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Chuan Holdings Limited

川 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1420)

**(1) CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE RENTAL SERVICES
FRAMEWORK AGREEMENT 1 AND
THE RENTAL SERVICES FRAMEWORK AGREEMENT 2;
(2) CONTINUING CONNECTED TRANSACTION IN
RELATION TO THE SUPPLEMENTAL AGREEMENT;
AND
(3) CONNECTED TRANSACTION AND CONTINUING
CONNECTED TRANSACTIONS IN RELATION TO
THE MASTER LEASE AGREEMENT**

References are made to the Announcements and the Circular in relation to, among others, the continuing connected transactions under the Previous Rental Services Framework Agreement 1, the Previous Rental Services Framework Agreement 2, the Subcontract Agreement and the Previous Master Lease Agreement. As disclosed in the Announcements and the Circular, the Previous Rental Services Framework Agreement 1, the Previous Rental Services Framework Agreement 2, the Subcontract Agreement and the Previous Master Lease Agreement will expire on 31 December 2021.

* For identification purposes only

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE RENTAL SERVICES FRAMEWORK AGREEMENT 1 AND THE RENTAL SERVICES FRAMEWORK AGREEMENT 2

The Board is pleased to announce that on 14 December 2021 (after trading hours), the Company (for and on behalf of the Group) entered into the following agreements for a term of three years commencing on 1 January 2022 and ending on 31 December 2024:

1. the Rental Services Framework Agreement 1 with Golden Empire, in relation to the provision of construction-related services such as rental of trucks and supply of labour; and
2. the Rental Services Framework Agreement 2 with GEHT, in relation to the provision of construction-related services such as rental of trucks and supply of labour.

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE SUPPLEMENTAL AGREEMENT

The Board is pleased to announce that on 14 December 2021 (after trading hours), CLC, a wholly-owned subsidiary of the Company, (for itself and on behalf of the Group) entered into the Supplemental Agreement with Golden Empire in relation to the provision of surcharge rehandling works for reclamation and marine work at Tuas Western Coast Project to extend the substantial completion date of the works stipulated under the Subcontract Agreement for one year until 31 December 2022.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE MASTER LEASE AGREEMENT

The Board is pleased to announce that on 14 December 2021 (after trading hours), CLC, a wholly-owned subsidiary of the Company, entered into the Master Lease Agreement with Hulett Construction in relation to the lease of Premises for a term of two years commencing on 1 January 2022 and ending on 31 December 2023.

In accordance with the IFRS 16 applicable to the Group, since the payments to be made by CLC contemplated under the Master Lease Agreement comprise fixed payments and variable payments, different accounting treatments will apply. The Group will recognize the Monthly Rent (being fixed payments) as an acquisition of right-of-use asset taking into account of the aggregate discounted amount of the Monthly Rent in accordance with IFRS 16, which is estimated to be approximately S\$1,285,097 (subject to audit). On the other hand, the Other Charges to be paid by CLC under the Master Lease Agreement (being variable payments) will be recognized as expenses in the Group's profit and loss accounts in the periods in which they are incurred.

LISTING RULES IMPLICATIONS

As at the date of this announcement:

- (a) Golden Empire is owned as to 50% by Mr. Lim, the controlling Shareholder and the executive Director, and 50% by an Independent Third Party. As such, Golden Empire is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions with Golden Empire will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules;
- (b) GEHT is owned as to 33.33% by an Independent Third Party and 66.67% by Golden Empire, which in turn is owned as to 50% by Mr. Lim, the controlling Shareholder and the executive Director, and 50% by an Independent Third Party. As such, GEHT is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions with GEHT will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Having considered (i) the background of the Rental Services Framework Agreement 1 and the Rental Services Framework Agreement 2; and (ii) the relevant counterparties of the Rental Services Framework Agreement 1 and the Rental Services Framework Agreement 2, such that GEHT is the subsidiary of Golden Empire, which is owned as to 50% by Mr. Lim, the Directors consider that the Rental Services Framework Agreement 1 and the Rental Services Framework Agreement 2 shall be aggregated pursuant to the Rules 14A.82 and 14A.83 of the Listing Rules, for the purpose of satisfying the continuing connected transactions requirements under the Listing Rules.

Based on the aggregated proposed annual caps of the transactions contemplated under the Rental Services Framework Agreement 1 and the Rental Services Framework Agreement 2, all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules (other than the profits ratio) exceed 0.1% but are less than 5% as specified under the Listing Rules on an annual basis. Accordingly, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules (other than the profits ratio) with reference to the proposed annual cap of the Supplemental Agreement exceeds 5%, the continuing connected transaction contemplated thereunder is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Hulett Construction is owned as to 65% by Mr. Lim, the controlling Shareholder and the executive Director, and 35% by Ms. Yee, the spouse of Mr. Lim. As such, Hulett Construction is a connected person of the Company for the purpose of the Listing Rules.

As the Group will recognise the Monthly Rent payable under the Master Lease Agreement as an acquisition of right-of-use asset under IFRS 16, such acquisition will constitute a one-off connected transaction for the Group under Chapter 14A of the Listing Rules. On the other hand, the payment of the Other Charges under the Master Lease Agreement, which will be recognized as expenses in the Group's profit and loss accounts in the periods in which they are incurred, will be regarded as continuing connected transactions for the Group under Chapter 14A of the Listing Rules.

As (i) all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules with reference to the value of right-of-use asset for the Monthly Rent under the Master Lease Agreement, which is calculated on an aggregate discounted basis; and (ii) all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules (other than the profits ratio) with reference to the proposed annual caps of the Other Charges under the Master Lease Agreement, exceed 0.1% but are less than 5%, the connected transaction and the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Rental Services Framework Agreement 1, the Rental Services Framework Agreement 2 and the Master Lease Agreement will be disclosed in the Company's next published annual reports for the relevant financial years in accordance with Chapter 14A of the Listing Rules.

GENERAL

The Company has established the Independent Board Committee comprising all three independent non-executive Directors who do not have a material interest in the Supplemental Agreement to consider and to advise the Independent Shareholders as to whether the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder are in the ordinary and usual course of business of the Group, are on normal commercial terms, are fair and reasonable and are the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. Grande Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder. Pursuant to the Listing Rules, Mr. Lim, the controlling Shareholder and the executive Director, and his associates will abstain from voting on the relevant resolution(s) at the EGM.

A circular containing, among others, (i) details on the terms of the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice; and (iv) a notice convening the EGM together with the proxy form, will be dispatched to the Shareholders on or before 5 January 2022.

INTRODUCTION

References are made to the Announcements and the Circular in relation to, among others, the continuing connected transactions under the Previous Rental Services Framework Agreement 1, the Previous Rental Services Framework Agreement 2, the Subcontract Agreement and the Previous Master Lease Agreement. As disclosed in the Announcements and the Circular, the Previous Rental Services Framework Agreement 1, the Previous Rental Services Framework Agreement 2, the Subcontract Agreement and the Previous Master Lease Agreement will expire on 31 December 2021.

THE RENTAL SERVICES FRAMEWORK AGREEMENT 1 AND THE RENTAL SERVICES FRAMEWORK AGREEMENT 2

The Board is pleased to announce that on 14 December 2021 (after trading hours), the Company (for and on behalf of the Group) entered into the following agreements for a term of three years commencing on 1 January 2022 and ending on 31 December 2024:

1. the Rental Services Framework Agreement 1 with Golden Empire, in relation to the provision of construction-related services such as rental of trucks and supply of labour; and
2. the Rental Services Framework Agreement 2 with GEHT, in relation to the provision of construction-related services such as rental of trucks and supply of labour.

(1) The Rental Services Framework Agreement 1

Details of the Rental Services Framework Agreement 1 are summarised as follows:

Date of agreement:	14 December 2021
Parties:	(1) Golden Empire; and (2) The Company (for and on behalf of the Group)
Terms:	Three years commencing from 1 January 2022 and shall terminate on 31 December 2024, with an option to renew for a further three years upon expiry with mutual consent by the parties after negotiation.
Nature of Transaction:	The Group has agreed to provide construction-related services such as rental of trucks and supply of labour to Golden Empire and its associates according to actual needs.

Principle terms:

The relevant parties must enter into a separate implementing agreement to stipulate specific terms and conditions, including specific scope of service, form of service and payment method, in respect of a specific transaction relating to the relevant services based on and in accordance with the terms and conditions set out in the Rental Services Framework Agreement 1.

The terms and conditions of an implementing contract governing a specific transaction between the relevant parties shall be fair and reasonable, in accordance with the principles of price fixing stated in the Rental Services Framework Agreement 1 and based on normal commercial terms applicable to the relevant transaction entered into with the Independent Third Parties (if available).

Pricing Policy

The rental services and labour supply will be charged on a cost plus basis which is determined with reference to (i) the costs to be incurred by the Group for rendering such services including the depreciation expenses, diesel or petrol costs, labour costs and the expected quantity (in terms of number of vehicles, number of trips, distance and number of labourers); (ii) an approved margin range of 10% to 20% for rental of trucks and a minimum margin of 1% for supply of labour fixed by an executive Director who is responsible for overseeing the procurement department and project team of the Group whereas is not Mr. Lim and his associates (currently, such executive Director is Mr. Quek) to ensure no loss making for each project to cover other indirect costs such as administrative expenses of the Group; (iii) the prevailing market rates based on prices charged by the Group to other Independent Third Party customers of the Group for similar transactions with comparable terms under normal commercial terms and in the ordinary course of business and such price and terms shall be no less favourable to the Group than those available from other Independent Third Party customers; and (iv) after arm's length commercial negotiations according to the principles of fairness and reasonableness.

The approved margin range of 10% to 20% for rental of trucks and a minimum margin of 1% for supply of labour are determined based on the following factors: (i) job nature such as urgency, complexity, and whether driver and operator are required; and (ii) historical margin range of 10% to 20% for rental of trucks and a minimum margin of 1% for supply of labour derived from historical transactions of a similar nature with Golden Empire and/or its associates and other Independent Third Party customers in the past two financial years which the Group regards as reasonable to be within the acceptable of margin range in the construction industry in Singapore.

For every new project from Golden Empire and/or its associates, the project team of the Group will review (i) quotations made to at least two Independent Third Party customers in similar quantity and type of trucks; (ii) quotations sourced from at least one Independent Third Party supplier; and (iii) the cost based on the job requirement of Golden Empire and/or its associates to determine if the price and terms offered to Golden Empire and/or its associates are fair and reasonable and comparable. After obtaining quotations, the project team will assess the quotations and formulate a report by reference to, among other things, the price and type of trucks offered, the existing utilization rates of the trucks and the cost based on the job requirement of Golden Empire and/or its associates so as to determine the price to offer to Golden Empire and/or its associates. The project team will conduct a final review on the quotations and report to an executive Director to approve the quotation based on the above factors. The project team will monitor the process of the transactions to be conducted hereunder to ensure such price is favourable to the Group. If the cost based on the job requirement of Golden Empire and/or its associates is higher than the prevailing market rates as reflected by quotations from other Independent Third Parties, the Group will not accept such loss-making job.

Historical transaction amounts and proposed annual caps

The approximate total annual amount of historical transactions of rental services and labour supply provided by the Group to Golden Empire and its associates for each of the two financial years ended 31 December 2020 and the eleven months ended 30 November 2021 were as follows:

	For the financial year ended 31 December		For the eleven months ended 30 November
	2019	2020	2021
	<i>(S\$)</i>	<i>(S\$)</i>	<i>(S\$)</i>
Historical transaction amounts	<u>1,861,000</u>	<u>1,862,000</u>	<u>837,000</u>

For the three financial years ending 31 December 2024, the maximum annual amount of rental services and labour supply provided by the Group to Golden Empire and its associates shall not exceed the following caps:

	For the financial year ending 31 December		
	2022	2023	2024
	<i>(S\$)</i>	<i>(S\$)</i>	<i>(S\$)</i>
Proposed annual caps	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

In determining the above proposed annual caps, the Directors have considered a number of factors including:

- (i) the historical transaction amounts;
- (ii) the Singapore government's extension of its wage support scheme to subsidy employers paying wages to its local employees. The Group has apportioned the subsidy received by the Group with regard to those labour supplied to Golden Empire and/or its associates, which was reflected in the labour costs charged to Golden Empire and/or its associates;

- (iii) the projected decline in demand on an annual basis for trucks and labour supply from Golden Empire and its associates. The Group was informed by Golden Empire and its associates that the existing projects on hand were expected to be completed soon, taking into account of the volume of transactions attributable to delay in work progress, and it had not secured new projects at the moment. Due to the impact of the Singapore government's measures within the country to contain the spread of COVID-19 on the construction industry, in particular, the delay in progress of all construction projects which shall extend to be completed in the following years, it is expected that even if Golden Empire could secure new projects in the future, those projects would not be as large in size as those stipulated in the historical transactions; and
- (iv) the prevailing market rates of rental of similar nature.

Reasons for and benefits of the Rental Services Framework Agreement 1

The Group has been providing construction-related services such as rental of trucks and supply of labour to Golden Empire and its associates since early 2016. Golden Empire and its associates and the Group have an established business relationship with each other, and are familiar with each other's business demands and able to supply rental services required for construction. The Directors consider that maintaining stable and high quality business relationship with Golden Empire and its associates will be beneficial to the Group's current and future operation given that land reclamation involves construction works. By reference to the historical business transaction experience with Golden Empire and its associates, the Directors believe that the Group and Golden Empire and its associates will be able to satisfy the stable and high quality requirement of the other party in the relevant business, and maintaining business transactions with each other is in the interest of the Group and the Shareholders as a whole.

(2) The Rental Services Framework Agreement 2

Details of the Rental Services Framework Agreement 2 are summarised as follows:

Date of agreement:	14 December 2021
Parties:	(1) GEHT; and (2) The Company (for and on behalf of the Group)
Terms:	Three years commencing from 1 January 2022 and shall terminate on 31 December 2024, with an option to renew for a further three years upon expiry with mutual consent by the parties after negotiation.
Nature of Transaction:	The Group has agreed to provide construction-related services such as rental of trucks and supply of labour to GEHT and its associates according to actual needs.
Principle terms:	<p>The relevant parties must enter into a separate implementing agreement to stipulate specific terms and conditions, including specific scope of service, form of service and payment method, in respect of a specific transaction relating to the relevant services based on and in accordance with the terms and conditions set out in the Rental Services Framework Agreement 2.</p> <p>The terms and conditions of an implementing contract governing a specific transaction between the relevant parties shall be fair and reasonable, in accordance with the principles of price fixing stated in the Rental Services Framework Agreement 2 and based on normal commercial terms applicable to the relevant transaction entered into with Independent Third Parties (if available).</p>

Pricing Policy

The rental services and labour supply will be charged on a cost plus basis which is determined with reference to (i) the costs to be incurred by the Group for rendering such services including the depreciation expenses, diesel or petrol costs, labour costs and the expected quantity (in terms of number of vehicles, number of trips, distance and number of labourers); (ii) an approved margin range of 10% to 20% for rental of trucks and a minimum margin of 1% for supply of labour fixed by an executive Director who is responsible for overseeing the procurement department and project team of the Group whereas is not Mr. Lim and his associates (currently, such executive Director is Mr. Quek) to ensure no loss making for each project to cover other indirect costs such as administrative expenses of the Group; (iii) the prevailing market rates based on prices charged by the Group to other Independent Third Party customers of the Group for similar transactions with comparable terms under normal commercial terms and in the ordinary course of business and such price and terms shall be no less favourable to the Group than those available from other Independent Third Party customers; and (iv) after arm's length commercial negotiations according to the principles of fairness and reasonableness.

The approved margin range of 10% to 20% for rental of trucks and a minimum margin of 1% for supply of labour are determined based on the following factors: (i) job nature such as urgency, complexity, and whether driver and operator are required; and (ii) historical margin range of 10% to 20% for rental of trucks and a minimum margin of 1% for supply of labour derived from historical transactions of a similar nature with GEHT and/or its associates and other Independent Third Party customers in the past two financial years which the Group regards as reasonable to be within the acceptable of margin range in the construction industry in Singapore.

For every new project from GEHT and/or its associates, the project team of the Group will review (i) quotations made to at least two Independent Third Party customers in similar quantity and type of trucks; (ii) quotations sourced from at least one Independent Third Party supplier; and (iii) the cost based on the job requirement of GEHT and/or its associates to determine if the price and terms offered to GEHT and/or its associates are fair and reasonable and comparable. After obtaining quotations, the project team will assess the quotations and formulate a report by reference to, among other things, the price and type of trucks offered, the existing utilization rates of the trucks and the cost based on the job requirement of GEHT and/or its associates so as to determine the price to offer to GEHT and/or its associates. The project team will conduct a final review on the quotations and report to an executive Director to approve the quotation based on the above factors. The project team will monitor the process of the transactions to be conducted hereunder to ensure such price is favourable to the Group. If the cost based on the job requirement of GEHT and/or its associates is higher than the prevailing market rates as reflected by quotations from other Independent Third Parties, the Group will not accept such loss-making job.

Historical transaction amounts and proposed annual caps

The approximate total annual amount of historical transactions of rental services and labour supply provided by the Group to GEHT and its associates for each of the two financial years ended 31 December 2020 and the eleven months ended 30 November 2021 were as follows:

	For the financial year ended		For the eleven
	31 December		months ended
	2019	2020	30 November
	<i>(S\$)</i>	<i>(S\$)</i>	<i>2021</i>
			<i>(S\$)</i>
Historical transaction amounts	<u>637,000</u>	<u>355,000</u>	<u>265,000</u>

For the three financial years ending 31 December 2024, the maximum annual amount of rental services and labour supply provided by the Group to GEHT and its associates shall not exceed the following caps:

	For the financial year ending 31 December		
	2022	2023	2024
	<i>(S\$)</i>	<i>(S\$)</i>	<i>(S\$)</i>
Proposed annual caps	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

In determining the above proposed annual caps, the Directors have considered a number of factors including:

- (i) the historical transaction amounts;
- (ii) the Singapore government's extension of its wage support scheme to subsidy employers paying wages to its local employees. The Group has apportioned the subsidy received by the Group with regard to those labour supplied to GEHT and/or its associates, which was reflected in the labour costs charged to GEHT and/or its associates;
- (iii) the projected decline in demand on an annual basis for trucks and labour supply from GEHT and its associates. Due to the impact of the Singapore government's measures within the country to contain the spread of COVID-19 on the construction industry, in particular, the delay in progress of all construction projects which shall extend to be completed in the following years, it is expected that the projects secured by GEHT in the future would remain in small size as those stipulated in the historical transactions; and
- (iv) the prevailing market rates of rental of similar nature.

Reasons for and benefits of the Rental Services Framework Agreement 2

The Group has been providing construction-related services such as rental of trucks and supply of labour to GEHT and its associates since early 2016. GEHT and its associates and the Group have an established business relationship with each other, and are familiar with each other's business demands and able to supply rental services required for construction. The Directors consider that maintaining stable and high quality business relationship with GEHT and its associates will be beneficial to the Group's current and future operation given that land reclamation involves construction works. By reference to the historical business transaction experience with GEHT and its associates, the Directors believe that the Group and GEHT and its associates will be able to satisfy the stable and high quality requirement of the other party in the relevant business, and maintaining business transactions with each other is in the interest of the Group and the Shareholders as a whole.

THE SUPPLEMENTAL AGREEMENT

The Board is pleased to announce that on 14 December 2021 (after trading hours), CLC, a wholly-owned subsidiary of the Company, (for itself and on behalf of the Group) entered into the Supplemental Agreement with Golden Empire in relation to the provision of surcharge rehandling works for reclamation and marine work at Tuas Western Coast Project to extend the substantial completion date of the works stipulated under the Subcontract Agreement for one year until 31 December 2022.

Details of the Supplemental Agreement are summarised as follows:

Date of agreement:	14 December 2021
Parties:	(1) Golden Empire; and (2) CLC (for itself and on behalf of the Group)
Terms:	One year commencing from 1 January 2022 and shall terminate on 31 December 2022

Nature of Transaction:

Golden Empire has agreed to provide surcharge rehandling works for reclamation and marine work at Tuas Western Coast Project to the Group including the supply of manpower and construction equipment resources including maintenance provisions and a stock of spare parts and consumables, procurement of materials and equipment, spare parts/components and consumables as necessary, checking the operability of the works (as applicable), inspecting and testing resources, making good any deficiencies during the construction period, for the successful completion of the facilities and its operation as well as the provision everything whether of a temporary or permanent nature to permit the successful completion and maintenance of the work.

The Group has subcontracted the whole of the scope of works specified under the Original Subcontract Agreement to Golden Empire, which includes removing existing good earth surcharge and placing to the next surcharge and reclamation, sand rehandling, management of the work site and planning and schedule control of the works, supply of manpower, supply of equipment for reclamation and marine works at Tuas Western Coast.

Principle terms:

The substantial completion date of the works stipulated under the Subcontract Agreement shall be extended to 31 December 2022.

The Subcontracting Commission charged to Golden Empire by the Group is a fee at approximately 3% of the actual amount invoiced under the Original Subcontract Agreement, as adjusted upwards or downwards based on the scope of works under the Original Subcontract Agreement, which will be invoiced at each relevant milestone.

The maximum annual amount of reclamation and marine works subcontracted to Golden Empire after deducting the Subcontracting Commission shall not exceed the cap of S\$5,000,000.

Save as the above, all other terms and conditions under the Subcontract Agreement shall remain the same and applicable.

Condition Precedent:

The Supplemental Agreement is conditional upon the Company's obtaining of approval of the Independent Shareholders to the Supplemental Agreement in compliance with the Listing Rules, which shall be satisfied on or before the Long Stop Date; otherwise, the Supplemental Agreement shall forthwith terminate upon the Long Stop Date.

Pricing Policy

The pricing for the Subcontracting Commission charged to Golden Empire by the Group is at approximately 3% of the actual amount invoiced under the Original Subcontract Agreement, as determined after arms-length negotiation on normal commercial terms with reference to other projects of the Group involving subcontracting to other Independent Third Party subcontractors the whole scope of works contemplated under the projects.

If the scope of works under the Original Subcontract Agreement is expanded or reduced, the contract price in the Original Subcontract Agreement will be increased or reduced accordingly. In such event, the scope of works stipulated under the Supplemental Agreement will be expanded or reduced accordingly. The total Subcontracting Commission that the Group is entitled to charge Golden Empire will be calculated at approximately 3% of the actual final contract value as adjusted upwards or downwards based on the scope of works under the Original Subcontract Agreement, which will be invoiced at each relevant milestone. The Group will bill the Independent Third Party customer in accordance with the payment certificate issued by the same. After Golden Empire submits the progress claim to the Group, the Group will counter-check the same with the relevant issued payment certificate and will only pay Golden Empire the payment received from the Independent Third Party customer after deducting the Subcontracting Commission calculated based on the relevant counter-checked amount.

The project team of the Group reviewed (i) the previous work done by Golden Empire under the Subcontract Agreement and the outstanding works to be completed under the Supplemental Agreement; and (ii) the subcontracting fee of 3% of the contract value charged to the subcontractors of different projects of the Group with other subcontractors under which the Group subcontracted the whole scope of works contemplated under the projects to such subcontractors to determine if the Subcontracting Commission and terms offered to Golden Empire are fair and reasonable and are no less favourable to the Group than those available from other Independent Third Party. The project team assessed and formulated a report by reference to, among other things, the price, the experience and capability to complete the works and quality of work so as to determine the Subcontracting Commission charged to Golden Empire. The head of the project team conducted a final review and reported to an executive Director to approve the Subcontracting Commission based on the above factors. Given the Subcontracting Commission is within the usual fee range charged by the Group to other Independent Third Party subcontractors, the Directors consider that the Subcontracting Commission is in line with the other projects of the Group which involve whole-subcontracting and is in the interests of the Company and the Shareholders as a whole.

The project team will closely monitor the process of the transactions to be conducted under the Supplemental Agreement to ensure such price and terms thereof shall be no less favourable to the Group than those available from other Independent Third Party.

Historical transaction amounts and proposed annual caps

The comparison of the approximate total annual amount recognised by the Group in relation to the reclamation and marine works subcontracted to Golden Empire after deducting the Subcontracting Commission under the Subcontract Agreement for each of the two financial years ended 31 December 2020 and the eleven months ended 30 November 2021 with the annual caps for the three financial years ended 31 December 2021 were as follows:

	For the financial year ended		For the eleven
	31 December		months ended
	2019	2020	30 November
	(S\$)	(S\$)	2021
			(S\$)
Historical transaction amounts	2,700,000	2,427,000	1,261,000 <i>Note 1</i>
Annual caps	<u>3,170,000</u>	<u>7,567,000</u>	<u>1,263,000</u>
Outstanding sums of the annual caps minus historical transaction amounts	<u>470,000</u>	<u>5,140,000</u>	<u>2,000</u> <i>Note 2</i>

Note 1: This figure refers to the aggregate amount recognised by the Group in relation to the reclamation and marine works subcontracted to Golden Empire after deducting the Subcontracting Commission for the eleven months ended 30 November 2021. The Group has been monitoring and will continue to closely monitor the transactions conducted under the Subcontract Agreement and ensure that the transaction amounts thereunder will not exceed the annual cap for the year ending 31 December 2021.

Note 2: This figure refers to the outstanding sum of the annual cap for the year ended 31 December 2021 minus historical transaction amounts for the eleven months ended 30 November 2021. According to the current instruction received by the Group from the Independent Third Party customer, the works stipulated under the Original Subcontract Agreement had been stopped on 20 November 2021 and the commencement date of next round of works would be January 2022.

For the financial year ending 31 December 2022, the Directors expect that the maximum annual amount of the reclamation and marine works subcontracted to Golden Empire after deducting the Subcontracting Commission shall not exceed the proposed annual cap of S\$5,000,000.

In determining the above proposed annual cap, the Directors have considered a number of factors including:

- (i) the expected transaction amounts with Golden Empire of approximately S\$11.3 million minus historical transaction amounts as stated above for the two financial years ended 31 December 2020 and the eleven months ended 30 November 2021 of approximately S\$6.4 million in aggregate was over S\$4.9 million, mainly attributable to the suspension of construction activities caused by measures and orders implemented by the Singapore government to control the spread of COVID-19 in 2020 and 2021;
- (ii) the expected resumption of certain construction activities in early 2022 in accordance with the current instruction received by the Group from the Independent Third Party customer;
- (iii) the expected amount of the outstanding works contemplated under the Subcontract Agreement and the Original Subcontract Agreement to be completed in 2022 under the Supplemental Agreement (taking into the account that the Supplemental Agreement is an extension of the Subcontract Agreement); and
- (iv) the billable amount of the outstanding works done from Golden Empire and payment milestone pursuant to the Original Subcontract Agreement and the Directors consider that the proposed annual cap is fair and reasonable and in the interests of the Company.

Reasons for and benefits of the Supplemental Agreement

Due to the outbreak of COVID-19, the Singapore government implemented various measures which hugely impacted the construction activities as a whole as well as the works under the Tuas Western Coast Project for certain periods in both 2020 and 2021 during the term of the Subcontract Agreement, including but not limited to (i) the circuit-breaker measure implemented in the period between 7 April 2020 and 1 June 2020; (ii) the further extension of circuit-breaker measures on the construction industry unless BCA's approval of resumption of work was obtained for the period between 2 June 2020 and 9 August 2020; (iii) an order to stop carrying out construction work at certain work zones at Tuas Western Coast Project for the period between 18 August 2020 and 31 August 2020; and (iv) the Phase Two Heightened Alert measures for the period between 16 May 2021 and 13 June 2021 as well as for the period between 22 July 2021 and 18 August 2021.

Apart from the aforesaid Singapore government's measures and order, the Singapore government's continuous tightened border control to restrict inflow of migrant workers, especially those from South Asia countries, has caused the entire construction industry facing manpower tightness which has led to delay in completion of projects. The conduct of the Tuas Western Coast Project has been substantially delayed, coupled with the new safe distancing requirements and heightened controls on the hygiene environment of the construction sites in place, the Independent Third Party customer has from time to time rescheduled the work progress under the Original Subcontract Agreement, works of which were subcontracted to Golden Empire by virtue of the Subcontract Agreement. The Group and Golden Empire could only conduct the works in accordance with the instruction of the Independent Third Party customer.

In view of the continuing adverse impact of COVID-19 on the construction sector, the Singapore government has from time to time in the years of 2020 and 2021 extended its relief measures with regard to delay of construction works caused by COVID-19, including granting of ex-gratia extension of time for loss of productivity and temporary relief from legal and enforcement action in relation to inability to perform. As the Tuas Western Coast Project falls within a public sector construction contract and satisfies the requirement set by BCA, the Tuas Western Coast Project has been benefitted from the Singapore government's grant of extension of time for at least 205 days to complete. According to the current instruction received by the Group from the Independent Third Party customer, the works stipulated under the Original Subcontract Agreement had already been stopped from 20 November 2021 and commencement date of the next round of works would be January 2022. As such, the Group shall have to enter the Supplemental Agreement for completion of the outstanding works contemplated under the Original Subcontract Agreement which were subcontracted to Golden Empire.

As the Singapore government has adopted a new strategy of building a "COVID-resilient" nation since August 2021, there has been progressed resumption of construction activities. In accordance with the current instruction given by the Independent Third Party customer, it is expected that the works contemplated under the Subcontract Agreement, most of which were fallen behind in 2020, shall be completed on or before 31 December 2022.

Golden Empire and the Group have an established business relationship with each other, and are familiar with each other's business demands. Golden Empire has the relevant skills, manpower and machinery and is able to provide the surcharge rehandling works for reclamation and marine (which involves land reclamation work near the seashore) work required by the Tuas Western Coast Project which the Group does not have. The Directors consider that maintaining stable and high quality business relationship with Golden Empire will be beneficial to the Group's current and future operation. By reference to the historical business transaction experience with Golden Empire, the Directors believe that the Group and Golden Empire will be able to satisfy the stable and high quality requirement of the other party in the relevant business, and maintaining business transactions with each other is in the interest of the Group and the Shareholders as a whole.

THE MASTER LEASE AGREEMENT

The Board is pleased to announce that on 14 December 2021 (after trading hours), CLC, a wholly-owned subsidiary of the Company, entered into the Master Lease Agreement with Hulett Construction in relation to the lease of the Premises for a term of two years commencing on 1 January 2022 and ending on 31 December 2023.

Details of the Master Lease Agreement are summarised as follows:

Date of agreement:	14 December 2021
Parties:	(1) Hulett Construction; and (2) CLC
Terms:	Two years commencing from 1 January 2022 and shall terminate on 31 December 2023.
Nature of Transaction:	Hulett Construction has agreed to (i) lease the Premises and (ii) provide the related management services to CLC.

Principle terms:

Hulett Construction shall lease to CLC the Premises including (i) warehouse, workshop and production space with aggregate floor area of 37,899.26 square feet; (ii) the ancillary office with aggregate floor area of 4,684.19 square feet; (iii) workers dormitory (based on availability and actual need of CLC); and (iv) parking lots for heavy vehicles (based on availability and actual need of CLC), all situated at No. 20 Senoko Drive, Singapore and shall provide the related management services to CLC.

CLC shall pay to Hulett Construction an aggregates sum of the following components in advance on the first day of each calendar month during the term of the Master Lease Agreement:

- (a) Monthly Rent at the rate of S\$64,812.01, which includes rental of (i) warehouse/workshop/production space of 37,899.26 square feet at the monthly rate of S\$56,848.89; and (ii) ancillary office of 4,684.19 square feet at the monthly rate of S\$7,963.12; and
- (b) Other Charges, which include the aggregated sums of (i) workers dormitory charges at a rate of S\$280 per bed; (ii) parking charges at the rate of S\$280 per parking lot; and (iii) charges for the utilities and management services provided to the Premises and used by CLC or any occupier thereof, all of which shall be adjusted and calculated on a monthly basis based on the actual usage by CLC.

Pricing Policy

The lease rates and terms of the Master Lease Agreement is determined at arm's length negotiations between the relevant parties and by reference to the prevailing market prices of local properties with similar access, size and quality available on at least two real estate agents' websites (where available), Hulett Construction's other letting with the Independent Third Party tenants and on normal commercial terms.

The Group has implemented a policy to monitor the prevailing market rents available on at least two real estate agents' websites nearer to expiry of the lease period and to compare the price offered by Hulett Construction and other criteria (such as access, fittings and renovation conditions of the Premises) with that of the prevailing market rents of local properties with similar criteria (where available).

The Group will enter into new lease agreement with Hulett Construction only when the rental offered by Hulett Construction is comparable to that of the prevailing market rents and the selection criteria can be met after taking into consideration the range of relevant factors in order to safeguard the interests of the Group. In accordance with the Company's internal policies, the transactions under the Master Lease Agreement will be properly recorded. The management of the Group will review the aforesaid pricing policy on a regular basis.

Accounting Implications

In accordance with the IFRS 16 applicable to the Group, since the payments to be made by CLC contemplated under the Master Lease Agreement comprise fixed payments and variable payments, different accounting treatments will apply. The Group will recognize the Monthly Rent (being fixed payments) as an acquisition of right-of-use asset taking into account of the aggregate discounted amount of the Monthly Rent in accordance with IFRS 16, which is estimated to be approximately S\$1,285,097 (subject to audit). On the other hand, the Other Charges to be paid by CLC under the Master Lease Agreement (being variable payments) will be recognized as expenses in the Group's profit and loss accounts in the periods in which they are incurred.

Historical transaction amounts and proposed annual caps

The approximate total annual amounts of historical transactions with respect to the Monthly Rent and the Other Charges paid by the Group to Hulett Construction for each of the two financial years ended 31 December 2020 and the eleven months ended 30 November 2021 were as follows:

	For the financial year ended 31 December		For the eleven months ended 30 November
	2019	2020	2021
	(S\$)	(S\$)	(S\$)
Historical transaction amounts			
– Monthly Rent	778,000	713,000	713,000
– Other Charges	<u>1,440,000</u>	<u>1,498,000</u>	<u>1,641,000</u>
Total:	<u><u>2,218,000</u></u>	<u><u>2,211,000</u></u>	<u><u>2,354,000</u></u>

For the two financial years ending 31 December 2023, the maximum annual amount of the Other Charges shall not exceed the following caps:

	For the financial year ending 31 December	
	2022	2023
	(S\$)	(S\$)
Proposed annual caps	<u><u>1,701,000</u></u>	<u><u>1,701,000</u></u>

In determining the above proposed annual caps with respect to the Other Charges, the Directors have considered a number of factors including:

- (i) the historical transaction amounts with respect to the Other Charges, which were the aggregated sums of (a) workers dormitory charges at a rate of S\$280 per bed; (b) parking charges at the rate of S\$280 per parking lot; and (c) charges of utilities and management services provided to the Premises and used by CLC or any occupier thereof, all of which were adjusted and calculated on a monthly basis based on the actual usage by CLC under the Previous Master Lease Agreement;
- (ii) the size, number, quality and proximity of the workers dormitory and the parking lots for heavy vehicles under the Master Lease Agreement;
- (iii) the expected demand of the Group on the workers dormitory, taking into account of (a) the expected amount of incoming and outgoing overseas workers employed by the Group who require accommodation at the Premises after the lifting of border restriction implemented by the Singapore government and the progressed resumption of construction activities; and (b) the possible heightened boundary restriction measures taken by the Singapore government to contain the spread of the new variants of the COVID-19 from time to time; and
- (iv) the prevailing market rates of the Other Charges in relation to the workers dormitory and parking lot with similar scale and quality.

Reasons for and benefits of the Master Lease Agreement

Hulett Construction has let the Premises to the Group since early 2016. The office has been used as the Group's head office and the workshop, workers dormitory and parking lots for heavy vehicles have been used for the Group's operations. The Premises consisting of workshop, office, workers dormitory, and parking lots with the size of the same and their locations fulfil the requirement of the Group for its operation. Relocation would lead to unnecessary business disruption and costs. The lease of the Premises from Hulett Construction contemplated under the Master Lease Agreement is on normal commercial terms in line with the prevailing market rents and on terms not less favourable than those to be provided by other Independent Third Parties.

INFORMATION ON THE PARTIES

The Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange. The principal business activity of the Company is investment holding.

The principal activities of the subsidiaries of the Company (including CLC, a company incorporated in Singapore with limited liability, which is a wholly-owned subsidiary of the Company) are (i) the provision of earthworks and related services, including land clearing, demolition, rock breaking, mass excavation, deep basement excavation, foundation excavation, earth disposal, earth filling and shore protection. Certain earthworks projects may require civil engineering works such as road diversions, road reinstatements, overhead bridge, sewerage, drainage, pipe laying and cable trench works; and (ii) the provision of general construction works, including alteration and addition works and the construction of new buildings.

Golden Empire

Golden Empire is a company incorporated in Singapore with limited liability, which is owned as to 50% by Mr. Lim and 50% by Mr. Koh. The principal business activity of Golden Empire and its joint venture is to carry on the business of land reclamation works.

GEHT

GEHT is a company incorporated in Singapore with limited liability, which is owned as to 33.33% by Banyan Capital Pte. Ltd., which in turn is wholly owned by Huatong Contractor Pte Ltd, a wholly-owned subsidiary of Huatong Global Limited being a company incorporated in Singapore and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited and 66.67% by Golden Empire, which in turn is owned as to 50% by Mr. Lim and 50% by Mr. Koh. Its principal business activity is to carry on the business of land reclamation works.

Hulett Construction

Hulett Construction is a company incorporated in Singapore with limited liability, which is owned as to 65% by Mr. Lim and 35% by Ms. Yee. Its principal business activity is property investment and general contractor in building construction including major upgrading works.

LISTING RULES IMPLICATION

As at the date of this announcement:

- (a) Golden Empire is owned as to 50% by Mr. Lim, the controlling Shareholder and the executive Director, and 50% by an Independent Third Party. As such, Golden Empire is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions with Golden Empire will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules; and
- (b) GEHT is owned as to 33.33% by an Independent Third Party and 66.67% by Golden Empire, which in turn is owned as to 50% by Mr. Lim, the controlling Shareholder and the executive Director, and 50% by an Independent Third Party. As such, GEHT is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions with GEHT will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Having considered (i) the background of the Rental Services Framework Agreement 1 and the Rental Services Framework Agreement 2; and (ii) the relevant counterparties of the Rental Services Framework Agreement 1 and the Rental Services Framework Agreement 2, such that GEHT is the subsidiary of Golden Empire, which is owned as to 50% by Mr. Lim, the Directors consider that the Rental Services Framework Agreement 1 and the Rental Services Framework Agreement 2 shall be aggregated pursuant to the Rules 14A.82 and 14A.83 of the Listing Rules, for the purpose of satisfying the continuing connected transactions requirements under the Listing Rules.

Based on the aggregated proposed annual caps of the transactions contemplated under the Rental Services Framework Agreement 1 and the Rental Services Framework Agreement 2, all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules (other than the profits ratio) exceed 0.1% but are less than 5% as specified under the Listing Rules on an annual basis. Accordingly, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules (other than the profits ratio) with reference to the proposed annual cap of the Supplemental Agreement exceeds 5%, the continuing connected transaction contemplated thereunder is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Hulett Construction is owned as to 65% by Mr. Lim, the controlling Shareholder and the executive Director, and 35% by Ms. Yee, the spouse of Mr. Lim. As such, Hulett Construction is a connected person of the Company for the purpose of the Listing Rules.

As the Group will recognise the Monthly Rent payable under the Master Lease Agreement as an acquisition of right-of-use asset under IFRS 16, such acquisition will constitute a one-off connected transaction for the Group under Chapter 14A of the Listing Rules. On the other hand, the payment of the Other Charges under the Master Lease Agreement, which will be recognized as expenses in the Group's profit and loss accounts in the periods in which they are incurred, will be regarded as continuing connected transactions for the Group under Chapter 14A of the Listing Rules.

As (i) all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules with reference to the value of right-of-use asset for the Monthly Rent under the Master Lease Agreement, which is calculated on an aggregate discounted basis; and (ii) all of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules (other than the profits ratio) with reference to the proposed annual caps of the Other Charges under the Master Lease Agreement, exceed 0.1% but are less than 5%, the connected transaction and the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Rental Services Framework Agreement 1, the Rental Services Framework Agreement 2 and the Master Lease Agreement will be disclosed in the Company's next published annual reports for the relevant financial years in accordance with Chapter 14A of the Listing Rules.

THE DIRECTORS' VIEW

As at the date of this announcement, the Company is owned as to 52.70% by Mr. Lim, the controlling Shareholder and the executive Director. Accordingly, Mr. Lim is deemed to have a material interest in the Rental Services Framework Agreement 1, the Rental Services Framework Agreement 2, the Supplemental Agreement and the Master Lease Agreement, and abstained from voting on the board resolutions of the Company in relation to the Rental Services Framework Agreement 1, the Rental Services Framework Agreement 2, the Supplemental Agreement and the Master Lease Agreement. Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the other Directors have material interest in the Rental Services Framework Agreement 1, the Rental Services Framework Agreement 2, the Supplemental Agreement and the Master Lease Agreement and the respective connected transaction and continuing connected transactions (including the proposed annual caps) contemplated thereunder.

The Directors (other than Mr. Lim but including the independent non-executive Directors) consider that (i) each of the Rental Services Framework Agreement 1, the Rental Services Framework Agreement 2 and the Master Lease Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of each of the Rental Services Framework Agreement 1, the Rental Services Framework Agreement 2 and the Master Lease Agreement and the respective proposed annual caps stated above are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (excluding Mr. Lim and the independent non-executive Directors, whose views will be provided after taking into account the advice of the Independent Financial Adviser) consider that (i) the Supplemental Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of the Supplemental Agreement together with the proposed annual cap stated above are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered that the Company has (i) reporting and approval methods and procedures in place to ensure that the fees charged under and the terms of continuing connected transactions are in compliance with the relevant pricing policy and no less favourable to the Group than those available from other Independent Third Parties; and (ii) procedures and policies for monitoring the annual caps of the continuing connected transactions, the Directors are of the view that appropriate internal control measures are in place to ensure the continuing connected transactions contemplated under each of the Rental Services Framework Agreement 1, the Rental Services Framework Agreement 2, the Supplemental Agreement and the Master Lease Agreement will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders.

GENERAL

The Company has established the Independent Board Committee comprising all three independent non-executive Directors who do not have a material interest in the Supplemental Agreement to consider and to advise the Independent Shareholders as to whether the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder are in the ordinary and usual course of business of the Group, are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. Grande Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder. Pursuant to the Listing Rules, Mr. Lim, a controlling Shareholder and executive Director, and his associates will abstain from voting on the relevant resolution(s) at the EGM.

A circular containing, among others, (i) details on the terms of the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders (iii) a letter from the Independent Financial Adviser containing its advice; and (iv) a notice convening the EGM together with the proxy form, will be dispatched to the Shareholders on or before 5 January 2022.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

“Announcements”	the announcements of the Company dated 10 December 2018, 31 December 2018, 29 March 2019 and 6 September 2019
“associates”	has the same meaning ascribed to it under the Listing Rules
“BCA”	Building and Construction Authority, a statutory board under the Ministry of National Development of the Singapore government
“Board”	the board of Directors
“Circular”	the circular of the Company dated 13 September 2019
“CLC”	Chuan Lim Construction Pte Ltd, a company incorporated in Singapore with limited liability, which is a wholly-owned subsidiary of the Company
“Company”	Chuan Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling Shareholder”	has the same meaning ascribed to it under the Listing Rules
“COVID-19”	Coronavirus Disease 2019
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder
“GEHT”	Golden Empire-Huationg Pte. Ltd., a company incorporated in Singapore with limited liability, which is owned as to 33.33% by Banyan Capital Pte. Ltd., which in turn is wholly owned by Huationg Contractor Pte Ltd, a wholly-owned subsidiary of Huationg Global Limited being a company incorporated in Singapore and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited and 66.67% by Golden Empire, which in turn is owned as to 50% by Mr. Lim and 50% by Mr. Koh
“Golden Empire”	Golden Empire Civil Engineering Pte. Ltd., a company incorporated in Singapore with limited liability, which is owned as to 50% by Mr. Lim and 50% by Mr. Koh
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hulett Construction”	Hulett Construction (S) Pte. Ltd., a company incorporated in Singapore with limited liability, which is owned as to 65% by Mr. Lim and 35% by Ms. Yee
“IFRS 16”	International Financial Reporting Standard 16 “Leases” issued by the International Accounting Standards Board

“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors who do not have a material interest in the Supplemental Agreement, formed to consider and to advise the Independent Shareholders in relation to the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder
“Independent Financial Adviser”	Grande Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder
“Independent Shareholders”	the Shareholders except Mr. Lim and his associates
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2022 or such other date as agreed by the parties to the Supplemental Agreement
“Master Lease Agreement”	the master lease agreement dated 14 December 2021 entered into between Hulett Construction and CLC in relation to the lease of the Premises

“Monthly Rent”	the monthly rental payable by CLC to Hulett Construction under the Master Lease Agreement at the rate of S\$64,812.01, which includes rental of (i) warehouse/workshop/production space of 37,899.26 square feet at the monthly rate of S\$56,848.89; and (ii) ancillary office of 4,684.19 square feet at the monthly rate of S\$7,963.12
“Mr. Koh”	Mr. Koh Tiam Teck, an Independent Third Party
“Mr. Lim”	Mr. Lim Kui Teng, a controlling Shareholder and an executive Director of the Company
“Mr. Quek”	Mr. Quek Sze Whye, an executive Director of the Company
“Ms. Yee”	Ms. Yee Say Lee, the spouse of Mr. Lim
“Original Subcontract Agreement”	the subcontract agreement dated 7 March 2019 entered into between the Group and an Independent Third Party customer in relation to the provision of surcharge rehandling works for reclamation and marine work at Tuas Western Coast Project
“Other Charges”	the other charges payable by CLC to Hulett Construction under the Master Lease Agreement, which include the aggregated sums of (i) workers dormitory charges at a rate of S\$280 per bed; (ii) parking charges at the rate of S\$280 per parking lot; and (iii) charges for the utilities and management services provided to the Premises and used by CLC or any occupier thereof, all of which shall be adjusted and calculated on a monthly basis based on the actual usage by CLC

“Premises”	including (i) warehouse, workshop and production space with aggregate floor area of 37,899.26 square feet; (ii) the ancillary office with aggregate floor area of 4,684.19 square feet; (iii) workers dormitory (based on availability and actual need of CLC); and (iv) parking lots for heavy vehicles (based on availability and actual need of CLC), all situated at No. 20 Senoko Drive, Singapore
“Previous Master Lease Agreement”	the previous master lease agreement dated 10 December 2018 entered into between Hulett Construction and CLC in relation to the lease of the Premises
“Previous Rental Services Framework Agreement 1”	the previous rental services framework agreement dated 10 December 2018 (as supplemented by 2 supplemental letters dated 31 December 2018 and 29 March 2019 respectively) entered into between Golden Empire and the Company in relation to the provision of construction-related services such as rental of trucks and support of labour
“Previous Rental Services Framework Agreement 2”	the previous rental services framework agreement dated 10 December 2018 (as supplemented by 2 supplemental letters dated 31 December 2018 and 29 March 2019 respectively) entered into between GEHT and the Company in relation to the provision of construction-related services such as rental of trucks and support of labour
“Rental Services Framework Agreement 1”	the rental services framework agreement dated 14 December 2021 entered into between Golden Empire and the Company in relation to the provision of construction-related services such as rental of trucks and support of labour

“Rental Services Framework Agreement 2”	the rental services framework agreement dated 14 December 2021 entered into between GEHT and the Company in relation to the provision of construction-related services such as rental of trucks and support of labour
“S\$”	Singapore dollars, the lawful currency of Singapore
“Shareholder(s)”	shareholder(s) of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subcontract Agreement”	the subcontract agreement dated 29 March 2019 (as supplemented by a supplemental agreement dated 6 September 2019) entered into between Golden Empire and the Company in relation to the provision of surcharge rehandling works for reclamation and marine work at Tuas Western Coast Project
“Subcontracting Commission”	the commission fee for the subcontracting of the surcharge rehandling works for reclamation and marine work charged to Golden Empire by the Group, which is at approximately 3% of the actual amount invoiced under the Original Subcontract Agreement
“Supplemental Agreement”	the supplemental agreement dated 14 December 2021 entered into between Golden Empire and CLC (for itself and on behalf of the Group) in relation to the provision of surcharge rehandling works for reclamation and marine work at Tuas Western Coast Project

“Tuas Western Coast Project” a public sector construction project in Singapore

“%” per cent

For the purpose of this announcement, the exchange rate at S\$1.00 = HK\$5.71 has been used, where applicable, for purpose of illustration only.

By order of the Board
Chuan Holdings Limited
Phang Yew Kiat
Chairman and Non-executive Director

Hong Kong, 14 December 2021

As at the date of this announcement, the Board comprises Mr. Lim Kui Teng, Mr. Quek Sze Whye, Mr. Bijay Joseph and Mr. Lau Yan Hong as executive Directors; Mr. Phang Yew Kiat as non-executive Director; and Mr. Chan Po Siu, Mr. Wee Hian Eng Cyrus and Mr. Xu Fenglei as independent non-executive Directors.