Company. If a Conversion Notice is not duly completed or is inaccurate, the Company may reject the same provided that written notice of such rejection shall be duly served on the Noteholder within two (2) Business Days after the Company receives or is deemed to have received the Conversion Notice and any intended conversion shall not be treated as taking effect until a duly completed and accurate Conversion Notice is received by the Company.
- 8.10 The Company shall not be obliged to effect the conversion of the Notes unless the Noteholder pays to the Company (or make arrangements satisfactory to the Company for the payment of) all stamp, issue, registration or other similar taxes and duties (if any) arising on such conversion in Singapore or payable in any jurisdiction upon the issue of Conversion Shares or delivery of the share certificate(s) in respect thereof therefore to a place outside Singapore or to the order of a person other than the converting Noteholder. Save as aforesaid, the Company will pay the expenses arising on the issue of Conversion Shares on conversion of the Notes.
- 8.11 Subject to Conditions 8.13 and 8.14, the date on which the faxed Conversion Notice is received by the Company (as evidenced by the transmission report of the Noteholder's facsimile machine) or the next Business Day if the Conversion Notice is received by the Company after 5.00 pm (Singapore time) is herein referred to as the "**Conversion Date**".

- 8.12 Immediately after each Conversion Date, the Company shall ensure that all the necessary steps are taken for the due issue of Conversion Shares in respect of the Notes converted on such Conversion Date. The Company shall deliver an allotment advice for shares in respect of the Conversion Shares to its share registrar in Singapore by 3.30 pm (Singapore time) on the Business Day following the Conversion Date.
- 8.13 The Company shall, as soon as practicable, and in any event by 5.00 pm (Singapore time) within three (3) Business Days after the Conversion Date, deliver or cause to be delivered the Conversion Shares to the order of the person named for that purpose in the relevant Conversion Notice, such delivery to be in accordance with normal practice for settlement of transactions on the SGX-ST, clearance system account credit instructions, together with any such other securities, property or cash required to be delivered on conversion, and such assignments and other documents (if any) as may be required by law to effect the transfer thereof. If the Conversion Date in relation to any Note shall fall on or after a date with effect from which an adjustment to the Fixed Conversion Price takes retroactive effect pursuant to any of the provisions of Condition 8.16 and the relevant Conversion Date falls on a date when the relevant adjustment has not yet been reflected in the then current Fixed Conversion Price, the Company shall procure that the provisions of this Condition 8.13 shall be applied, *mutatis mutandis*, to such number of Conversion Shares as is equal to the excess of the number of Conversion Shares which would have been required to be issued on conversion of such Note if the relevant retroactive adjustment had been given effect as at the said Conversion Date over the number of Conversion Shares previously issued pursuant to such conversion, and in such event and in respect of such excess number of Conversion Shares, references in this Condition 8.13 to the Conversion Date shall be deemed to refer to the date upon which such retroactive adjustment is first reflected in the Fixed Conversion Price.
- 8.14 If the Conversion Date falls on or before the record date for determining entitlement of Shareholders to any dividend or other distribution or of participation in any rights issue in respect of the Conversion Shares (notwithstanding the Conversion Date falling on the period of closure of register of members in connection with the determination of such entitlement), the converting Noteholder shall be entitled to a sum equal to any such dividend or other distribution to which he would have been entitled or to participate in such rights issue as if he had on that record date been such a Shareholder on record and the Company shall make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven (7) days thereafter or seven (7) days after the Delivery Date (whichever is later).
- 8.15 If the Shares in issue are combined or consolidated at any time on or after the date of this Note into a smaller number of Shares by operation of law or otherwise, then the Company and Noteholders holding 51% or more of the outstanding principal amount of Notes shall endeavour to agree as to whether a cash adjustment shall be made upon exchange of the Notes and (a) if agreed, the Company shall, in accordance with the agreement with such Noteholders, make a cash adjustment therefor and (b) in the event of failure of such agreement, such Noteholders shall appoint a major independent international merchant bank or investment adviser approved by the Company to determine, having regard to the practices then prevailing in Singapore and in accordance with the applicable provisions of Singapore law, whether or not such cash adjustment shall be delivered and/or made by the Company to the exchanging Noteholders, and such determination shall in the absence of manifest error be final and binding upon the Company, whereupon the Company shall make such cash adjustment as determined by such major independent international merchant bank or investment adviser.
- 8.16 The Fixed Conversion Price will be subject to adjustment as follows:
- (i) if the Company shall (a) make a Stock Split, (b) consolidate its outstanding Shares into a smaller number of shares, or (c) re-classify any of its Shares into other securities of the Company, then the Fixed Conversion Price shall be appropriately adjusted so that the holder of any Note, the Conversion Date in respect of which occurs after the coming into effect of the adjustment described in this Condition 8.16(i), shall be entitled to receive the number of Shares and/or other securities of the Company which it would have held or have been entitled to receive after the

happening of any of the events described above had such Note been converted immediately prior to the happening of such event (or, if the Company has fixed a prior record date for the determination of Shareholders entitled to receive any such Shares or other securities issued upon any such Stock Split, consolidations or re-classification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Fixed Conversion Price made with effect from the date of the happening of such event (or such record date) or any time thereafter. An adjustment made pursuant to this Condition 8.16(i) shall become effective immediately on the happening of the relevant event or, if a prior record date is fixed therefore, immediately after the record date; PROVIDED THAT in the case of a relevant transaction which must, under applicable Singapore law or the Listing Manual, be submitted for approval to a general meeting of Shareholders or to a meeting of the board of directors of the Company before being legally effective, and which is so approved after the record date fixed for the determination of Shareholders entitled to receive such Shares or other securities, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

If the Company shall make a Stock Split and the record date therefor is also:

- (a) the record date for the issue of any rights or warrants which requires an adjustment of the Fixed Conversion Price pursuant to Conditions 8.16(ii) or 8.16(iii) below, or
- (b) the date of issue of any securities convertible into or exchangeable for Shares which requires an adjustment of the Fixed Conversion Price pursuant to Condition 8.16(v) below, or
- (c) the day immediately before the date of issue of any Shares which requires an adjustment of the Fixed Conversion Price pursuant to Condition 8.16(vi) below, or
- (d) the date of issue of any rights or warrants which requires an adjustment of the Fixed Conversion Price pursuant to Condition 8.16(vii) below,

then (except where such Stock Split gives rise to a retroactive adjustment of the Fixed Conversion Price under this Condition 8.16(i)) no adjustment of the Fixed Conversion Price in respect of such Stock Split shall be made under this Condition 8.16(i), but in lieu thereof an adjustment shall be made under Conditions 8.16(ii),(iii),(v),(vi),(vii) or (viii), as the case may be, by including in item "NS" (in the case of Condition 8.16(viii), "NS1", "NS2" and "NS3") of the formula described therein the aggregate number of additional Shares to be delivered pursuant to such Stock Split;

- (ii) if the Company shall grant, issue or offer to Shareholders rights or warrants entitling them to subscribe for or purchase Shares:
  - (a) at a consideration per Share receivable by the Company (determined as provided in Condition 8.17 below) which is fixed on or prior to the record date mentioned below and is less than 93% of the current market price per Share on such record date; or
  - (b) at a consideration per Share receivable by the Company (determined as aforesaid) which is fixed after the record date mentioned below and is less than 93% of the current market price per Share on the date in Singapore the Company fixes the said consideration,

then the Fixed Conversion Price in effect (in a case within Condition 8.6(ii)(a) above) on the record date for the determination of Shareholders entitled to receive such rights or warrants or (in a case within Condition 8.16(ii)(b) above) on the date the Company fixes the said consideration shall be adjusted in accordance with the following formula:

$$\text{NFCP} = \text{OFCP} \times \frac{\text{OS} + v}{\text{OS}}$$

OS + NS

where:

"NFCP" = the Fixed Conversion Price after such adjustment.

"OFCP" = the Fixed Conversion Price before such adjustment.

"OS" = the number of Shares outstanding (having regard to Condition 8.18 below) at the close of business in Singapore (in a case within Condition 8.16(ii) (a) above) on such record date or (in a case within Condition 8.16(ii) (b) above) on the date the Company fixes the said consideration.

"NS" = the number of Shares to be issued on exercise of such rights or warrants at the initial subscription or purchase price.

"v" = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 8.17 below) would purchase at such current market price per Share specified in Condition 8.16(ii) (a) or, as the case may be, Condition 8.16(ii) (b) above.

Such adjustment shall become effective (in a case within Condition 8.16(ii) (a) above) immediately after the record date for the determination of Shareholders entitled to receive such rights or warrants or (in a case within Condition 8.16(ii) (b) above) immediately after the day upon which the Company fixes the said consideration but retroactively to immediately after the record date for the said determination.

If, in connection with a grant, issue or offer to the Shareholders of rights or warrants entitling them to subscribe for or purchase Shares, any such rights or warrants and/or Shares which are not subscribed for or purchased by the persons entitled thereto are offered to and/or subscribed for by others (whether as placees or members of the public or pursuant to underwriting arrangements or otherwise), no further adjustment shall be required or made to the Fixed Conversion Price by reason of such offer and/or subscription;

- (iii) if the Company shall grant, issue or offer to the holders of Shares rights or warrants entitling them to subscribe for or purchase any securities convertible into or exchangeable for Shares:
  - (a) at a consideration per Share receivable by the Company (determined as provided in Condition 8.17 below) which is fixed on or prior to the record date mentioned below and is less than 93% of the current market price per Share on such record date; or
  - (b) at a consideration per Share receivable by the Company (determined as aforesaid) which is fixed after the record date mentioned below and is less than 93% of the current market price per Share on the date in Singapore the Company fixes the said consideration,

then the Fixed Conversion Price in effect (in a case within Condition 8.16(iii) (a) above) on the record date for the determination of Shareholders entitled to receive such rights or warrants or (in a case within Condition 8.16(iii) (b) above) on the date the Company fixes the said consideration shall be adjusted in accordance with the following formula:

$$\text{NFCP} = \text{OFCP} \times \frac{\text{OS} + v}{\text{OS} + \text{NS}}$$

where:

"NFCP" and "OFCP" have the meanings ascribed thereto in Condition 8.16(ii) above.

"OS" = the number of Shares outstanding (having regard to Condition 8.18 below) at the close of business in Singapore (in a case within Condition 8.16(iii) (a) above) on such record date or (in a case within Condition 8.16(iii) (b) above) on the date the Company fixes the said consideration.

"NS" = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial subscription or purchase, and conversion or exchange, price or rate following exercise of such rights or warrants.

"v" = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 8.17 below) would purchase at such current market price per Share specified in Condition 8.16(iii) (a), or, as the case may be, Condition 8.16(iii) (b) above.

Such adjustment shall become effective (in a case within Condition 8.16(iii) (a) above) immediately after the record date for the determination of Shareholders entitled to receive such rights or warrants or (in a case within Condition 8.16(iii) (b) above) immediately after the day upon which the Company fixes the said consideration but retroactively to immediately after the record date for the said determination.

If, in connection with a grant, issue or offer to the holders of Shares of rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares, any such securities convertible into or exchangeable for Shares which are not subscribed for or purchased by the persons entitled thereto are offered to and/or subscribed for by others (whether as placees or members of the public or pursuant to underwriting arrangements or otherwise), no further adjustment shall be required or made to the Fixed Conversion Price by reason of such offer and/or subscription;

- (iv) if the Company shall distribute to the holders of Shares evidences of its indebtedness, ordinary shares of the Company (other than Conversion Shares), assets (excluding annual dividends or interim dividends) or rights or warrants to subscribe for or purchase securities (other than those rights and warrants referred to in Conditions 8.16(ii) and (iii) above), then the Fixed Conversion Price in effect on the record date for the determination of Shareholders entitled to receive such distribution shall be adjusted in accordance with the following formula:

$$\text{NFCP} = \text{OFCP} \times \frac{\text{CMP} - \text{fmv}}{\text{CMP}}$$

where:

"NFCP" and "OFCP" have the meanings ascribed thereto in Condition 8.16(ii) above.

"CMP" = the current market price per Share on the record date for the determination of Shareholders entitled to receive such distribution.

"fmv" = the fair market value (as determined by the Company or, if pursuant to applicable Singapore law such determination is to be made by application to a court of competent jurisdiction, as determined by such court or by an appraiser appointed by such court, and in any case described in a statement delivered by the Company to the Noteholders) of the portion of the evidences of indebtedness, shares, assets, rights or warrants so distributed applicable to one Share.

In making a determination of the fair market value of any such rights or warrants, the Company shall consult a major independent international merchant bank or investment adviser in Singapore (who shall act as an expert) selected by the board of directors of the Company and shall take fully into account the advice received from such bank or adviser. Such adjustment shall become effective immediately after the record date for the determination of Shareholders entitled to receive such distribution, provided, however, that (a) if such distribution must, under applicable Singapore law, be approved by a general meeting of Shareholders or a meeting of the board of directors of the Company before being legally made, and if such distribution is so approved after the record date fixed for the determination of Shareholders entitled to receive such distribution, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (b) if the fair market value of the evidences of indebtedness, shares, assets, rights or warrants so distributed cannot be determined until after the record date fixed for the determination of Shareholders entitled to receive such distribution, such adjustment shall, immediately upon such fair market value being determined, become effective retroactively to immediately after such record date;

- (v) if the Company shall issue any securities convertible into or exchangeable for Shares (other than the Notes or in any of the circumstances described in Condition 8.16(iii) above and Condition 8.16(vii) below) or where such securities are issued to the vendors of assets being acquired for full value by the Company and the consideration per Share receivable by the Company (determined as provided in Condition 8.17 below) shall be less than 93% of the current market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such convertible or exchangeable securities is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the board of directors of the Company fixes the consideration to be recommended at such meeting), then the Fixed Conversion Price in effect on the date of the issue of such convertible or exchangeable securities shall be adjusted in accordance with the following formula:

$$\text{NFCP} = \text{OFCP} \times \frac{\text{OS} + v}{\text{OS} + \text{NS}}$$

where:

"NFCP" and "OFCP" have the meanings ascribed thereto in Condition 8.16(ii) above.

"OS" = the number of Shares outstanding (having regard to Condition 8.18 below) at the close of business in Singapore on the date of such issue.

"NS" = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate.

"v" = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 8.17 below) would purchase at such current market price per Share.

Such adjustment shall become effective immediately after the calendar day in Singapore corresponding to the calendar day at the place of issue upon which such convertible or exchangeable securities shall be issued;

- (vi) if the Company shall issue any Shares (other than Shares issued to shareholders of any corporation which merges into the Company upon such merger in proportion to their shareholding in such corporation immediately prior to such merger and other

than Shares issued on exercise of the conversion rights attaching to the Notes or pursuant to a scrip dividend or pursuant to an exercise of any rights attached to securities the issue of which had given rise to an adjustment under Condition 8.16(v) or did not require any adjustment pursuant to these Conditions) and the consideration per Share receivable by the Company (determined as provided in Condition 8.17 below) shall be less than 93% of the current market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the board of directors of the Company fixes the consideration to be recommended at such meeting), then the Fixed Conversion Price in effect on the date of the issue of such additional Shares shall be adjusted in accordance with the following formula:

$$\text{NFCP} = \text{OFCP} \times \frac{\text{OS} + v}{\text{OS} + \text{NS}}$$

where:

"NFCP" and "OFCP" have the meanings ascribed thereto in Condition 8.16(ii) above.

"OS" = the number of Shares outstanding (having regard to Condition 8.18 below) at the close of business in Singapore on the day immediately prior to the date of issue of such additional Shares.

"NS" = the number of additional Shares being issued as aforesaid.

"v" = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 8.17 below) would purchase at such current market price per Share.

Such adjustment shall become effective as of the date in Singapore on which the Company issues such additional Shares;

- (vii) if the Company shall issue any rights or warrants to subscribe for or purchase Shares or securities convertible into or exchangeable for Shares (other than the Notes and any rights or warrants granted, issued or offered to the holders of Shares or pursuant to the terms of any securities) and the consideration per Share receivable by the Company (determined as provided in Condition 8.17 below) shall be less than 93% of the current market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such rights or warrants is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the board of directors of the Company fixes the consideration to be recommended at such meeting), then the Fixed Conversion Price in effect on the date of the issue of such rights or warrants shall be adjusted in accordance with the following formula:

$$\text{NFCP} = \text{OFCP} \times \frac{\text{OS} + v}{\text{OS} + \text{NS}}$$

where:

"NFCP" and "OFCP" have the meanings ascribed thereto in Condition 8.16(ii) above.

"OS" = the number of Shares outstanding (having regard to Condition 8.18 below) at the close of business in Singapore on the date of such issue.

"NS" = the number of Shares to be issued on exercise of such rights or warrants at the initial subscription or purchase price, or upon conversion or exchange of such convertible or exchangeable securities at the initial

conversion or exchange price or rate following exercise of such rights or warrants.

"v" = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 8.17 below) would purchase at such current market price per Share on the date in Singapore on which the Company fixes such consideration (or the date on which the board of directors of the Company fixes the consideration, as appropriate).

Such adjustment shall become effective immediately after the calendar day in Singapore corresponding to the calendar day at the place of issue upon which such rights or warrants shall be issued;

- (viii) if the Company shall issue securities of a type falling within Conditions 8.16(v), (vi) or (vii) above which otherwise require an adjustment to the Fixed Conversion Price pursuant thereto and the date of issue of such securities, in the case of Condition 8.16(v) or (vii), or the day immediately prior to such date of issue, in the case of Condition 8.16(vi), (in each case, the "**relevant date**") is also the relevant date in respect of securities of another type or types (including a different tranche or issue of a same type) falling within Conditions 8.16(v), (vi) and/or (vii) which otherwise require an adjustment to the Fixed Conversion Price pursuant thereto (all such securities being hereafter referred to as "**Securities**"), then any adjustment of the Fixed Conversion Price shall not be made separately under each such sub-paragraph but in one calculation in accordance with the following formula:

$$\text{NFPC} = \text{OFPC} \times \frac{\text{OS} + v1 + v2 + v3}{\text{OS} + \text{NS1} + \text{NS2} + \text{NS3}}$$

where:

"NFPC" and "OFPC" have the meanings ascribed thereto in Condition 8.16(ii) above.

"OS" = the number of Shares outstanding (having regards to Condition 8.18 below) at the close of business in Singapore on the relevant date.

"NS1" = the number of Shares to be issued upon conversion or exchange of any convertible or exchangeable securities (included within the Securities) at the initial conversion or exchange price or rate.

"NS2" = the number of any additional Shares (included within the Securities) being issued.

"NS3" = the number of Shares to be issued on exercise of any rights or warrants (included within the Securities) at the initial subscription or purchase price, or upon conversion or exchange of any convertible or exchangeable securities at the initial conversion or exchange price or rate following exercise of such rights or warrants.

"v1" = the number of Shares which the aggregate consideration receivable by the Company for such convertible or exchangeable securities (determined as provided in Condition 8.17 below) would purchase at the current market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such convertible or exchangeable securities is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the Board of the Directors of the Company fixes the consideration to be recommended at such meeting).

"v2" = the number of Shares which the aggregate consideration receivable by the Company for the issue of such additional Shares (determined as provided in Condition 8.17 below) would purchase at the current market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the board of directors of the Company fixes the consideration to be recommended at such meeting).

"v3" = the number of Shares which the aggregate consideration receivable by the Company for the issue of the total number of Shares to be issued on exercise of such rights or warrants and (if applicable) upon conversion or exchange of such convertible or exchangeable securities (determined as provided in Condition 8.17 below) would purchase at the current market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such rights or warrants is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the board of directors of the Company fixes the consideration to be recommended at such meeting).

Any such adjustment shall become effective immediately after the calendar day in Singapore corresponding to the calendar day at the relevant place of issue which is the relevant date.

For the avoidance of doubt, this Condition 8.16(viii) does not supersede the provisions of Conditions 8.16(v), (vi) and (vii);

- (ix) if the Company makes a Capital Distribution which does not fall within Conditions 8.16(i) to (viii) above, the Fixed Conversion Price shall be adjusted by multiplying the Fixed Conversion Price in force immediately before such Capital Distribution by the following formula:

$$X-Y$$

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$$X$$

where:

"X" is the current market price per Share on the last Business Day preceding the date on which the Capital Distribution is publicly announced; and

"Y" is the fair market value on the date of such announcement, as determined in good faith by a major independent international merchant bank or investment adviser selected by the Company, and acting as an expert, of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made.

8.17 For the purposes of any calculation of the consideration receivable pursuant to Conditions 8.16(ii), (iii), (v), (vi), (vii) and (viii) above, the following provisions shall be applicable:

- (i) in the case of the issue of Shares for cash, the consideration shall be the amount of such cash, PROVIDED THAT in no case shall any deduction be made for any commissions or any expenses paid or incurred by or on behalf of the Company for any underwriting of the issue or otherwise in connection therewith;
- (ii) in the case of the issue of Shares for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by the board of directors of the Company (and in making such determination the board of directors of the Company shall consult a major

independent international merchant bank or investment adviser in Singapore selected by the board of directors of the Company and approved by the Noteholders holding more than half of the outstanding principal amount of Notes (such approval not to be unreasonably withheld or delayed) and shall take fully into account the advice received from such bank or adviser) or, if pursuant to applicable Singapore law such determination is to be made by application to a court of competent jurisdiction, as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof;

(iii) (a) in the case of the issue of securities convertible into or exchangeable for Shares, the aggregate consideration to be determined in accordance with Condition 8.17(i) and 8.17(ii) above receivable by the Company shall be deemed to be the consideration to be determined in accordance with Condition 8.17(i) and 8.17(ii) above for any such securities plus the additional consideration to be determined in accordance with Conditions 8.17(i) and 8.17(ii) above (if any) to be received by the Company upon (and assuming) the conversion or exchange of such securities at the initial conversion or exchange price or rate; and

(b) in the case of the issue of rights or warrants to subscribe for securities convertible into or exchangeable for Shares, the aggregate consideration receivable by the Company shall be the consideration to be determined in accordance with Condition 8.17(i) and Condition 8.17(ii) above (if any) received by the Company for any such rights or warrants plus the additional consideration to be received by the Company upon (and assuming) the exercise thereof at the initial subscription or purchase price and (if applicable) upon the following conversion or exchange of such securities at the initial conversion or exchange price or rate. The consideration per Share receivable by the Company shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange price or rate (if applicable) following the exercise of such rights or warrants;

(iv) in the case of the issue of rights or warrants to subscribe for or purchase Shares, the aggregate consideration receivable by the Company shall be deemed to be the consideration (if any) received by the Company for any such rights or warrants plus the additional consideration to be received by the Company upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in subparagraphs (i) and (ii) above), and the consideration per Share receivable by the Company shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such exercise at the initial subscription or purchase price; and

(v) if any consideration referred to in the foregoing provisions of this Condition 8.17 is receivable in a currency other than Singapore dollars, such consideration shall, in any case where there is a fixed rate of exchange between Singapore dollars and the relevant currency provided for the purposes of the issue of such Shares or the conversion or exchange of such securities or the exercise of such rights or warrants, be translated into Singapore dollars for the purposes of this Condition 8.17 at such fixed rate of exchange and shall, in all other cases, be so translated at the mean of the exchange rate quotations (being quotations for the cross rate through United States dollars if no direct rate is quoted) by a major independent international merchant bank in Singapore for buying and selling spot units of the relevant currency by telegraphic transfer against Singapore dollars on the date as at which such consideration is required to be calculated.

8.18 If, at the time of computing an adjustment (the "**later adjustment**") of the Fixed Conversion Price pursuant to any of Condition 8.16(ii) to Condition 8.16(viii) above (inclusive), the Fixed Conversion Price already incorporates an adjustment to reflect the issue of such Shares, rights or warrants to subscribe for or purchase such Shares or other securities convertible into or exchangeable for such Shares, but such Shares are not outstanding at the time relevant for ascertaining the number of outstanding Shares for the purposes of computing the later

adjustment, such Shares shall be deemed to be outstanding for the purposes of making such computation to the extent that the number of the Shares so deemed to be outstanding exceeds the actual number of Shares in issue as a result thereof at the time of making such computation.

- 8.19 No adjustment of the Fixed Conversion Price shall be required unless such adjustment would result in an increase or decrease in such price of at least one tenth of one Singapore cent. Any adjustment which by reason of this Condition 8.19 is not required to be made shall be carried forward in any subsequent adjustment. All calculations (including, without limitation, calculations of the Fixed Conversion Price, the Conversion Price and the current market price per Share) under this Condition 8 shall be made to a maximum of four (4).decimal places.
- 8.20 Where any of the events under which the Fixed Conversion Price is subject to adjustment (as set out in Condition 8.16) occurs, the Company shall promptly send a notice to the Noteholders setting forth a statement of the facts requiring such adjustment and a proposed effective date for such adjustment determined in accordance with Condition 8.16. Upon receipt of the aforesaid notice, the Noteholders shall calculate the adjusted Fixed Conversion Price in accordance with Condition 8.16, and furnish to the Company for its approval of such calculation of the adjusted Fixed Conversion Price. Once the Company has given its approval, such calculation of the adjusted Fixed Conversion Price shall be conclusive and binding on the Company.
- 8.21 Any reference in Condition 8.16 to the date on which the consideration is "**fixed**" shall be construed as a reference to the first day on which such consideration in a cash amount can be ascertained, where the consideration is originally expressed by reference to a formula and not then ascertainable in a cash amount.
- 8.22 If, during any period in which the value of a Share is being calculated, an event occurs including, without limitation, those specified in Condition 8.16(i), such that the market price of a Share before and after such event does not represent the same economic and financial participation that a Shareholder has in such event, then the prices of Shares for days preceding such event shall, for the purposes of such calculation be adjusted to reflect the impact of such event in such manner as major independent international merchant bank or financial/investment adviser of international standing agreed between the Company and, the holders of a majority in outstanding principal amount of the Notes or, if not so agreed, as nominated by the President of the Singapore Institute of Certified Public Accountants to make such changes to the Conversion Price as it thinks fair and reasonable. For the avoidance of doubt, the party seeking to invoke this Condition 8.22 shall bear all necessary costs and expenses as may be incurred.
- 8.23 Notwithstanding the provisions of this Condition 8, the Fixed Conversion Price shall not be reduced as a result of any adjustment made hereunder, and the Company will not take any action which would otherwise reduce the Fixed Conversion Price, to such an extent that, under applicable law and the Listing Manual (where applicable) then in effect, Notes may not be converted at such reduced Fixed Conversion Price into legally issued, fully-paid and unencumbered Shares.
- 8.24 The Company shall announce the expiry of the Notes and issue a notice of expiry to all Noteholders no later than one (1) month before the date of expiration of the Notes.
- 8.25 No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered or granted to employees (including executive directors) of the Company or any Subsidiary pursuant to any employee share scheme.
- 8.26 No adjustment will be made to the Conversion Price in respect of an issue by the Company or any Subsidiary of securities convertible into or rights to acquire Shares in consideration in whole or in part of the acquisition of any other securities, assets or business.
- 8.27 Every adjustment to the Conversion Price shall be certified in writing either by the auditors of the Company for the time being or by an approved merchant bank.

- 8.28 A certificate of the auditors of the Company for the time being or an approved merchant bank who shall act as experts shall be conclusive and binding on all concerned save in the case of manifest or proven error.
- 8.29 On any adjustment, the resultant Conversion Price, shall be rounded down to a maximum of three (3) decimal places. [note: this is on the basis before share consolidation takes place] Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down shall be carried forward and taken into account in any subsequent adjustment.
- 8.30 Notwithstanding anything to the contrary herein, each Noteholder shall not exercise any of the Conversion Right to such an extent that would result in the Noteholder (or any of its parties acting in concert with it within the meaning of the Singapore Code on Takeovers and Mergers (the “Code”)) being obliged to make a mandatory offer for the Shares under the Code unless prior approval or waiver from the Securities Industry Council and (where so required) whitewash waiver from the Shareholders have been obtained in accordance with the Code for such purposes (and where any conditions to which such approval or waiver is subject are duly complied with).
- 8.31 The Company shall make available for inspection at its principle place of business in Singapore at all times after the effective date of the adjustment in the Conversion Price and so long as any Note remains outstanding, a signed copy of the certificate of the auditors of the Company for the time being or an approved merchant bank and a certificate signed by a director of the Company setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Noteholder(s).
- 8.32 For the purposes of this Condition 8:
- “**approved merchant bank**” means a merchant bank selected by the Company for the purpose of providing a specific opinion or calculation or determination hereunder.

## 9. COVENANTS ON THE CONVERSION RIGHT

- 9.1 The Company hereby covenants with and undertakes to the Noteholders that, so long as any of the Notes are outstanding:
- (i) it will keep available free from pre-emptive or other rights for the purpose of effecting the conversion of the Notes such number of its authorised but unissued Shares to satisfy fully the Conversion Right under the outstanding Notes and will ensure that all Shares delivered upon conversion of Notes pursuant to these Conditions will be duly authorised, validly issued, fully-paid and unencumbered Shares;
  - (ii) it will not close its register of Shareholders for more than 12 Business Days in a calendar year (in addition to any period required by law or regulation including the Listing Manual) and only in accordance with Conditions 8.9 to 8.14) or take any other action which prevents the transfer of its Shares generally unless, as permitted under laws of Singapore and the Articles of Association as then in effect, the Notes may be converted legally into Conversion Shares and the Conversion Shares issued upon conversion may (subject to any limitation imposed by law and, to the extent required by law, the Articles of Association) be transferred (as between transferor and transferee although not as against the Company) at all times during the period of such closure or while such other action is effective, nor take any action which prevents conversion of the Notes or the issue and delivery of Conversion Shares in respect thereof;

- (iii) it will give notice to the Noteholders in accordance with Condition 15 as soon as practicable after it effects any change of its financial year or establishment or change of the record date for the payment of any annual cash dividend or interim dividend;
- (iv) it will use (a) its best endeavours to procure the maintenance of listing of all the issued and outstanding Shares on the SGX-ST and (b) its best endeavours to obtain and maintain a listing on the SGX-ST for the Conversion Shares which will be allotted on the exercise of the Conversion Right;
- (v) it will not create or issue any class of share capital other than (i) the Shares and (ii) treasury shares as defined in Section 4(1) of the Act, without giving notice to the Noteholders in accordance with Condition 15 at least fourteen (14) days prior to the date of such creation or issue;
- (vi) if any offer is made to all Shareholders (or such holders other than the offeror and/or any company controlled by the offeror and/or persons associated or acting in concert with the offeror) to acquire all, or a portion of the Shares and such offer comes to the knowledge of the Company, it will give notice of such offer to the Noteholders in accordance with Condition 15 within fourteen (14) days after obtaining such knowledge;
- (vii) it will in the case of any consolidation or amalgamation of the Company with, or merger of the Company into, any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or in the case of any sale or transfer of all or substantially all of the assets of the Company, it shall forthwith give notice to the Noteholders of such event in accordance with Condition 15 and it shall cause the corporation formed by such consolidation or amalgamation or the corporation into which the Company shall have merged or the corporation which shall have acquired such assets, as the case may be, to execute a deed providing that such corporation will assume obligations to the holder of each Note then outstanding analogous to all of the obligations of the Company under the Notes, including the right (during the period such Note shall be convertible) to convert such Note into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares into which such Note could be converted immediately prior to such consolidation, amalgamation, merger, sale or transfer. Such deed shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in Condition 8.15. The above provisions of this Condition 9.1(vii) shall apply in the same way to any subsequent consolidations, amalgamations, mergers, sales or transfers;
- (viii) if it is a party to any transaction referred to in Condition 9.1(vii) above, it will use its reasonable endeavours to obtain all consents which may be necessary or appropriate under Singapore law and the Listing Manual to enable the relevant continuing corporation to give effect to the arrangement as provided in Condition 9.1(vii) above;
- (ix) it will not take any action which would result in an adjustment of the Fixed Conversion Price if, after giving effect thereto, the Fixed Conversion Price would (but for the provisions of Condition 8.23) be decreased to such an extent that the Shares to be issued on exercise of the Conversion Right could not, under any applicable law then in effect, be legally issued as fully-paid and unencumbered.

9.2 During the Conversion Period, the Company or any relevant listed Subsidiary may carry out any additional fund-raising exercises (including but not limited to rights issues, share placements or issuance of other instruments but excluding bank borrowings) (“**Fund-raising Exercise**”) PROVIDED THAT, in respect of any proposed Fund-raising Exercise, the Company shall, and the Company shall procure that the relevant listed Subsidiary shall, offer and, if subscribed, sell the securities (except for rights issues or any issues in respect of which the Company is restricted from so doing by law, the Listing Manual or any other applicable regulations) (the “**Securities**”) to Noteholders prior to offering the Securities to any other person (the “**Right of First Refusal**”). The Noteholders will unconditionally waive its

Right of First Refusal in the event the Fund-raising Exercise is intended to be carried out to a strategic business investor. For the avoidance of doubt, as used herein, a strategic business investor shall refer to an investor who (i) is not a pure financial investor; and (ii) is either in the same industry as the Company or in an upstream or a downstream industry of the Company or in an industry which complements that of the Company; and (iii) who is able to add value to the Group's business and/or operations.

- 9.3 The Right of First Refusal may be exercised from and including the date of receipt by Noteholders of a notice (the "**First Right of Refusal Notice**") in writing from the Company setting out the details of such offer to and including the date falling three (3) Business Days thereafter (the "**Exercise Period**"). To indicate that it wishes to exercise the Right of First Refusal, a Noteholder (an "**Exercising Noteholder**") shall notify the Company in writing at any time during the Exercise Period that it wishes to exercise the Right of First Refusal. If during the Exercise Period, the Company receives notices from Noteholders holding not less than 50% of the aggregate principal amount of the Notes outstanding indicating they wish to exercise the Right of First Refusal (a "**Valid Exercise**"), the Company or the relevant listed Subsidiary shall issue to each Exercising Noteholder, and each Exercising Noteholder shall subscribe for, such Securities in the proportion of each Exercising Noteholder's holding of Notes relative to the principal amount of all the outstanding Notes held by all the Exercising Noteholders (unless otherwise agreed between the Noteholders). For the avoidance of doubt, on a Valid Exercise, the Company will issue, and the Exercising Noteholders will subscribe for, the entire issue of the relevant Securities.
- 9.4 If there is no Valid Exercise during the Exercise Period, the Right of First Refusal shall be deemed not to have been exercised by any Noteholder, but the Noteholders shall have the right to participate in any such private placement of the Securities (the "**Right of Participation**"), from and including the date of expiry of the Exercise Period to and including the date of expiry of the private placement offer (the "**Participation Period**"), in accordance with the following provisions:
- (a) the Company shall as soon as practicable after the expiry of the Exercise Period issue a notice (the "**Right of Participation Notice**") to each Noteholder and (where applicable) each other prospective investor;
  - (b) each Noteholder that wishes to exercise the Right of Participation (each a "**Participation Noteholder**") shall complete and return to the Company (by no later than the date of expiry of the private placement offer) a counterpart of the Right of Participation Notice, indicating therein the principal amount of the Securities ("**Participation Amount**") for which it intends to subscribe; and
  - (c) if the aggregate of the participation indicated by the Participation Noteholders referred to in sub-paragraph (b) above is:
    - (I) less than 20% of the aggregate principal amount offered under such private placement, the Company or the relevant listed Subsidiary is not required to issue any Securities to any Participation Noteholders;
    - (II) not less than 20% but not more than 50% of the aggregate principal amount offered under such private placement, each Participation Noteholder shall subscribe for, and the Company or the relevant listed Subsidiary shall issue to the relevant Participation Noteholder, Securities in an amount equal to the Participation Amount in respect of such Participation Noteholder, such issue shall be subject to the Listing Manual and other applicable regulatory approvals, consents or authorizations; and
    - (III) more than 50% of the aggregate principal amount offered under such private placement, the Participation Noteholders shall subscribe for, and the Company or the relevant listed Subsidiary shall issue to the relevant Participation Noteholders, an aggregate of 50% of the aggregate amount offered under such private placement, and the part of such amount subscribed for by each Participation Noteholder shall be in the proportion that

the principle amount of its holding of Notes bears to the principal amount of all the outstanding Notes held by all the Participation Noteholders (unless otherwise agreed between the Noteholders), such issue shall be subject to the Listing Manual and other applicable regulatory approvals, consents or authorizations.

For the period from and including the date on which the Company issues the First Right of Refusal Notice to and including the last date of the Participation Period, the Company shall close the register of Noteholders PROVIDED THAT such closure of the register of Noteholders shall not affect any Noteholder's Conversion Right (as defined in Conditions 8.1 and 8.2) unless such Noteholder is an Exercising Noteholder or a Participation Noteholder, in which event such Noteholder's Conversion Right shall be suspended during such period. For the purposes of this Condition 9.4, "**Issued Shares**" shall mean Shares listed on the SGX-ST.

- 9.5 (a) Without limitation to Conditions 9.2, 9.3 and 9.4 above, the Company or any relevant listed Subsidiary may offer and sell Securities at any time PROVIDED THAT the Company will, as soon as practicable, give a notice in writing ("**Invitation Notice**"), which for the avoidance of doubt, may be contained in or attached to a First Right of Refusal Notice or a Right of Participation Notice to the Noteholders of the terms and timetable of such new Securities and will, upon receiving the Noteholder's notice ("**Exchange Notice**") electing to exchange their outstanding Notes for the new Securities ("**Replacement Securities**"), within ten (10) Business Days from the date of the Exchange Notice, make all necessary arrangements to enable Noteholders, at their option, to exchange their Notes for Replacement Securities, on the same terms as those of such new Securities (including the maturity date). Any Noteholder electing to exchange its outstanding Notes shall exchange all (but not part of) the outstanding Notes held by the Noteholder for the Securities (being of a principal amount equal to the principal amount of such outstanding Notes).
- (b) If the Securities are not allotted and issued within ten (10) Business Days from the date of the Exchange Notice, the obligation of the Company to make arrangements for the issue and delivery of the Replacement Securities in exchange for the Notes which are the subject of an Exchange Notice shall be postponed to the date of issue and delivery of the Securities.
- (c) The Conversion Right of a Note in respect of which an Exchange Notice has been served may not be exercised between the date of the Exchange Notice and the date of delivery of the Replacement Securities. If following the service of an Exchange Notice, the issue of the Securities does not proceed in accordance with the timetable stated in the Invitation Notice, the Company shall give notice to all Noteholders as soon as practicable, and the Conversion Rights shall become exercisable in accordance with the terms of the Notes from the date of such notice.
- 9.6 The Company hereby covenants with and undertakes to the Noteholders that, so long as the Conversion Right is, or is capable of being, exercisable, if:
- (i) the Company shall authorise the granting or issue or offer to the Shareholders of rights or warrants to subscribe for or purchase any Shares or any securities convertible into or exchangeable for Shares;
- (ii) the Company shall make a Stock Split, or pay or make any cash or other distribution in respect of Shares, other than an annual dividend or an interim dividend;
- (iii) there shall be any consolidation or re-classification of the Shares;
- (iv) there shall be any consolidation, merger or amalgamation to which the Company is a party (other than a consolidation, merger or amalgamation in which the Company is the continuing corporation);
- (v) there shall be the sale or transfer of all or substantially all of the assets or business of the Company; or

- (vi) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company,

the Company shall, subject to the provisions of the Listing Manual being complied with, forthwith give notice thereof to the Noteholders in accordance with Condition 15, which notice shall, in any event, be (I) (in the case of sub-paragraphs (a) or (b) below) at least 14 days prior to the applicable record date (or, if no record date is set for the relevant Stock Split, on or prior to the commencement of the period referred to in sub-paragraph (b) below) or (II) (in the case of sub-paragraphs (c), (d) or (e) below) (aa) at least 14 days prior to the date of submission for approval of the same to the general meeting of Shareholders and (bb) immediately after the record date or effective date thereof, whichever is earlier, or (III) (in the case of sub-paragraph (f) below) (aa) at least 14 days prior to the date of submission for approval of the dissolution to the general meeting of Shareholders or immediately after the happening of any other event of dissolution and (bb) at least 14 days prior to the record date referred to in sub-paragraph (f) below. Such notice shall state, as the case may require:

- (a) (in the event of such granting, issue or offer of rights or warrants) (aa) a brief description of the same, (bb) the record date in Singapore therefor and (cc) the period during which the rights or warrants may be exercised;
- (b) (in the event of such Stock Split or making of any cash or other distribution) (aa) a brief description of the same and (bb) the record date in Singapore therefor;
- (c) (in the event of such consolidation or re-classification of the Shares) (aa) a description of the same, (bb) the date on which such consolidation or re-classification will be submitted for approval at general meeting of Shareholders, (cc) the record date in Singapore therefor (if applicable) and (dd) the date on which such consolidation or reclassification is expected to become effective;
- (d) (in the event of such consolidation, merger or amalgamation of the Company) (aa) a brief description of the same, (bb) the date on which such consolidation, merger or amalgamation will be submitted for approval at general meeting of Shareholders, (cc) the record date in Singapore for determining the Shareholders entitled to exchange their Shares for securities or other property deliverable upon such consolidation, merger or amalgamation and (dd) the date on which such consolidation, merger or amalgamation is expected to become effective;
- (e) (in the event of such sale or transfer of assets of the Company) (aa) a brief description of the same, (bb) the date on which such sale or transfer will be submitted for approval at general meeting of Shareholders, (cc) the date on which such sale or transfer is expected to become effective and (dd) the record date as of which it is expected that Shareholders will be entitled, if applicable, to securities or other property deliverable upon such sale or transfer; or
- (f) (in the event of such dissolution, liquidation or winding-up, other than those resulting from consolidation, merger or amalgamation of the Company) (aa) a brief description of the same, (bb) the date on which such dissolution will be submitted for approval at general meeting of Shareholders (if applicable) and (cc) the record date in Singapore for determining the Shareholders entitled to distribution of residual assets (if any),

PROVIDED THAT if the exact date of any such submission as is referred to in sub-paragraphs (c), (d), (e) or (f) above is not known at the time of such notice to the Noteholders such notice shall indicate the approximate date thereof and the Company shall give a second notice to the Noteholders not later than the date upon which such notice required to be is given to the Noteholders as aforesaid, specifying

the exact date of submission, and PROVIDED FURTHER THAT if such period referred to in sub-paragraph (a) above or such effective date referred to in sub-paragraphs (c), (d) or (e) above or such exchange date referred to in sub-paragraphs (d) or (e) above is not known at the time of such first notice to the Noteholders, the Company shall give a second notice to the Noteholders forthwith after such period or (as the case may be) such effective date or exchange date is known, specifying such period or such effective date and/or such exchange date.

- 9.7 Except as otherwise provided in Conditions 8.9 to 8.12 and except for any securities transfer or similar taxes payable by a converting Noteholder as a result of the event referred to Condition 9.1(viii), the Company will pay all issue, transfer and other similar taxes payable with respect to the deposit of Notes for conversion pursuant to Condition 8, and the issue and delivery of Shares and the delivery of any other securities, property or cash pursuant to Conditions 8.9 to 8.14 following such deposit.
- 9.8 The forms of the Conversion Notice shall be submitted to, and be issued in a form set out in Schedule 6, Part B of the Agreement. The Company shall from time to time make available sufficient numbers of such notices to the Noteholders.
- 9.9 If the event specified in any notice referred to in Condition 9.6 above would result in an adjustment of the Fixed Conversion Price, such notice shall also state the Fixed Conversion Price in effect at the time such notice is required to be given and the Fixed Conversion Price which will result after giving effect to such event or, if such adjusted Fixed Conversion Price is not then determinable, the fact that an adjusted Fixed Conversion Price may result. Without prejudice to the provisions of Condition 9.1(iv), if, after giving effect to the event covered by any such notice and to any adjustment in the Fixed Conversion Price, the Shares could not or might not (but for the provisions of Condition 8.23), under applicable law then in effect, be legally issued upon conversion of Notes as fully-paid and non-assessable, any such notice shall also state such fact and the extent to which, by reason of such provisions, effect will not be given to such adjustment.
- 9.10 If, while the Conversion Right is or is capable of being exercisable in respect of any of the Notes, there shall be any adjustment to the Fixed Conversion Price, the Company shall promptly after the date upon which such adjustment takes effect, give notice to the Noteholders in accordance with Condition 15 stating particulars of the event giving rise to the adjustment, the Fixed Conversion Price after such adjustment, the date on which such adjustment takes effect and such particulars and information as the Noteholders may reasonably request, PROVIDED THAT where a notice has been given of such adjustment pursuant to Condition 9 and such notice shall have correctly stated the Fixed Conversion Price resulting after giving effect to such adjustment, the Company shall not be required to give any further notice pursuant to this Condition 9.10. Compliance by the Company with the provisions of this Condition 9.10 shall satisfy *protanto* the obligation of the Company contained in Condition 8.20 above.

## **10. REDEMPTION AND PURCHASE**

- 10.1 The Notes which are not redeemed or purchased, converted or cancelled by the Company or the Noteholder (as the case may be) will be redeemed by the Company at 100% of their principal amount on the date falling three years from the Closing Date of the first tranche of the Notes (the "**Maturity Date**").
- 10.2 All Notes which are redeemed or converted will forthwith be cancelled by the Company and may not be reissued or resold.

## **11. TAXATION**

All payments of principal by the Company in respect of the Notes (including any payment upon redemption pursuant to Condition 10 above) will be made without withholding of, or deduction for or on account of, any present or future taxes, duties, assessments or

governmental charges of whatever nature imposed or levied by or on behalf of Singapore, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. If such withholding or deduction is so required, the Company will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the amounts of principal which would have been receivable in respect of the Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

- (a) to any Noteholder (or to a third party on behalf of a holder) (i) who is for Singapore tax purposes treated as a resident of Singapore or a Singapore corporation or (ii) who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of any Note or the receipt of principal or interest in respect of any Note; or
- (b) if the Certificate in respect of such Note is surrendered more than 30 days after the due date for payment except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment as at the expiry of such 30-day period.

Without prejudice to the Company's obligation to pay such additional amounts as aforesaid, the Company may request Noteholders to comply with any reporting requirements under applicable Singapore law to enable such Noteholders to be treated as non-residents of Singapore or non-Singapore corporations for Singapore tax purposes. Noteholders may comply with any such request if it is reasonable.

Any reference in this Note to principal shall be deemed also to refer to any additional amounts which may be payable under this Condition.

## **12. PRESCRIPTION**

Claims in respect of principal will become void unless made within the period of 6 years from the due date for the payment thereof.

## **13. EVENTS OF DEFAULT**

13.1 If any of the following events occurs:

- (a) there is default by the Company in the payment of the principal in respect of the Notes or any of them when and as the same ought to be paid and such default is not remedied by the Company within five (5) Bank Business Days;
- (b) there is default by the Company in the performance or observance of any covenant, condition, provision or obligation contained in the Notes which is material and on its part to be performed or observed (other than the covenant to pay the principal in respect of any of the Notes), which breach or default is incapable of remedy or, if capable of remedy, such default continues for the period of five (5) days next following the service by any Noteholder on the Company of notice requiring the same to be remedied;
- (c) the Net Borrowings to Net Worth shall not exceed 100%;
- (d) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation the terms of which have previously been approved in writing by Noteholders holding 51% or more of the outstanding principal amount of Notes or which is approved by the Shareholders, as the case may be, and upon which the continuing corporation

effectively assumes the entire obligations of the Company, as the case may be, under the Notes;

- (e) save as disclosed in the Disclosure Letter, a resolution is passed or an order of a court of competent jurisdiction is made that any material Subsidiary be wound up or dissolved otherwise than (i) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganization (other than as described in (ii) below) the terms of which have previously been approved in writing by Noteholders holding 51% or more of the outstanding principal amount of Notes, (ii) for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction with or into the Company or another Subsidiary of the Company, or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Company and/or any material Subsidiary are distributed to the Company and/or material such Subsidiary;
- (f) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company or any of its material Subsidiary;
- (g) save as disclosed in the Disclosure Letter, (i) the Company or any of its material Subsidiaries without any lawful cause stops payment (within the meaning of any applicable bankruptcy law), has become insolvent or is unable to pay its debts as and when they fall due or (ii) the Company or any of its material Subsidiaries (otherwise than for the purposes of such a consolidation, amalgamation, merger, reconstruction or reorganisation as is referred to in sub-paragraphs (d) or (e) above) ceases or through an official action of the board of directors of the Company or any of its material Subsidiaries, as the case may be, threatens to cease to carry on business and such action has a material adverse effect on the Company and/or any Subsidiary;
- (h) proceedings shall have been initiated against the Company or any of its material Subsidiaries under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of sixty (60) Bank Business Days;
- (i) the Company or any of its material Subsidiaries shall initiate or consent to proceedings seeking with respect to itself adjudication of bankruptcy or a decree of commencement of composition or reorganisation or other similar procedures or the appointment of an administrator or other similar official under any applicable bankruptcy, reorganization or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors;
- (j) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the property of the Company or any of its material Subsidiaries, which is material in its effect upon the operations of either the Company or such Subsidiary, as the case may be, and is not discharged within five (5) days thereof;
- (k) the delisting of the Shares on the SGX-ST or a suspension of trading of the Shares other than pursuant to the transactions contemplated by the Agreement or the Notes for a period of five (5) consecutive Business Days or more;
- (l) the Group's Net Worth is less than S\$30 million at any time;
- (m) any credit facilities granted to the Company or any of its material Subsidiaries are withdrawn, terminated or suspended for any reason whatsoever, and such action has a material adverse effect on the Company and/or any Subsidiary;

then any Note may, by notice in writing given to the Company at its registered address by the Noteholder, be declared immediately due and payable whereupon it shall become immediately due and payable at [110%] of its principal amount without further formality.

For the purposes of sub-paragraph (c) above, any indebtedness which is in a currency other than Singapore dollars shall be translated into Singapore dollars at the spot rate for the sale of Singapore dollars against the purchase of the relevant currency in the Singapore foreign exchange market quoted by such major independent international merchant bank selected by the Company on any day when the Noteholder requests such a quotation for such purposes.

For the purposes of this Condition 13.1:

**"Net Borrowings"** means, the Total Borrowings, net of cash and cash equivalents. Total Borrowings means, without duplication, at any time, as stated in the Financial Statements (i) all obligations of the Company and its Subsidiaries for borrowed money, (ii) all obligations of the Company and its Subsidiaries to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iii) all obligations of the Company and of its Subsidiaries as lessee which are capitalised in accordance with the accounting principles under which the Financial Statements are prepared, (iv) all obligations of the Company and its Subsidiaries to purchase securities or other property that arise out of or in connection with the sale of the same or substantially similar securities or property and (v) all borrowings of others guaranteed by the Company and/or any of its Subsidiaries. For the avoidance of doubt, **"Net Borrowings"** excludes the Notes.

**"Financial Statements"** means the audited consolidated financial statements of the Company for the year ended 31 March 2007 and thereafter the most recent announced unaudited interim financial statements of the Company as delivered to the SGX-ST.

**"Net Worth"** means, at any time, as stated in the Financial Statements, the aggregate of the amounts shown in the Financial Statements as paid up or credited as paid up on the issued share capital of the Company and standing to the credit of the contributed surplus account and retained earnings and other capital and revenue reserves and includes minority interests therein; less any amount which is attributable to any debit balance in its statement of profit and loss as shown in the relevant Financial Statements to the extent not already charged against retained earnings.

**"Subsidiary"** means a company whose financial statements is consolidated for the purposes of the Company's financial reporting.

#### 14. REPLACEMENT OF CERTIFICATES

Should any Certificate be lost, stolen, destroyed, mutilated or defaced, it may be replaced by the Company, upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity (which shall require, inter alia, that, if the allegedly lost, stolen or destroyed Certificate is subsequently deposited for conversion into Shares, or if such Certificate is subsequently repurchased by the Company or any Subsidiary, there shall be paid to the Company on demand the principal amount of such Notes represented by such Certificate) as the Company may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

#### 15. NOTICES

15.1 Unless otherwise provided for in these Conditions, any notice required or permitted to be given by delivering it to the other parties:

- (a) in the case of the Noteholders, at their respective addresses and facsimile number as shown in the register of Noteholders kept by the Company;

(b) in the case of the Company, at the following address and facsimile number:

Address	:	18 Jalan Besut Singapore 619571
Fax number	:	(65) 6266 4286
Telephone number	:	(65) 6266 5978
Attention	:	Mr Low Weng Fatt

or to such other Singapore address or facsimile as the Company may have notified to the Noteholders or vice versa pursuant to these Conditions and may be given by sending it by hand, by express courier, by registered post or by ordinary post to such address(es) or to such other address(es) as the party(ies) concerned may have notified to the other party(ies) in accordance with these Conditions. If served by hand or by express courier, such notice shall be deemed to be served on the day of delivery (or on the immediately following Business Day, if the day of delivery is not a Business Day or if the delivery or transmission is made after 5 p.m (Singapore time), or in the case of registered post 48 hours after posting, or if sooner upon acknowledgement of receipt by or on behalf of the party(ies) to which it is addressed, or in the case of ordinary post, 24 hours after the time for posting, if posted in, for example, Singapore to an address in Singapore, and on the 5<sup>th</sup> day following posting, if posted to or from a place outside Singapore, or, if served by facsimile transmission, when sent. Acknowledgement in writing of receipt of a notice by or on behalf of a party(ies), signed or initialed by any employee of such party(ies), shall be evidence that such notice has been duly served in accordance with these Conditions. In proving service by facsimile transmission, to prove that the transmission was confirmed as sent by the originating machine with a mechanical or electronically generated confirmation of the successful transmission of such facsimile.

- 15.2 The Company shall give notice to Noteholders in accordance with these Conditions of any change in the Designated Office.
- 15.3 Every Noteholder shall register with the Company an address in Singapore and facsimile number to which notices can be sent and if any Noteholder shall fail to do so, may be given to such Noteholder by sending the same in any of the manners hereinbefore mentioned to his last known place of business or facsimile number or, if there be none, by posting up the same for three (3) days at the Designated Office for the time being of the Company.

## **16. VOTING**

The Noteholders shall not be entitled to receive notices of, attend or vote at any directors' or shareholders' meetings of the Company by reason only of their capacity as Noteholders.

## **17. MODIFICATION AND WAIVER**

Any modification by the Company of the Notes (including these Conditions) or any waiver or authorisation of any breach or proposed breach by the Company of the Notes requires the written approval of holders of 51% or more of the aggregate principal amount of Notes then outstanding.

## **18. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

- 18.1 These Terms and Conditions shall be governed by and construed in accordance with Singapore law.
- 18.2 The courts of Singapore shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes or these Conditions and accordingly any legal action or proceedings arising out of or in connection with the Notes or these Conditions may be brought in such courts.

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement.

Dated this: August 2008

For and on behalf of

**CHASEN HOLDINGS LIMITED**

**BOARD OF DIRECTORS**

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Low Weng Fatt  
Managing Director

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Siah Boon Hock  
Executive Director

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Yap Koon Bee @ Louis Yap  
Non-Executive Director

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Yap Beng Geok Dorothy  
(Alternate to Yap Koon Bee @ Louis Yap)  
Non-Executive Director

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Ng Jwee Phuan @ Frederick (Eric)  
Lead Independent Director

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Tan Chong Huat  
Independent Director

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Tan Sin Huat, Dennis  
(Alternate to Tan Chong Huat)  
Independent Director