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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all the Shares in the Company, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

Chuan Holdings Limited

川控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1420)

**(1) CONTINUING CONNECTED TRANSACTION IN RELATION TO
THE SUPPLEMENTAL AGREEMENT;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

Grande Capital Limited



Capital terms used in this cover page shall have the same meaning as those define in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 5 to 19 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 20 to 21 of this circular. A letter from Grande Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 44 of this circular.

A notice convening the EGM of the Company to be held at 20 Senoko Drive, Singapore 758207 on Wednesday, 26 January 2022 at 10:00 a.m. or any adjourned meeting thereof to approve matters referred to in this circular is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed.

Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar in Hong Kong, Tricor Investors Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjourned meeting) if you so wish and in such event, the form of proxy shall be deemed to be revoked.

11 January 2022

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the same meaning ascribed to it in 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
“Brewster Global”	Brewster Global Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 100% by Mr. Lim and is the controlling Shareholder
“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 with stock code 1420
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“continuing connected transaction(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

DEFINITIONS

“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
“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” or “Grande Capital”	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
“Latest Practicable Date”	5 January 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Long Stop Date”	30 June 2022 or such other date as agreed by the parties to the Supplemental Agreement
“MOH”	Ministry of Health, a department of the Singapore government
“Mr. Koh”	Mr. Koh Tiam Teck, an Independent Third Party
“Mr. Lim”	Mr. Lim Kui Teng, the controlling Shareholder and the executive Director
“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
“Regulations”	COVID-19 (Temporary Measures) (Control Order) Regulations 2020, published on 7 April 2020 and made by MOH in exercise of the power conferred by COVID-19 (Temporary Measures) Act 2020, as amended from time to time
“S\$”	Singapore dollars, the lawful currency of Singapore
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“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 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

LETTER FROM THE BOARD

Chuan Holdings Limited

川控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1420)

Executive Directors:

Mr. Lim Kui Teng
Mr. Quek Sze Whye
Mr. Bijay Joseph
Mr. Lau Yan Hong

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Non-executive Director:

Mr. Phang Yew Kiat (*Chairman*)

Principal Place of Business in Hong Kong:

Rooms 2102-03,

Independent non-executive Directors:

Mr. Chan Po Siu
Mr. Wee Hian Eng Cyrus
Mr. Xu Fenglei

21/F, 299QRC,

Nos.287-299

Queen's Road Central,

Hong Kong

*Headquarters and Principal Place
of Business in Singapore:*

20 Senoko Drive

Singapore 758207

11 January 2022

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTION IN RELATION TO
THE SUPPLEMENTAL AGREEMENT;**

AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated 14 December 2021 in relation to, among other things, the Supplemental Agreement conditionally 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 and the continuing connected transaction (including the proposed annual cap) contemplated thereunder.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) details on the terms of the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated hereunder; (ii) the letter from the Independent Board Committee which contains its recommendation to the Independent Shareholders; (iii) the letter from Grande Capital which contains its advice to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) the notice of the EGM.

II. THE SUPPLEMENTAL AGREEMENT

References are made to the announcements of the Company dated 29 March 2019 and 6 September 2019 and the circular of the Company dated 13 September 2019 in relation to, among other things, the Subcontract Agreement, where 31 December 2021 was the substantial completion date of the works stipulated thereunder.

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. Save as the substantial completion date of the works and the maximum annual amount of the works subcontracted to Golden Empire after deducting the Subcontracting Commission for the financial year ended 31 December 2022, all other terms and conditions under the Subcontract Agreement shall remain the same and applicable.

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

LETTER FROM THE BOARD

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 the 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.

LETTER FROM THE BOARD

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. As at the Latest Practicable Date, the Subcontracting Commission has been kept at approximately 3% of the actual amount invoiced under the Original Subcontract Agreement throughout the term of the Subcontract Agreement.

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.

LETTER FROM THE BOARD

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 approximately 3% of the contract value charged to the Independent Third Party subcontractors with reference to three projects with different nature (design and build of upgrading projects or main building works) of the Group with Independent Third Party subcontractors under which the Group subcontracted the whole scope of works contemplated under the projects to such subcontractors, similar with the Subcontract Agreement, 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. Although the three projects were design and build of upgrading projects or main building works in nature, those projects, same as the Subcontract Agreement, required the respective subcontractors to be solely responsible for the construction, completion and maintenance of the projects, and hence, the works contemplated under those projects are similar to that of the Subcontract Agreement. 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.

LETTER FROM THE BOARD

Historical transaction amounts and proposed annual cap

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	2021
	(\$)	(\$)	(\$)
Historical transaction amounts	2,700,000	2,427,000	1,261,000 <i>(Note 1)</i>
Annual caps	3,170,000	7,567,000	1,263,000
Approximate utilization rate (based on the annual caps)	85.2%	32.1%	99.8%
Outstanding sums of the annual caps minus historical transaction amounts	470,000	5,140,000	2,000 <i>(Note 2)</i>

Notes:

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. As at the Latest Practicable Date, the transaction amounts have not exceeded the annual cap for the year ended 31 December 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 ended 31 December 2021.
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, which will be conditional upon the Company's obtaining of approval of the Independent Shareholders to the Supplemental Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

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 amount of the outstanding works of approximately 2.5 million cubic metres, being the total volume of the whole subcontract works of approximately 6.3 million cubic metres contemplated under the Subcontract Agreement and the Original Subcontract Agreement minus the completed volume of subcontract works of approximately 3.7 million cubic metres in aggregate for two financial years ended 31 December 2020 and eleven months ended 30 November 2021, to be completed in 2022 under the Supplemental Agreement (taking into the account that the Supplemental Agreement is an extension of the Subcontract Agreement);
- (ii) the expected transaction amounts with Golden Empire for the four financial years ending 31 December 2022 of approximately S\$11.3 million, which is 97% of the expected final receivable amount (excluding the expected variation orders) receivable from the Independent Third Party customer of approximately S\$10.8 million for the four financial years ending 31 December 2022 plus the expected variation orders (after deduction of Subcontracting Commission) of Tuas Western Coast Project to be paid to Golden Empire of approximately S\$0.5 million;
- (iii) the billable amount of the outstanding works done from Golden Empire, by deducting the 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 from the expected transaction amounts with Golden Empire of approximately S\$11.3 million as elaborated in paragraph (ii) above was approximately 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;
- (iv) 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; and
- (v) a buffer of approximately S\$0.1 million being the difference between the expected outstanding works of approximately S\$4.9 million and the proposed annual cap of S\$5.0 million, in case of any construction miscellaneous expenses being incurred.

LETTER FROM THE BOARD

The Directors consider that the proposed annual cap is sufficient, 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 by MOH with the Regulations 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 as announced by BCA under the Regulations; (iii) an order to stop carrying out construction work at certain work zones at Tuas Western Coast Project from BCA and MOH pursuant to the Regulations for the period between 18 August 2020 and 31 August 2020; and (iv) the Phase Two Heightened Alert measures implemented by MOH with the Regulations 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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

III. INTERNAL CONTROL

To ensure the Supplemental Agreement and the continuing connected transaction contemplated thereunder are in line with the prevailing market practice, in the ordinary and usual course of business on normal commercial terms, fair and reasonable and the terms thereunder are no less favourable to the Group than those available from the Independent Third Parties, and the proposed annual cap thereunder will not be exceeded, the Group has adopted the following internal control measures:

- (i) prior to entering of the Supplemental Agreement, the project team of the Group has reviewed the principles and procedures of price management in place for the Subcontract Agreement to ensure that the Subcontracting Commission thereunder, which shall continue to apply to the Supplemental Agreement, was 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. The management of the Group has approved the Subcontracting Commission rate after having considered the above matters;
- (ii) the head of the project team will continue to monitor and review the work progress conducted and the pricing mechanism for the continuing connected transaction contemplated under the Supplemental Agreement to ensure that such price and terms thereof are on normal commercial terms and no less favourable to the Group than those available from the Independent Third Parties, and will report to the executive Directors for them to confirm whether such price and terms are fair and reasonable;
- (iii) the chief financial officer of the Company will monitor the transaction amounts of all the connected transaction agreements of the Group individually and collectively on a monthly basis to ensure that they are on a standalone basis and an aggregate basis (where applicable) will comply with the Listing Rules. When the Group receives the progress claim from Golden Empire, such progress claim must be presented to the chief financial officer for review and approval to (i) counter-check the amount of the works done stipulated in the progress claim with the works done recognised by the Independent Third Party customer in its payment certificate; and (ii) ensure the amount of the reclamation and marine works subcontracted to Golden Empire after deducting the Subcontracting Commission is within the proposed annual cap of the Supplemental Agreement. The finance department of the Group will report to the Board on a quarterly basis regarding the aggregated transaction amount recognised during the quarter and the estimated transaction amount in the following quarter so as to facilitate the Board to monitor the actual amount of works carried out, assess whether the proposed annual cap will be exceeded and approve the coming transactions under the Supplemental Agreement;

LETTER FROM THE BOARD

- (iv) the independent non-executive Directors who do not have a material interest in the Supplemental Agreement shall review and confirm 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. The independent non-executive Directors will conduct an annual review of the status of the continuing connected transaction under the Supplemental Agreement to ensure the Group has complied with the Listing Rules;
- (v) the Director(s) and/or the Shareholder(s) with an interest in the Supplemental Agreement shall abstain from voting in respect of the relevant resolution(s); and
- (vi) the Company will continue to engage the independent auditors to report and review the continuing connected transaction (including the proposed annual cap) contemplated under the Supplemental Agreement in compliance with annual reporting and review requirements under the Listing Rule on an annual basis.

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 under the Supplemental Agreement are in compliance with the its 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 cap of the continuing connected transaction, the Directors are of the view that appropriate internal control measures are in place to ensure the continuing connected transaction contemplated under the Supplemental 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 the Shareholders.

IV. 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.

LETTER FROM THE BOARD

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.

V. LISTING RULES IMPLICATION

As at the Latest Practicable Date, Golden Empire is owned as to 50% by Mr. Lim, the controlling Shareholder and the executive Director, and 50% by Mr. Koh, an Independent Third Party. As such, Golden Empire is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transaction with Golden Empire will constitute continuing connected transaction for the Company 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 Latest Practicable Date, 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 Supplemental Agreement, and abstained from voting on the board resolution of the Company in relation to the Supplemental 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 has material interest in the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder.

LETTER FROM THE BOARD

VI. FORMATION OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee comprising all three independent non-executive Directors 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. No member of the Independent Board Committee has any material interest in the Supplemental Agreement and the continuing connected transaction contemplated thereunder.

Grande Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

VII. EGM AND CLOSURE OF REGISTER OF MEMBERS

A notice convening the EGM of the Company to be held at 20 Senoko Drive, Singapore 758207 on Wednesday, 26 January 2022 at 10 a.m. or any adjourned meeting thereof to approve matters referred to in this circular is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed, a copy of which can also be obtained via the website of the Company or the website of the Stock Exchange. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Tricor Investors Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjourned meeting) if you so wish and in such event, the form of proxy shall be deemed to be revoked.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 20 January 2022 to 25 January 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investors Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 19 January 2022.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Lim, the controlling Shareholder and the executive Director, directly and indirectly through Brewster Global, which directly held 529,125,000 Shares (i.e. approximately 51.05% in the issued share capital of the Company), held an aggregate of 546,169,000 Shares (i.e. approximately 52.70% in the issued share capital of the Company) and is deemed to have a material interest in the Supplemental Agreement, he and his associates will abstain from voting on the relevant resolution(s) at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Mr. Lim (including his associates); and (ii) no obligation or entitlement of Mr. Lim (including his associates) as at the Latest Practicable Date, whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

Save as disclosed above and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder has a material interest in the Supplemental Agreement and the continuing connected transaction contemplated thereunder, and thus no other Shareholder is required to abstain from voting on the resolution(s) to approve the aforementioned matters.

Pursuant to Rule 13.39(4) of the Listing Rules, at any general meeting, a resolution put to the vote of the Shareholders shall be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll vote results in both English and Chinese will be published by the Company after the EGM on the website of the Company and the website of the Stock Exchange in accordance with the Listing Rules.

VIII. RECOMMENDATION

Your attention is also drawn to (i) the letter from the Independent Board Committee set out on pages 20 to 21 of this circular which contains its recommendation to the Independent Shareholders in relation to the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder; and (ii) the letter from Grande Capital set out on pages 22 to 44 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors who have taken into consideration the advice of Grande Capital), consider that 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 Group and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution(s) as set out in the notice of the EGM.

IX. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Chuan Holdings Limited

川控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1420)

11 January 2022

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE SUPPLEMENTAL AGREEMENT

We refer to the circular of the Company dated 11 January 2022 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed by the Board as members of the Independent Board Committee to consider and advise the Independent Shareholders 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 so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders how to vote at the EGM.

Grande Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 22 to 44 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 19 of the Circular and the additional information set out in the appendix of the Circular.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder and taking into account the advice and recommendation of Grande Capital, we are of the opinion that 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 so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) as set out in the notice of the EGM.

Yours faithfully,
Independent Board Committee of
Chuan Holdings Limited

Chan Po Siu
Independent non-executive Director

Wee Hian Eng Cyrus
Independent non-executive Director

Xu Finglei
Independent non-executive Director

LETTER FROM GRANDE CAPITAL

The following is the text of a letter of advice from Grande Capital to the Independent Board Committee and the Independent Shareholders in connection with the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder which have been prepared for the purpose of incorporation in this circular:

Grande Capital Limited



11 January 2022

*To the Independent Board Committee and the Independent Shareholders of
Chuan Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE SUPPLEMENTAL AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise 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, the details of which are set out in the Letter from the Board of the circular issued by the Company dated 11 January 2022 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 14 December 2021 in relation to, among other things, the Supplemental Agreement conditionally 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 and the continuing connected transaction (including the proposed annual cap) contemplated thereunder.

LETTER FROM GRANDE CAPITAL

Continuing connected transaction in relation to the Supplemental Agreement

References are made to the announcements of the Company dated 29 March 2019 and 6 September 2019 and the circular of the Company dated 13 September 2019 in relation to, among other things, the Subcontract Agreement which stated 31 December 2021 as the substantial completion date of the works stipulated thereunder. 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 a 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.

Existing Agreement	Party to sign with	Existing annual caps for			Proposed
		the year ended 31 December			annual cap
		2019	2020	2021	for the
		(S\$)	(S\$)	(S\$)	year ending
					31 December
					2022
					(S\$)
Subcontract Agreement	Golden Empire	3,170,000	7,567,000	1,263,000	5,000,000

LISTING RULES IMPLICATION

As at the Latest Practicable Date, Golden Empire is owned as to 50% by Mr. Lim, the controlling Shareholder and the executive Director, and 50% by Mr. Koh, an Independent Third Party. As such, Golden Empire is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transaction with Golden Empire will constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Based on the proposed annual cap of the transaction contemplated under the Supplemental Agreement, as one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules (other than the profits ratio) 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 Latest Practicable Date, 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 Supplemental Agreement, and abstained from voting on the relevant board resolution of the Company in relation to the Supplemental 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 has material interest in the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder.

LETTER FROM GRANDE CAPITAL

INDEPENDENT BOARD COMMITTEE

An independent board committee, comprising all the independent non-executive Directors, namely Mr. Chan Po Siu, Mr. Wee Hian Eng Cyrus and Mr. Xu Fenglei who do not have a material interest in the Supplemental Agreement, has been established to advise the Independent Shareholders the terms of the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder, whether they are in the ordinary and usual course of business of the Group, on normal commercial terms and the terms of the continuing connected transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and give recommendations to the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the continuing connected transaction and the relevant annual cap, after taking into account the recommendations of the Independent Financial Adviser.

We, Grande Capital, have been appointed and approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interest between Grande Capital and the Company or any parties that could be reasonably be regarded as hindrance to Grande Capital's independence as defined under Rule 13.84 of the Listing Rules to act as 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. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence. Grande Capital has not acted as a financial adviser to the Company in the last two years. Accordingly, we consider that we are eligible to give independent advice on the terms of the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely and wholly responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date.

LETTER FROM GRANDE CAPITAL

We have also assumed that all statements of belief, opinion and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information has been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Directors and the management of the Company. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular, which includes particular given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all materials respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in the Circular misleading.

This letter is issued for provision of the information to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Supplemental Agreement (which is an extension of the Subcontract Agreement) and the continuing connected transaction (including the proposed annual cap) contemplated thereunder, we have taken into account the principal factors and reasons set out below:

Continuing connected transaction in relation to the Supplemental Agreement

A. Background of the Subcontract Agreement and the Supplemental Agreement

CLC, a wholly-owned subsidiary of the Company, mainly engages in 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 as well as the provision of general construction works, including alteration and addition works and the construction of new buildings.

LETTER FROM GRANDE CAPITAL

Since March 2019, the Group has subcontracted the whole of the scope of works specified under the Original Subcontract Agreement to Golden Empire, which include 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. The historical amounts for the continuing connected transactions recognised by the Group under the Subcontract Agreement for the two years ended 31 December 2020 and for the eleven months ended 30 November 2021 were approximately S\$2,700,000, S\$2,427,000 and S\$1,261,000, respectively, while the annual caps were S\$3,170,000, S\$7,567,000 and S\$1,263,000, respectively. On 14 December 2021 (after trading hours), CLC (for itself and on behalf of the Group) conditionally entered into the Supplemental Agreement with Golden Empire in relation to the reclamation and marine works 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 with an annual cap of S\$5,000,000.

B. Reasons for and benefits of the Supplemental Agreement

(i) Delay in the work progress due to the outbreak of COVID-19

For certain periods in both 2020 and 2021 during the term of the Subcontract Agreement, the Group's business was severely hit by various measures imposed by the Singapore government, which suspended the construction activities as a whole as well as the works under the Tuas Western Coast Project due to the outbreak of COVID-19. We note that such measures included but not limited to (a) the circuit-breaker measure implemented by MOH with the Regulations in the period between 7 April 2020 and 1 June 2020; (b) 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 as announced by BCA under the Regulations; (c) an order from BCA and MOH pursuant to the Regulations 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 (d) the Phase Two Heightened Alert measures implemented by MOH with the Regulations 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. In assessing the work progress of Tuas Western Coast Project, we have obtained and reviewed the work schedule of the Tuas Western Coast Project. We noted that the Tuas Western Coast Project commenced in March 2019 and there was no delay of work due to the outbreak of COVID-19 for the year ended 31 December 2019. We have randomly and independently selected two progress claims as well as the relevant payment certificates issued by the Independent Third Party customer (i.e. the main contractor) of the Tuas Western Coast Project for the year ended 31 December 2019 and noted that the amount and the value of works conducted by Golden Empire were generally in line with the work schedule. We also noted that there was the delay in work progress of Tuas Western Coast Project due to the outbreak of COVID-19 as abovementioned and the construction works for certain periods (i.e. from 7 April to 9 August 2020 and 18 August to

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31 August 2020) in 2020 were suspended. As such, we have randomly and independently selected three progress claims (i.e. February, April and August 2020) as well as the relevant payment certificates issued by the Independent Third Party customer for the year ended 31 December 2020. We noted that the transaction amounts of those progress claims in April and August 2020 respectively were relatively lower as compared to that in February 2020 and also noted that the total previous claims stated in August 2020 claim was equal to the amount brought forward from April 2020 which shows that there was no progress claims from May to July 2020. In assessing the recovery of the works progress of Tuas Western Coast Project, we have randomly and independently selected two progress claims (i.e. January and March 2021) as well as the relevant payment certificates issued by the Independent Third Party customer for the eleven months ended 30 November 2021. Based on our review, we noted that the transaction amounts in January and March 2021 were generally in line with the recovery of the works progress of Tuas Western Coast Project. Having considered the aforesaid, we are of the view that our review is appropriate, sufficient and representative for assessing the reason of the delay of work of Tuas Western Coast Project.

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Furthermore, the Singapore government tightened its border control to restrict inflow of migrant workers, especially those from South Asia countries, to minimise the importation risk of COVID-19 from inbound workers, which led to manpower tightness in the entire construction industry and caused the delay in completion of projects. As such, the Tuas Western Coast Project has been substantially delayed, coupled with the new safe distancing requirements 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. We have reviewed the relevant email correspondence in relation to the work rescheduling received by the Group from the Independent Third Party customer, and noted that certain works stipulated under the Original Subcontract Agreement has been rescheduled to early 2022.

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 works caused by COVID-19, including granting of ex-gratia extension of time (“EOT”) for loss of productivity and temporary relief from legal and enforcement action in relation to inability to perform. We have reviewed the circular published by the BCA dated 10 November 2021, and noted that for eligible public sector construction contracts, government agencies will grant EOT as well as the ex-gratia EOT for the delay in public sector construction contracts due to COVID-19 for certain periods in both 2020 and 2021. As the Tuas Western Coast Project can fulfil the eligibility criteria for public sector construction contracts set by the BCA (i.e. the tender was closed on or before 1 June 2020; the contract was not terminated by the Independent Third Party customer on or before 7 August 2020; and the contract was not certified to be substantially completed on or before 7 August 2020), the Tuas Western Coast Project was benefitted from the Singapore government’s grant of extension of time for at least 205 days to complete. Accordingly, the Group shall have to enter the Supplemental Agreement for completion of the outstanding works contemplated under the Original Subcontract Agreement due to the COVID-19 which was 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, which the commencement date of the next round of works would be early 2022, 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.

LETTER FROM GRANDE CAPITAL

(ii) Expertise, capability and reliability of Golden Empire

Despite the delay in the work progress due to the outbreak of COVID-19 abovementioned, the Group considers it is in the interest of the Company and the Shareholders to enter into the Supplemental Agreement with Golden Empire with an extension of one year commencing on 1 January 2022 and ending on 31 December 2022.

Since Golden Empire and the Group have an established business relationship with each other, and are familiar with each other's business demands. The Directors consider that maintaining stable business relationship with Golden Empire will be beneficial to the Group's current and future operation. As discussed with the management, except for the delay in the work progress due to the outbreak of COVID-19 since 2020 which was inevitable, there was no delay of subcontracting works in the reclamation and marine works at Tuas Western Coast during the contract period. By reference to the historical business transaction experience with Golden Empire, in particular, we have obtained and reviewed the work schedule and two samples of progress claims and payment certificates during 2019 and we noted that progress claims and payment certificates were generally in line with the work schedule provided by the Company and there was no delay of work. Also, we understand from the management that there was no quality issue raised by the Independent Third Party customer during the two years ended 31 December 2020 and the eleven months ended 30 November 2021.

In addition, Golden Empire has the relevant skills, manpower and machinery and is able to provide the surcharge rehandling works for reclamation and marine work required by the Group. Therefore, the Group tendered for and secured the Tuas Western Coast Project with the assistance of Golden Empire. The Group has subcontracted the whole of the scope of works specified under the Original Subcontract Agreement to Golden Empire since March 2019. The Directors believe that Golden Empire will be able to complete the outstanding subcontracting works pursuant to the requirement of the Group and the Independent Third Party customer, and entering the Supplement Agreement is in the interest of the Group and the Shareholders as a whole. We have reviewed the track record of Golden Empire and noted that Golden Empire has been involved in reclamation work since their incorporation, we are of view that Golden Empire has the expertise and is capable to perform the outstanding subcontracting works with an extension of one year commencing on 1 January 2022 and ending on 31 December 2022.

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Furthermore, we understand from the management of the Group that pursuant to the Supplemental Agreement, which is an extension of the Subcontract Agreement, the construction activities requires some specific machinery such as articulated truck and wheel loader which the Group does not own. Having reviewed the list of machineries as at 31 December 2019 and 2020 as well as 30 November 2021 of Golden Empire, we noted that Golden Empire is able to provide such machinery as required. As such, we do not cast any doubt on the capability of Golden Empire to perform the outstanding subcontracting works with an extension of one year commencing on 1 January 2022 and ending on 31 December 2022.

C. Principal terms of the Supplemental Agreement

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.

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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.

LETTER FROM GRANDE CAPITAL

Pricing Policy

We noted from the Subcontract Agreement that 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. As at the Latest Practicable Date, the Subcontracting Commission has been kept at approximately 3% of the actual amount invoiced under the Original Subcontract Agreement throughout the term of the Subcontract Agreement.

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; (ii) the subcontracting fee of approximately 3% of the contract value charged to the Independent Third Party subcontractors with reference to three projects with different nature (design and build of upgrading projects or main building works) of the Group with Independent Third Party subcontractors under which the Group would subcontract the whole scope of works contemplated under the projects to such subcontractors, similar with the Subcontract Agreement, 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. Although the three projects were design and build of upgrading projects or main building works in nature, those projects, same as the Subcontract Agreement, required the respective subcontractors to be solely responsible for the construction, completion and maintenance of the projects, and hence, the works contemplated under those projects are similar to that of the Subcontract Agreement. 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

LETTER FROM GRANDE CAPITAL

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.

In order to assess the fairness and reasonableness of the pricing policy, we have selected and reviewed two ongoing projects which the Group has subcontracted the whole scope of works to other Independent Third Party subcontractors, which are similar with the Subcontract Agreement. During the two years ended 31 December 2020 and the eleven months ended 30 November 2021, the Group had three ongoing projects which the Group has subcontracted the whole scope of works to other Independent Third Party subcontractors. We selected the two largest transaction amount projects out of these three ongoing projects during the two years ended 31 December 2020 and the eleven months ended 30 November 2021 for review. Both the selected ongoing projects and the Tuas Western Coast Project are construction related projects and also required the respective subcontractors to be solely responsible for the construction, completion and maintenance of the projects, and hence, the works contemplated under those projects are similar to that of the Subcontract Agreement. As such, we consider our review of the pricing policy based on our selection is appropriate, sufficient and representative. Based on the relevant invoices issued by such Independent Third Party subcontractors and their corresponding payment certificates, we noted that the fee charged to other Independent Third Party subcontractors are approximately 3% of the final amount invoiced, which are in line with the fee charged to Golden Empire. Also, we have obtained the letter of award for the surcharge rehandling works at Tuas Western Coast Project from the Independent Third Party customer (i.e. the main contractor) to the Group and the Subcontract Agreement for this project as well as the Supplemental Agreement issued by the Group to Golden Empire. Considering the terms stated in the letter of award as well as the Subcontract Agreement, including but not limited to (i) subcontract sum; (ii) payment terms; (iii) Subcontracting Commission rate; (iv) details of retention sum; (v) subcontract period; (vi) maintenance period; and (vii) work descriptions, all terms and conditions of which shall remain unchanged and applicable to the extension period under the Supplemental Agreement (except for the substantial completion date of the works and the maximum annual amount of the subcontract works to be contracted to Golden Empire after deducting the Subcontracting Commission for the year ending 31 December 2022), we are of the view that the transaction contemplated under the Supplemental Agreement will be conducted on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Group and Shareholders as a whole.

LETTER FROM GRANDE CAPITAL

D. Basis of the proposed annual cap in respect of the Supplemental Agreement

Review of historical figures

The following table sets out the respective amounts recognised by the Group and historical annual caps of the existing continuing connected transactions under the Subcontract Agreement for the two years ended 31 December 2020 and the eleven months ended 30 November 2021:

	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 ^{Note 1}
Annual caps	3,170,000	7,567,000	1,263,000
Approximate utilization rate (based on the annual caps)	85.2%	32.1%	99.8%
Outstanding sums of the annual caps minus historical transaction amounts	470,000	5,140,000	2,000 ^{Note 2}

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. As at the Latest Practicable Date, the transaction amount has not exceeded the annual cap for the year ended 31 December 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 ended 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, which will be conditional upon the Company's obtaining of approval of the Independent Shareholders to the Supplemental Agreement and the transactions contemplated thereunder.

LETTER FROM GRANDE CAPITAL

For the year ended 31 December 2019, the total amount of historical transaction for the subcontracting services with Golden Empire was approximately S\$2.7 million, which was within and did not exceed the annual cap for the year ended 31 December 2019. We noted that the progress claims and payment certificates were generally in line with the work schedule provided by the Company.

Nonetheless, for the year ended 31 December 2020, the total amount of historical transaction for the subcontracting services with Golden Empire was approximately S\$2.4 million, which was significantly lower than the annual cap set by the Group (i.e. approximately S\$7.6 million). It was mainly contributed by the impact of the COVID-19 as discussed above. As referenced to the Company's 2020 annual report, we noted that due to the several months of COVID-19 restrictions and workplace closures during the circuit-breaker period from April to June 2020, coupled with various social distancing and public health safety measures implemented by the Singapore government, the country's construction sector was battered during the year of 2020, and the suspension of most of the Group's construction projects consequently hindered its progressive recognition of its revenue in the first half of the financial year. In addition, in August 2020, works at certain construction work areas in Tuas Western Coast Project were stopped pursuant to the order from BCA and MOH, the Group experienced a delay in the work progress of such project for the period between 18 August 2020 and 31 August 2020. We have obtained and reviewed the order from BCA and MOH as well as the work schedule of the Tuas Western Coast Project, and noted that no construction works were performed at the abovementioned construction suspension period.

LETTER FROM GRANDE CAPITAL

For the eleven months ended 30 November 2021, the total amount of historical transaction for the subcontracting services with Golden Empire was approximately S\$1.3 million, which was within the annual cap for the year ended 31 December 2021. As referenced to the Company's 2021 interim report, we noted that an increase in revenue for the six months ended 30 June 2021 was recorded compared with that of previous period. Although COVID-19 caused a lingering effect on the Singapore construction industry, there were encouraging signs as the sector witnessed improved performance since the first quarter of 2021, following the phased resumption of construction activities with the stabilising situation. Notwithstanding, the Group's operations were not fully resumed to pre-COVID-19 levels. In particular, certain works under the Original Subcontract Agreement were rescheduled as instructed by the Independent Third Party customer and hence, the Group experienced a delay in the work progress of such project. We have reviewed the relevant email correspondence in relation to the work rescheduling received by the Group from the main contractor who is an Independent Third Party and noted that certain works stipulated under the Original Subcontract Agreement has been rescheduled to early 2022.

Proposed annual cap

When assessing the reasonableness of the proposed annual cap, we have discussed with the management of the Group for the basis and assumptions underlying the projection of the annual cap. The following table sets out the proposed annual cap of the continuing connected transaction under the Supplemental Agreement for the year ending 31 December 2022:

	For the financial year ending 31 December 2022 (S\$)
Proposed annual cap	5,000,000

For the 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.

LETTER FROM GRANDE CAPITAL

In determining the fairness and reasonableness of the proposed annual cap for the year ending 31 December 2022, we discussed with the management of the Group and understand that the basis of the amount of proposed annual cap is the expected amount of the outstanding subcontracting works which are expected to be completed in 2022. The proposed annual cap reflects the billable amount of the outstanding works and payment milestone pursuant to the Original Subcontract Agreement. We noted that the amount of outstanding works contemplated under the Subcontract Agreement and the Original Subcontract Agreement of approximately S\$4.9 million is the difference between the total expected transaction amounts with Golden Empire for the Tuas Western Coast Project of approximately S\$11.3 million and the 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. Regarding the reason of the outstanding works contemplated under the Subcontract Agreement and the Original Subcontract Agreement, it is 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 as mentioned above.

For the total expected transaction amounts with Golden Empire of approximately S\$11.3 million for the Tuas Western Coast Project, we discussed with the management of the Group and understand that the expected transaction amounts with Golden Empire was determined based on progress details of the works required under the Original Subcontract Agreement, which were subcontracted to Golden Empire by virtue of the Subcontract Agreement and extended by the Supplemental Agreement, for the four years ending 31 December 2022. Given the final receivable amount (including the expected variation orders) would be approximately S\$11.7 million, the total expected transactions with Golden Empire for the four years ending 31 December 2022 would be approximately S\$11.3 million (97% of the total contract sum receivable from the Independent Third Party customer), which was/will be apportioned in accordance with the work progress.

LETTER FROM GRANDE CAPITAL

In assessing the fairness and reasonableness of the estimation of the total expected transactions with Golden Empire for the four years ending 31 December 2022, we have obtained and reviewed the latest payment certificate in November 2021 issued by the Independent Third Party customer and noted that the expected final receivable amount (excluding the expected variation orders) will be approximately S\$11.1 million. After deducting 3% Subcontracting Commission (i.e. approximately S\$0.3 million) and adding the expected variation orders (after deduction of Subcontracting Commission) of Tuas Western Coast Project to be paid to Golden Empire of approximately S\$0.5 million, the total expected transactions with Golden Empire for the four years ending 31 December 2022 would be approximately S\$11.3 million. The expected variation orders are estimated based on the expected additional works having regard to the current work schedule and the work requirement and specifications under Tuas Western Coast Project. We have reviewed the total historical amount of the variation orders received by the Group for the two years ended 31 December 2020 and the eleven months ended 30 November 2021, and we noted that the amount of the expected variation orders is based on such historical amount of variation orders as well as the total number of earthwork required. Also, we noted from the Subcontract Agreement that 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 Independent Third Party customer would initiate or request the change of scope of works by issuing variation orders to the Group. 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. As such, we consider that such arrangement for the variation orders is fair and reasonable.

LETTER FROM GRANDE CAPITAL

We have also obtained the progress details of the works required under the Original Subcontract Agreement and noted that there are 10 construction works for good earth rehandling and 24 construction works for sand handling, while the total volume of the whole subcontract works are approximately 6.3 million cubic metres. Most of the construction works are interrelated. The completion of one part would affect the commencement of another construction works. Instead, the apportionment of the expected transactions is generally in accordance with the progress detail which had been negotiated with the Independent Third Party contractor. For the two years ended 31 December 2020 and eleven months ended 30 November 2021, the total amount of earthwork required was approximately 1.6 million cubic metres, 1.4 million cubic metres and 0.7 million cubic metres, respectively. The total remaining amount of earthwork required would be approximately 2.5 million cubic metres. The total expected transaction was generally apportioned proportionally to the two years ended 31 December 2020 and eleven months ended 30 November 2021 at approximately S\$2.7 million, S\$2.4 million and S\$1.3 million, respectively. The expected outstanding transaction would be approximately S\$4.9 million. The difference between the expected outstanding works of approximately S\$4.9 million and the proposed annual cap of S\$5.0 million is considered as buffer in case of any construction miscellaneous expenses according to the discussion with the management. As such, we are of the view that the proposed annual cap of the transaction contemplated under the Supplemental Agreement is fair and reasonable.

E. Conclusion

Having considered that:

- (i) the pricing and the terms of the Supplemental Agreement (taking into the account that the Supplemental Agreement is an extension of the Subcontract Agreement) signed with Golden Empire is no less favourable to the Group than those available from other Independent Third Party subcontractors;
- (ii) the expertise and capability of Golden Empire to perform the outstanding subcontracting works with its relevant skills, manpower and machinery;
- (iii) the expected amount of the outstanding subcontracting works contemplated under the Subcontract Agreement and the Original Subcontract Agreement, which are expected to be completed in 2022, is 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;
- (iv) the total expected transaction amounts with Golden Empire for the Tuas Western Coast Project are estimated based on progress details of the works required under the Supplemental Agreement, Subcontract Agreement and the Original Subcontract Agreement for the four years ending 31 December 2022; and

LETTER FROM GRANDE CAPITAL

- (v) 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,

we are of the view that the terms of the Supplemental Agreement and its proposed annual cap are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the entering into of the Supplemental Agreement is in the interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

To ensure the Supplemental Agreement and the continuing connected transaction contemplated thereunder are in line with the prevailing market practice, in the ordinary and usual course of business, on normal commercial terms, fair and reasonable and the terms thereunder are no less favourable than those available from the Independent Third Parties, and the proposed annual cap thereunder will not be exceeded, the Group has adopted the following internal control measures:

- (i) prior to entering the Supplemental Agreement, the project team of the Group has reviewed the principles and procedures of price management in place for the Subcontract Agreement to ensure that the Subcontracting Commission thereunder, which shall continue to apply to the Supplemental Agreement, was determined 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. The management of the Group has approved the Subcontracting Commission rate after having considered the above matters. In order to assess whether such internal procedure has been properly implemented, we have obtained and reviewed the internal control policy document in relation to the internal control procedures of the Group. Also, we have obtained and reviewed the full list of subcontracting fees of the Group during the two years ended 31 December 2020 and the eleven months ended 30 November 2021. Such list includes both whole subcontracting and partly subcontracting projects, and we selected those projects which the Group has subcontracted the whole scope of works to other Independent Third Party subcontractors. We further selected the two largest transaction amount projects out of those projects during the two years ended 31 December 2020 and the eleven months ended 30 November 2021 for review and we noted that the Subcontracting Commission rate for those selected projects were in line with the Subcontracting Commission rate of the project under the Supplemental Agreement;

LETTER FROM GRANDE CAPITAL

- (ii) the head of the project team will continue to monitor and review the work progress conducted and the pricing mechanism for the continuing connected transaction contemplated under the Supplemental Agreement to ensure that such price and terms shall be determined on normal commercial terms and no less favourable to the Group than those available from the Independent Third Parties, and will report to the executive Directors for them to confirm whether such price and terms are fair and reasonable. In order to assess whether such internal procedure has been properly implemented, we have obtained and reviewed the progress payment certificates of the project issued by the Group under the Subcontract Agreement. We noted that the head of the project team had been monitoring and reviewing the work progress conducted and the pricing mechanism for the continuing connected transaction contemplated under the Subcontract Agreement. In addition, we have obtained and reviewed the progress details of the works required under the Original Subcontract Agreement. We noted that the total volume of the whole subcontract works are approximately 6.3 million cubic metres, while the completed volume of subcontract works was approximately 3.7 million cubic metres in aggregate for two financial years ended 31 December 2020 and eleven months ended 30 November 2021. Hence, the expected amount of the outstanding works was approximately 2.5 million cubic metres. Since the total expected transaction for the Tuas Western Coast Project was generally apportioned proportionally to the two years ended 31 December 2020 and eleven months ended 30 November 2021 based on such volume of subcontract works. As such, we consider that work progress conducted and the pricing mechanism for the continuing connected transaction contemplated under the Supplemental Agreement are fair and reasonable;

LETTER FROM GRANDE CAPITAL

- (iii) the chief financial officer of the Company will monitor the transaction amounts of all the connected transaction agreements of the Group individually and collectively on a monthly basis to ensure that they are on a standalone basis and an aggregate basis (where applicable) will comply with the Listing Rules. When the Group receives the progress claim from Golden Empire, such progress claim must be presented to the chief financial officer for review and approval to (i) counter-check the amount of the works done stipulated in the progress claim with the works done recognised by the Independent Third Party customer in its payment certificate; and (ii) ensure the amount of the reclamation and marine works subcontracted to Golden Empire after deducting the Subcontracting Commission is within the proposed annual cap of the Supplemental Agreement. The finance department of the Group will report to the Board on a quarterly basis regarding the aggregated transaction amount conducted during the quarter and the estimated transaction amount in the following quarter so as to facilitate the Board to monitor the actual amount of works carried out, assess whether the proposed annual cap will be exceeded and approve the coming transactions under the Supplemental Agreement. In order to assess whether such internal procedure has been properly implemented, we have obtained and reviewed the continuing connected transaction schedules for the eleven months ended 30 November 2021. We noted that the chief financial officer of the Group had been monitoring and reviewing the transaction amounts of all the connected transaction agreements of the Group individually and collectively on a monthly basis. In addition, we have obtained and reviewed the work schedule as well as sample checked seven progress claims by Golden Empire and the relevant payment certificates issued by the Independent Third Party customer of the project under the Original Subcontract Agreement. We noted that those amounts recorded in progress claims by Golden Empire were in line with the relevant payment certificates issued by the Independent Third Party customer. Also, we have obtained and reviewed latest board meeting minutes for the third quarter of year 2021 and noted that the finance department of the Group will report to the Board on a quarterly basis regarding the aggregated continuing connected transaction amount conducted during the quarter and ensure that the proposed annual cap will not be exceeded;

LETTER FROM GRANDE CAPITAL

- (iv) the independent non-executive Directors who do not have a material interest in the Supplemental Agreement shall review and confirm 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 in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors will conduct an annual review of the status of the continuing connected transaction under the Supplemental Agreement to ensure the Group has complied with the Listing Rules. In order to assess whether such internal procedure has been properly implemented, we have obtained and reviewed the latest independent board committee meeting minutes dated 14 December 2021. We noted that the independent non-executive Directors who do not have a material interest in the Supplemental Agreement attended the meeting as well as reviewed the status of the Supplemental Agreement to ensure the Group has complied with the Listing Rules;
- (v) the Director(s) and/or the Shareholder(s) with an interest in the Supplemental Agreement shall abstain from voting in respect of the relevant resolution(s). In order to assess whether such internal procedure has been properly implemented, we have obtained and reviewed the latest board meeting minutes dated 14 December 2021. We noted that Mr. Lim, who is deemed to have a material interest in the Supplemental Agreement was abstained from voting on the board resolution of the Company in relation to, among others, the Supplemental Agreement; and
- (vi) the Company will continue to engage the independent auditors to report and review the continuing connected transaction (including the proposed annual cap) contemplated under the Supplemental Agreement in compliance with annual reporting and review requirements under the Listing Rule on an annual basis. In order to assess whether such internal procedure has been properly implemented, we have obtained and reviewed the latest annual report of the Group. We noted that the independent auditors reported and reviewed such continuing connected transaction (including the proposed annual cap) contemplated under the Subcontract Agreement was in compliance with annual reporting and review requirements under the Listing Rule on an annual basis.

We have assessed the internal control policy for continuing connected transaction of the Group by discussing with the management of the Group in relation to the internal control procedures and reviewing the internal control policy document, relevant documents for the continuing connected transaction of the Tuas Western Coast Project, latest board meeting minutes, latest independent board committee meeting minutes and latest annual reports, and noted that the above measures had been properly implemented.

LETTER FROM GRANDE CAPITAL

RECOMMENDATION

Having taken into account the principal factors discussed above, we are of the view that the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Supplemental Agreement and the continuing connected transaction (including the proposed annual cap) contemplated thereunder.

Yours faithfully,
For and on behalf of
Grande Capital Limited
Sumwing Shum
Managing Director

Mr. Sumwing Shum is licensed under the Securities and Futures Ordinance to carry on Type 6 (advising on corporate finance) regulated activity and is currently a responsible officer and sponsor principal of Grande Capital. Mr. Shum has over 6 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under provisions of the SFO); (b) to be entered in the register of the Company pursuant to Section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers:

(i) Aggregate long positions in the Shares and the underlying Shares

Name of Directors/Chief Executive	Number of the Shares held			Number of the underlying Shares held under equity derivatives (Note 2)	Total	Approximate percentage of interest in the issued share capital of the Company as at the Latest Practicable Date
	Personal interest (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Sub-total			
Mr. Lim	17,044,000	529,125,000 (Note 1)	546,169,000	-	546,169,000	52.70%
Mr. Quek Sze Whye ("Mr. Quek")	-	-	-	8,000,000	8,000,000	0.77%
Mr. Bijay Joseph ("Mr. Joseph")	-	-	-	8,000,000	8,000,000	0.77%
Mr. Lau Yan Hong ("Mr. Lau")	-	-	-	8,000,000	8,000,000	0.77%
Mr. Phang Yew Kiat ("Mr. Phang")	-	-	-	20,728,000	20,728,000	2.00%

Notes:

- As stated below, Mr. Lim is deemed to be interested in all the 529,125,000 Shares held by Brewster Global by virtue of the SFO.

2. These interests represented the interests in the underlying Shares in respect of the share options granted by the Company to these Directors as beneficial owners under its share option scheme, details of which were as follows:
- (a) On 28 October 2020, the Company granted each of Mr. Quek, Mr. Joseph and Mr. Lau options to subscribe for 8,000,000 Shares with an exercise price of HK\$0.090 per Share and for an exercise period from 10 May 2021 to 9 May 2026 (both dates inclusive);
 - (b) On 28 October 2020, the Company granted Mr. Phang options to subscribe for 10,364,000 Shares with an exercise price of HK\$0.090 per Share and for an exercise period from 16 October 2021 to 9 May 2026 (both dates inclusive); and
 - (c) On 29 October 2021, the Company granted Mr. Phang options to subscribe for 10,364,000 Shares with an exercise price of HK\$0.220 per Share and for an exercise period from 16 October 2022 to 9 May 2026 (both dates inclusive).

As at the Latest Practicable Date, save as Mr. Lim who was a director of Brewster Global, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) Long positions in the shares and underlying shares of Brewster Global

Name of Director	Capacity/nature of interest	Number of ordinary shares	Approximate percentage of interest in the issued share capital of Brewster Global as at the Latest Practicable Date
Mr. Lim	Beneficial owner	1 (Note)	100%

Note. The entire issued share capital of Brewster Global is beneficially owned by Mr. Lim. Mr. Lim is a substantial Shareholder and an executive Director.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

As at the Latest Practicable Date, so far as it is known to any Director or chief executive of the Company, the persons (other than the Directors or chief executive of the Company as disclosed above) who had, or were deemed to have, interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 336 of the SFO were as follows:

Aggregate long positions in the Shares and the underlying Shares

Name of substantial Shareholder(s)	Capacity/nature of interest	Number of Shares	Approximate percentage of interest in the issued share capital of the Company as at the Latest Practicable Date
Brewster Global	Beneficial owner (Note 1)	529,125,000	51.05%
Ms. Yee Say Lee (“Ms. Yee”)	Interest of spouse (Note 2)	546,169,000	52.70%

Notes:

- The entire issued share capital of Brewster Global is beneficially owned by Mr. Lim. Accordingly, Mr. Lim is deemed to be interested in the same 529,125,000 Shares held by Brewster Global by virtue of the SFO. Mr. Lim is a substantial Shareholder and an executive Director.
- Ms. Yee is the spouse of Mr. Lim. Accordingly, Ms. Yee is deemed to be interested in the Shares in which Mr. Lim is interested under the SFO.

As at the Latest Practicable Date, save as disclosed above, the Directors had not been notified by any persons who had, or were deemed to have, an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO or who was directly or indirectly interested in 5% or more of the issued share capital of the Company.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which would not expire or would not be determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, save as disclosed in this circular,

- (a) none of the Directors had any interest, direct or indirect, in any asset which had been since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement which was entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

6. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in any business (apart from the Group's business) which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling Shareholder) or had or might have any other conflict of interest with the Group pursuant to the Listing Rules.

7. LITIGATION

On 11 August 2021, the Company was served a writ of summons issued in the High Court of the Hong Kong Special Administration Region by the solicitors acting for Chau Kwok Ming as plaintiff (the “Plaintiff”) against the Company as defendant involving restitution of an alleged loan in the total principal sum of HK\$20,000,000 (the “Loan”) pursuant to certain agreements entered into between the Plaintiff and Mr. Lo Tak Wing Benson, who was alleged to have been acting for and on behalf of the Company. The Plaintiff claimed against the Company, *inter alia*, restitution of the sum of Loan, interests and costs. Please refer to the announcement of the Company dated 12 August 2021 for details. The Company filed on 16 August 2021 its Acknowledgement of Service and shall contest the case.

As at the Latest Practicable Date, save as disclosed above, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against any member of the Group so far as the Directors were aware.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert whose name, opinions and/or reports are contained in this circular:

Name	Qualification
Grande Capital	A corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Grande Capital (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been since 31 December 2020, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter, opinions and/or reports and the reference to its name included herein in the form and context in which they respectively appear.

9. GENERAL

- (i) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (ii) The headquarters and principal place of business of the Company in Singapore is located at 20 Senoko Drive, Singapore 758207.
- (iii) The principal place of business of the Company in Hong Kong is located at Rooms 2102-03, 21/F, 299QRC, 287-299 Queen's Road Central, Hong Kong.
- (iv) The company secretary of the Company is Mr. Ho Kai Tak. Mr. Ho is a practicing solicitor in Hong Kong.
- (v) The Company's Cayman Islands principal share registrar and transfer office is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (vi) The Company's Hong Kong share registrar and transfer office is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (vii) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text unless otherwise specified.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Company at www.chuanholdings.com and the website of the Stock Exchange at www.hkexnews.hk from the date of this circular and up to the date of the EGM:

- (i) the Supplemental Agreement;
- (ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 20 to 21 of this circular;
- (iii) the letter from Grande Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 22 to 44 of this circular; and
- (iv) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Chuan Holdings Limited

川 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1420)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Chuan Holdings Limited (the “Company”) will be held at 20 Senoko Drive, Singapore 758207 on Wednesday, 26 January 2022 at 10:00 a.m., for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution of the Company.

Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 11 January 2022 of which the notice convening the EGM forms part.

ORDINARY RESOLUTION

“THAT:

- (a) the Supplemental Agreement and all the transactions (including the proposed annual cap) contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) all acts done and things executed and all such documents or deeds entered into in connection with the implementation of the Supplemental Agreement and all the transactions (including the proposed annual cap) contemplated thereunder be and are hereby approved, confirmed and ratified, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents or deeds and to take all steps as the Director may in his/her discretion consider necessary, desirable or expedient in connection with the implementation of the Supplemental Agreement and all the transactions (including the proposed annual cap) contemplated thereunder and to make and agree to such variations, amendments or waivers of matters relating thereto, as are, in the opinion of the Director, necessary or desirable.”

By Order of the Board
Chuan Holdings Limited
Phang Yew Kiat

Chairman and Non-executive Director

Hong Kong, 11 January 2022

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Headquarters and Principal Place of
Business in Singapore:*

20 Senoko Drive
Singapore 758207

Notes:

1. Any Shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a Shareholder. A Shareholder who is the holder of 2 or more Shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM. If a Shareholder appoints more than one proxy, he must specify the number of Shares each proxy is appointed to represent.
2. To be valid, a form of proxy duly completed and signed in accordance with the instructions printed thereon, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited at the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting.
3. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 20 January 2022 to 25 January 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investors Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 19 January 2022.
4. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person of the EGM or any adjustment thereof should such Shareholder so wishes, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any Share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share(s) shall alone be entitled to vote in respect thereof.
6. As at the date of this notice, 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.
7. Pursuant to Article 66 of the Company's Articles of Association, the above resolution put to vote at the EGM shall be decided by poll as required under the Listing Rules.